

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 177  
OF THE REVISED CORPORATION CODE OF THE PHILIPPINES

OF

GMA HOLDINGS, INC.

1. For the fiscal year ended: **December 31, 2019**
2. SEC Identification Number: **CS200602356**    3. BIR Tax Identification No. **244-658-896-000**
4. Exact name of issuer as specified in its charter: **GMA HOLDINGS, INC.**
5. **Philippines**  
Province, Country or other  
jurisdiction of incorporation or  
organization
6.  (SEC Use Only)  
Industry Classification Code:
7. **Unit 5D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City**  
Address of principal office Postal Code
8. **(632) 89827777**  
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 and Amount of Debt Outstanding
<b>Philippine Deposit Receipts ("PDRs")</b>	<b>721,865,200</b>

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 therein:

**Philippine Stock Exchange/ PDRs**

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 25 and 177 of The Revised 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. 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").

**Not Applicable**

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 Holdings, Inc., (the "Company" or "GHI") was incorporated on February 15, 2006. As a holding company, its primary purpose is to invest in, purchase, or otherwise acquire own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property, including, but not limited to stocks, bonds and debentures. The Company has no subsidiaries.

The Philippine Deposit Receipts ("PDRs") issued by the Company were listed with the Philippine Stock Exchange ("PSE") on July 30, 2007.

GHI does not engage in any other business or purpose except in relation to the issuance of the PDRs relating to the GMA Network, Inc. common shares ("Common Shares") for as long as the PDRs are outstanding. GHI has undertaken to perform the obligations under the PDRs and the acquisition and holding of the Common Shares underlying the PDRs, which include maintaining the listing with the PSE, and maintaining its status as a Philippine Person for as long Philippine law prohibits ownership of Common Shares by non-Philippine persons.

The registered office address of the Company is Unit 5D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City.

*Transactions with/and or dependence on related parties:*

Not applicable.

*Employees:*

The Company had no fulltime employees as of December 31, 2019 and does not anticipate acquiring any employees within the next ensuing 12 months. No labor unions are present within the Company.

### **Item 2. Properties**

The Company does not own any real property. The Company does not lease any real property and does not intend to acquire any within the next 12 months.

### **Item 3. Legal Proceedings**

The Company is not, and has not been, a party to any legal proceeding.

#### **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**

#### **Item 5. Market for Issuer's Common Equity and Related Stockholder Matters**

##### **Market Information**

##### **(a) Securities Sold and Consideration therefor**

The Company first offered PDRs relating to GMA Network, Inc. Common Shares on July 31, 2007 at the price of Php 8.50. These PDRs were listed on the Philippine Stock Exchange on the same date. Of the PDRs offered, 91,346,000 PDRs were offered on behalf of the Company (the "Primary PDR Offer") and 730,769,000 PDRs were offered on behalf of certain existing shareholders of the Company, namely Group Management and Development, Inc., FLG Management and Development Corporation, M.A. Jimenez Enterprises, Inc., Television International Corporation, Gozon Development Corporation and Gozon Foundation (collectively, "Selling Shareholders") (the "Secondary PDR Offer"). Of the 730,769,000 PDRs relating to Common Shares offered on behalf of the Selling Shareholders, 256,829,164 come from Group Management and Development Corporation, Inc., 212, 829,164 from FLG Management and Development Corporation, 147,249,954 from M.A. Jimenez Enterprises, Inc., 108,475,350 from Television International Corporation, 4,516,152 from Gozon Development Corporation and 1,468,846 from Gozon Foundation, Inc..

GMA Network Inc. expected to raise gross proceeds from the Domestic Share Offer and Primary PDR Offer of approximately P1,552.9 million. After deducting estimated, applicable fees, underwriting fees, commissions and expenses related to the Combined Offer of approximately P129.4 million, net proceeds to GMA Network Inc. from the Combined Offer were expected to be approximately P1,423.5 million.

GMA Network Inc. did not receive any proceeds from the Secondary PDR Offer. Taxes, issue management, underwriting and selling fees and other fees and expenses pertaining to the Secondary PDR Offer were for the account of the Selling Shareholders.

Each of GHI and the Selling Shareholders granted the Deutsche Bank AG (Sole Global Coordinator, Domestic Lead Underwriter and Issue Manager) an option, exercisable for



30 days from the date of listing and when trading of the Common Shares and PDRs on the Philippine Stock Exchange ("PSE"), to purchase or place up to 123,317,000 PDRs.

Other than the foregoing, no securities were sold which were not registered under the Code within the past three (3) years.

(b) Underwriters and Other Purchasers

ATR KimEng Capital Partners, Inc. acted as Joint Lead Manager, Domestic Lead Underwriter for GHI and the Selling Shareholders. The other underwriters who participated were as follows:

- (1) BDO Capital and Investment Corporation
- (2) First Metro Investment Corporation
- (3) Unicapital Incorporated
- (4) Abacus Capital and Investment Corporation
- (5) Asian Alliance and Investment Corporation
- (6) Pentacapital Investment Corporation
- (7) RCBC Capital Corporation
- (8) Union Bank of the Philippines

**Stock Prices GMAP**

<u>Period in</u> <u>2019</u>	<u>Highest</u> <u>Closing</u>	<u>Lowest</u> <u>Closing</u>
1Q	5.85	5.35
2Q	5.80	4.97
3Q	5.49	5.08
4Q	5.30	5.00

GMA Holdings, Inc.'s Philippine Deposit Receipts (PDRs) have been listed with the Philippine Stock Exchange since 2007. The price information as of the close of the latest practicable trading date 25 June 2020 is P 4.65 for GMAP (PDRs). From May 1 to June 25, 2020 the highest closing price of GMAP (PDRs) was P 5.29 (May 6, 2020), and the lowest closing price was P 4.52 (May 27, 2020).

Holders

The total number of common shareholders as of May 31, 2020 was seven. The number of shares subscribed as of May 31, 2020 was 10,000 or P100,000.00 at P100.00 per share<sup>1</sup>.

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<sup>1</sup> Unlike the Company's PDRs, the Company's common shares are not publicly issued shares and are not listed in the stock exchange.

<b>Name of Shareholder</b>	<b>No. of Shares Subscribed</b>	<b>Percentage of Ownership</b>
Felipe L. Gozon	3,330	33.30
Gilberto R. Duavit, Jr.	3,330	33.30
Joel Marcelo G. Jimenez	3,330	33.30
Artemio V. Panganiban	4	.04
Manuel P. Quiogue	4	.04
Jaime C. Laya	1	.01
Felipe S. Yalong	1	.01
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

### Cash Distribution and Dividend Information

#### *Cash Distribution to the Company's PDR Holders*

On March 29, 2019 the Company approved a cash distribution to the PDR holders of Php .45 per share or at the same dividend rate that was paid by GMA Network, Inc. to its common shareholders. The foregoing cash distribution in the amount of Php 0.45 per PDR was distributed to the PDR holders as of April 22, 2019 and was paid out to the PDR Holders on May 15, 2019.

On April 5, 2018 the Company approved a cash distribution to the PDR holders of Php 0.50 per share or at the same dividend rate that was paid by GMA Network, Inc. to its common shareholders. The foregoing cash distribution in the amount of Php 0.50 per PDR was distributed to the PDR holders as of April 19, 2018 and was paid out to the PDR holders on May 16, 2018.

On March 27, 2017, the Company approved a cash distribution to the PDR holders of Php 0.73 per share or at the same dividend rate that was paid by GMA Network, Inc. to its common shareholders. The foregoing cash distribution in the amount of Php 0.73 per PDR was distributed to the PDR holders as of April 20, 2017 and was paid out to the PDR holders on May 16, 2017.

On April 8, 2016, the Company approved a cash distribution to the PDR holders of P0.40 per PDR or at the same dividend rate that was paid by GMA Network, Inc. to its common shareholders. The foregoing cash distribution in the amount P0.40 per PDR was distributed to PDR Holders as of April 25, 2016 and was paid out to the PDR holders on May 17, 2016.

On March 30, 2015, the Company approved a cash distribution to PDR holders of P0.25 per share, out of the dividends declared by GMA Network, Inc. totaling P211.75 million to all shareholders of record as at April 24, 2015. These were remitted to PDR holders on May 19, 2015.

### *Cash Dividends to Common Shareholders*

On April 13, 2020, the Board of Directors (BOD) approved the Company's declaration and distribution of Php 1,300,000.00 cash dividends from the retained earnings of the Company as of December 31, 2019 and was paid out to the stockholders on May 22, 2020.

On March 29, 2019, the BOD approved the Company's declaration and distribution of Php 2,210,000.00 cash dividends from the retained earnings of the Company as of December 31, 2018 and was paid out to the stockholders on May 14, 2019.

On April 5, 2018, the BOD approved the Company's declaration and distribution of Php 3,100,000.00 cash dividends from the retained earnings of the Company as of December 31, 2016 and was paid out to the stockholders on May 16, 2018.

On March 27, 2017, the BOD approved the Company's declaration and distribution of Php 1,000,000.00 cash dividends from the retained earnings of the Company as of December 31, 2016 and was paid out to the stockholders on May 9, 2017.

On April 8, 2016, the BOD approved the Company's declaration and distribution of Php 600 thousand cash dividends from the retained earnings of the Company as of December 31, 2015 and was paid out to the stockholders on May 17, 2016.

The Company has not and will not engage in any other business or purpose except in relation to the issuance of the PDRs relating to the underlying Common Shares of GMA Network, Inc. for as long as the PDRs are outstanding.

Any cash dividends distributed in respect of Common Shares underlying the PDRs received by the Company shall be applied towards its operating expenses then due for the preceding and current year. 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 year. Amounts remaining in excess of such requirements shall be distributed pro rata amongst the outstanding PDRs.

Whenever the Company shall receive or become entitled to receive from the GMA Network, Inc. any distribution in respect of the Common Shares which consists of a free distribution of Common Shares, the Company shall grant additional PDRs to holders in respect of such distributions.

Whenever the Company shall receive or become entitled to receive from GMA Network, Inc. any distribution in securities (other than Common Shares) or in other property (other than cash) in respect of the Common Shares subject to the PDRs, the Company shall forthwith procure delivery of such securities or other property pro rata to PDR holders or otherwise to the order of the PDR holder, subject to compliance with

applicable laws and regulations in the Philippines.

There are no restrictions on the Company's ability to pay dividends on common equity.

#### **Item 6. Management's Discussion and Analysis or Plan of Operation.**

The following discussion should be read in conjunction with the Financial Statements of the Company that are incorporated into this Information Statement by reference. Such Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

As discussed in the previous section, the Company has not and will not engage in any other business or purpose except in relation to the issuance of the PDRs relating to the underlying GMA Network, Inc. Common Shares for as long as the PDRs are outstanding.

Any cash dividends or other cash distributions distributed in respect of Common Shares received by the Company (or the Pledge Trustee on its behalf) shall be applied toward the operating expenses then due (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange) of the Company (the "Operating Expenses") for the current and preceding year (as certified by an independent auditor). A further amount equal to the operating expenses in the preceding year (as certified by an independent auditor) (the "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding year. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (as certified by the independent auditor of the PDR Issuer) shall be distributed to Holders pro rata on the first Business Day after such cash dividends are received by the Company.

On March 29, 2019 the Company's Board of Directors approved a cash distribution to the PDR holders of Php 0.45 per PDR totaling to Php 329.2 million to all PDR holders of record as of April 22, 2019. The amount was remitted to the PDR holders on May 15, 2019.

On April 5, 2018 the Company's Board of Directors approved a cash distribution to the PDR holders of Php 0.50 per PDR totaling to Php 371.96 million to all PDR holders of record as of April 23, 2018. The amount was remitted to the PDR holders on May 16, 2018.

On March 27, 2017, the Company's Board of Directors approved a cash distribution to the PDR holders of P0.73 per PDR totaling to P595.24 million to all PDR holders of record as of April 20, 2017. The amount was remitted to the PDR holders on May 16, 2017.

On April 8, 2016, the Company's Board of Directors approved a cash distribution to the PDR holders of P0.40 per PDR totaling to P338.54 million to all PDR holders of record as of April 25, 2016. The amount was remitted to the PDR holders on May 17, 2016.

On March 30, 2015, the Company's Board of Directors approved a cash distribution to PDR holders of P0.25 per PDR totaling P211.75 million to all PDR holders of record as at April 24, 2015. The amount was remitted to PDR holders on May 19, 2015.

## **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.

## **RESULTS OF OPERATIONS**

### **Results of Operations of GMA Holdings Inc. for the years ended December 31, 2019 and 2018**

GMA Holdings Inc. ended the year with a total comprehensive income amounting to P2.73 million, 92% higher than last year's total comprehensive income of P1.42 million, due to higher interest income and unrealized gain on debt instrument at FVOCI. Net income after tax settled at P1.29 million, a decrease of P983 thousand from last year's net income after tax of P2.27 million. This year's revenues reached P2.66 million, a decline of 28% or P1.06 million from last year's level of P3.71 million mainly brought about by the decrease in exercise fees. However, interest income grew to P2.38 million in 2019 versus P2.00 million in 2018 due to higher interest income earned on cash placement.

Operating expenses for the year 2019 totaled P948 thousand vis-a-vis P1.01 million in 2018 mainly due to the decrease in listing fees amounting to P393 thousand as compared with P455 thousand in 2018 due to lower market cap, lower local business tax of P36 thousand from last year's P38 thousand due to lower 2018 tax base, lower PDR conversion, and lower transportation expenses.

On April 13, 2020 the Board of Directors approved the cash dividend of P1.30 million to be paid to the common stockholders from the retained earnings of the Company as of December 31, 2019.

*Financial Condition.* Total assets amounted to P49.67 million, higher by 2% than last year's P48.85 million primarily due to the increase in Debt instrument at FVOCI and Accounts receivable and other current assets.

## 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, 2019, 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, 2019, 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 off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created as of December 31, 2019.

- iv. 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, 2019 to December 31, 2019, there were no material commitments for capital expenditures.

- 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.

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 December 31, 2019, there were no known trends, events or uncertainties that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

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

As of December 31, 2019, there were no significant elements of income or loss that did not arise from the issuer's continuing operations.

vii. Causes for Material Changes in the Financial Statements

Statements of Financial Position (December 31, 2019 vs. December 31, 2018)

1. Current assets decreased by P695 thousand to P28.43 million, mainly as a result of the decrease in Cash and cash equivalents.
2. Current liabilities increased by P228 thousand to P47.95 million due to the VAT payable, unpaid professional and audit fees.

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

As of December 31, 2019, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2020**

GMA Holdings Inc. ended the first quarter of 2020 with a net income of P277 thousand, 26% lower than last year's P375 thousand net income due to lower revenues.

Revenues for first quarter of 2020 reached P581 thousand, 19% behind last year's P714 thousand. The decrease was brought about by lower interest income earned on cash placement of P414 thousand versus last year's P612 thousand as interest rate for the first quarter of 2020 was lower at 4.04% against 5.0% in 2019. On the other hand, exercise fees slightly increased to P167 thousand from P102 thousand due to the conversion of 3,739,400 PDR shares to common shares as compared to 2,282,700 PDR shares converted in same period last year.

Operating expenses for the first quarter of 2020 amounted to P230 thousand versus P229 thousand in the same quarter of 2019, an increase of 1% mainly due to higher PSE listing fees, PDR conversion fees, local taxes and transportation expenses. Listing fees for the quarter amounted to P99 thousand, almost at par with last year's P98 thousand. The P298 thousand unexpired portion of listing fee was included under "Prepaid expenses and other current assets" in the statements of financial position.

Taxes and licenses representing amortization of local business tax for the first quarter of 2020 went up to P9,151 from P9,007 in comparable period. PDR conversion fees increased to P543 versus last year's P263, due to higher number of PDR shares converted to common shares this year versus last year. Professional fees for the quarter remained at P119 thousand for both comparable periods, which included the accrual of audit, trust and

legal fees. Meanwhile, miscellaneous and transportation expenses totaled P2,053, 22% lower than last year's P2,642, which comprised of notarial fees and bank charges.

### *Financial Condition*

Total assets as of March 31, 2020 amounted to ₱49.79 million, almost the same level as of end of 2019 at P49.67 million. Cash and cash equivalents increased by P21.09 million due to the redemption of note by the issuer.

## **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 March 31, 2020, 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 March 31, 2020, 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 March 31, 2020.

- 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, 2020 to March 31, 2020, 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 March 31, 2020, 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 March 31, 2020, 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 [March 31, 2020 (Unaudited) vs. December 31, 2019 (Audited)]

- Current assets increased by P21.36 million to P49.79 million, mainly as a result of the Note redemption.
- Current liabilities increased by P80 thousand to P48.03 million, mainly due to the increase in other accrued expenses.

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

As of March 31, 2020, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

## **Item 7. Financial Statements**

The Audited Financial Statements including the attached schedules therein are filed as part of this Form 17-A. The statements were audited by Sycip Gorres Velayo & Co. and signed by Belinda T. Beng Hui.

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

Since 2007, SyCip Gorres Velayo & Co. has served as the independent auditors of the Company to audit the Company's financial statements. The Company has not had any material disagreements on accounting matters or financial disclosure matters with SyCip Gorres Velayo & Co.

## **AUDIT AND AUDIT RELATED FEES**

The Company engaged SyCip Gorres Velayo @ Co. (SGV) as the independent auditors to audit the annual financial statements in accordance with Philippine Standards on Auditing and express its opinion on these financial statements as a whole as well as on the Supplemental Schedules Required by Annex 68-E included in Form 17-A in compliance with Securities Regulation Code Rule 68, As Amended (2011). The Company accrued audit fee of Seventy-Five Thousand Pesos (P75,000) for year 2019 which is the same fee with year 2018.

## **TAX FEE**

The Company has not engaged SGV for tax accounting, compliance, advice, planning and any other form of tax services during the years 2019 and 2018 that are reasonably related to the performance of the audit or review of the Company's financial statements.

## **ALL OTHER FEES**

The Company has not engaged SGV for products and services other than the services described under "Audit and Audit Related Fees" above.

## **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 five directors, two of whom are independent. 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 May 31, 2020, the Company's Board of Directors and Senior Management were composed of the following:

<b>Board of Directors</b>				<b>Senior Management</b>		
<b>Directors and Senior Management</b>	<b>Nationality</b>	<b>Position</b>	<b>Year Position was Assumed</b>	<b>Position</b>	<b>Year Position was Assumed</b>	<b>Age</b>
Felipe L. Gozon	Filipino	Chairman/Director	2007	N/A	N/A	80
Gilberto R.	Filipino	Director	2007	President/Chief	2007	56

Duavit, Jr.				Executive Officer		
Joel Marcelo G. Jimenez	Filipino	Director	2007	N/A	N/A	56
Felipe S. Yalong	Filipino	Corporate Treasurer	2007	Chief Financial Officer/Chief Operating Officer	2012	63
Artemio V. Panganiban	Filipino	Independent Director	2009	N/A	N/A	83
Jaime C. Laya	Filipino	Independent Director	2008	N/A	N/A	81
Ronaldo P. Mastrili	Filipino	N/A	N/A	Comptroller/Chief Accounting Officer	2007	54
Anna Teresa M. Gozon	Filipino	Corporate Secretary	2007	N/A	N/A	48
Roberto Rafael V. Lucila	Filipino	N/A	N/A	Vice-President/Compliance Officer	2013	63

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

**Felipe L. Gozon**, Filipino, 80 years old, is the Chairman of the Board of Directors and Chief Executive Officer of GMA Network, Inc.

Atty. Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He is also the Chairman of the Board/President/CEO of various companies including GMA Holdings, Inc., Citynet Network Marketing & Productions, Inc., RGMA Network, Inc., Alta Productions Group, Inc., GMA New Media, Inc., Media Merge Corporation, Digify, Inc., RGMA Marketing & Productions, Inc., Philippine Entertainment Portal, Inc., Script2010, Inc., FLG Management and Development Corporation, Gozon Development Corporation, Vista Montana Realty Development, Inc., Mont-Aire Realty and Development Corporation, BGE Holdings, Inc., Kenobe, Inc., Jeata Holdings and Management, Inc., Vitezon, Inc., Palawan Power Generation, Inc., Catanduanes Power Generation, Inc., Sycamore International Shipping Corp., Lex Realty, Inc., Justitia Realty & Management Corp., Gozon Foundation, Inc., GMA Kapuso Foundation, Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.

Atty. Gozon is also a Director of GMA Worldwide, Inc., GMA Films, Inc., Antipolo Agri-Business & Land Dev. Corp., and Chamber of Commerce of the Philippine Islands. He is a Trustee of the Philippine Center for Entrepreneurship Foundation, Inc., the Environmental Heroes Foundation, Inc. and the Academia Filipina Assn., Inc.

Atty. Gozon is a recipient of 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, 56 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.

**Felipe S. Yalong**, Filipino, 63 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.

**Jaime C. Laya**, Filipino, 81 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., Philippine AXA Life Insurance Company, Inc., and Charter Ping An Insurance Corporation. 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 organizations. 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.

**Chief Justice Artemio V. Panganiban**, Filipino, 83 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, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also an Adviser of Metropolitan Bank and Bank of the Philippine Islands (BPI), 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. Recently, he was named a Member of the Permanent Court of Arbitration based in The Hague, Netherlands. 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.

**Anna Teresa M. Gozon**, Filipino, 48 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.

**Ronaldo P. Mastrili**, Filipino, 54 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 Controllershship 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.

**Roberto Rafael V. Lucila**, Filipino, 63 years old, is the co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He has been the Corporate Secretary of the GMA Network Inc. since March 27, 2017 and concurrently the Compliance Officer starting 2018. He currently sits as director in the 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., eMerchant Pay Asia Inc. as well as the Philippine Cockfighting International Inc. all local companies doing business in the Philippines. 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 on Constitutional Law I and II 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 (Subic), Avenue Capital Global Investor Conference in 2005 (New York City), The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997 (Manila), and Global Best Practices for several years (Makati and Mandaluyong). He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and for the 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 and in East Asia Power Resources Corporation.

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, Clifford Chance's 2018 Asia Pacific Guide on Insolvency, 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.

#### Family Relationships

Anna Teresa M. Gozon is the daughter of Felipe L. Gozon. Felipe L. Gozon's sister, Carolina L. Gozon Jimenez, is the mother of Joel Marcelo G. Jimenez.

#### Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, during the past five years up to the latest date, there has 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.



## Item 10. Executive Compensation

No director or officer receives or has received compensation for his or her services. The By-Laws of the Company however, provides that each director is entitled to a reasonable *per diem* allowance for attendance at each meeting of the Board of Directors. The By-Laws further provides that the Board may receive and allocate an amount of not more than 10% of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the stockholders.

## Item 11. Security Ownership of Certain Beneficial Owners and Management

As of May 31, 2020, the following persons owned at least 5% of the Company's outstanding common shares:

Title of class	Name, Address of Record Owner and Relationship with Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage of Class
Common	Felipe L. Gozon 515 Buendia Avenue, Forbes Park, Makati City	Record	Filipino	3,330	33.30
Common	Gilberto R. Duavit, Jr. 50 Greenmeadows Ave. cor. Sparrow St., Greenmeadows Subdivision, Quezon City	Record	Filipino	3,330	33.30
Common	Joel Marcelo G. Jimenez No. 2401 Mabolo St., Dasmariñas Village, Makati City	Record	Filipino	3,330	33.30
			<b>Total</b>	<b>9,990</b>	<b>99.90</b>

The following is the security ownership of the directors and executive officers of the Company as of the same date:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	Felipe L. Gozon	Direct 3,330	Filipino	33.30
Common	Gilberto R. Duavit, Jr.	Direct	Filipino	33.30

		3,330		
Common	Joel Marcelo G. Jimenez	Direct 3,330	Filipino	33.30
Common	Felipe S. Yalong	Direct 1	Filipino	.01
Common	Jaime C. Laya	Direct 1	Filipino	.01
Common	Artemio V. Panganiban	Direct 4	Filipino	.04
	<b>Total</b>	<b>9,996</b>		<b>99.96</b>

#### Voting Trust

The Company is unaware of the existence of any voting trust or similar agreement.

#### Change 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.

#### Philippine Deposit Receipts (PDRs)

The Company's equity (consisting of common shares) are wholly-owned by Filipinos. While the PDRs issued by the Company under the Philippine Deposit Receipt Instrument pursuant to the Registration Statement approved by the Securities and Exchange Commission, may be owned by any person regardless of citizenship or nationality. The holders of the PDRs are granted the right to convert the PDRs into common shares pursuant to the Philippine Deposit Receipt Instrument, the exercise of which is subject to the nationality restriction under the Philippine Constitution prohibiting foreign ownership in mass media companies. As a result, the Underlying Shares (GMA Network, Inc. common shares) owned by the Company resulting from an exercise of the PDRs pursuant to the Philippine Deposit Receipt Instrument may only be issued to Philippine citizens or corporations, cooperatives or associations wholly owned and managed by Philippine citizens. Although holders of PDRs will enjoy economic rights upon occurrence of certain events in respect of the Underlying Shares, they will not have any voting rights in respect of or ownership over the Underlying Shares prior to the exercise of the right to convert under the Philippine Deposit Receipt Instrument. The voting rights over the Underlying Shares will be exercised by GHI or the Company, until exercise of the right to convert under the Philippine Deposit Receipt Instrument. Pending exercise of the PDRs right to convert, the Shares deliverable on exercise of the

PDRs shall be owned by and registered in the name of the Issuer, GHI. The Shares underlying the PDRs have been delivered and pledged by the Issuer to the Pledge Trustee, and held to the order and for the benefit of the Holders as security for the delivery of the Shares upon exercise of the PDRs right to convert under the Philippine Deposit Receipt Instrument, pursuant to the Pledge. Until an exercise of a PDR right to convert, the Issuer, as owner of Shares underlying the relevant PDR, will retain and exercise such voting rights relating to such Shares.

## **Item 12. Certain Relationships and Related Transactions**

The Company engaged as its legal counsel, the Law Firm Belo Gozon Elma Parel Asuncion & Lucila ("BGEPAL") where Atty. Felipe L. Gozon is a Senior Partner. Atty. Gozon is the Chairman and one of the major stockholders of the Company.

On July 30, 2007, the Company issued PDRs relating to GMA Network, Inc. Common Shares. The proceeds owing to the selling shareholders of GMA Network, Inc. ("Selling Shareholders") whose Common Shares formed the underlying shares of the PDRs in the Company's Initial Public Offering were initially held by the Company then remitted to these Selling Shareholders. Please see Note 13 of the Company's Financial Statements.

Other than the foregoing, the Company has had no material transactions during the past two years, nor is any material transaction presently proposed between the Company and parties that fall outside the definition of "related parties" under SFAS/IAS No. 24, but with whom the registrants or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be availed from other, more clearly independent parties on an arm's length basis.

## **Item 13. Corporate Governance**

Please refer to the Integrated Annual Corporate Governance of Report of the Company as of 2018 filed with the Honorable Commission on May 30, 2019 (Annex "B" hereof).

## **PART V - EXHIBITS AND SCHEDULES**

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

#### **EXHIBITS**

Exhibit 1: GMA Holdings, Inc.'s Audited Financial Statements and Supplementary Schedules and

Exhibit 2: GMA Holdings, Inc.'s Interim Financial Statements as of period ended March 31, 2020.

#### REPORTS ON SEC FORM 17-C

1. Results of the Special Meeting of the Board of Directors on March 29, 2019;
2. Notice of 2019 Annual Stockholders' Meeting on March 29, 2019;
3. Results of the 2019 Annual Stockholders' Meeting on August 9, 2019;
4. Results of the 2019 Organizational Meeting of the Board of Directors on August 9, 2019;
5. Change in Corporate contact details and/or website on October 4, 2019 and
6. Results of the Regular Meeting of the Board of Directors on October 24, 2019.

#### **Item 15. Sustainability Report**

Please see attached 2019 Sustainability Report of the Company. The Sustainability Report may also be viewed at:

<https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/>

## 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 Makati on June 10, 2020, 2020.

By:



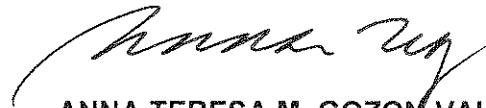
**GILBERTO R. DUAVIT, JR.**  
Principal Executive Officer



**RONALDO P. MASTRILI**  
Comptroller /Principal Accounting Officer



**FELIPE S. YALONG**  
Principal Operating Officer/  
Principal Financial Officer



**ANNA TERESA M. GOZON-VALDES**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of JUN 10 2020 2020 affiants exhibiting to me their competent evidence of identities, as follows:

Names	Passport No.	Date of Issue	Place of Issue
Gilberto R. Duavit, Jr.	SSS No. 33-1841930		
Felipe S. Yalong	P2459589A	March 27, 2017	DFA, Manila
Ronaldo P. Mastrili	Driver's License No. N15-83-035933		
Anna Teresa M. Gozon-Valdes	SSS No. 33-2709000-4		

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Page No. 15  
Book No. I  
Series of 2020.



**ATTY. JANELLE CRYSTEL J. JAVIER**

Notary Public for and in Quezon City  
Until December 31, 2021  
Adm. Matter No. NP-120 (2020-2021)  
PTR No. 9351117-Jan. 8, 2020, QC  
IBP Lifetime No. 016879  
Roll of Attorney's No. 69611  
MCLE Compliance No. VI-0022474

# COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

**Mr. Ronaldo P. Mastrili**

(Contact Person)

8982-7777

(Group Telephone Number)

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Month

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(Form Type)

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Month

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Day

(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

7

Total No. of Stockholders

### Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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LCU

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Cashier

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

1. For the quarterly period ended **March 31, 2020**
2. SEC Identification Number **CS200602356**
3. BIR Tax Identification No. **244-658-896-000**
4. Exact name of issuer as specified in its charter **GMA Holdings, Inc.**
5. **Philippines**  
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)  
Industry Classification Code
7. **Unit 5D Tower One, One McKinley Place,**  
**New Bonifacio Global City, Fort Bonifacio, Taguig City**      **1604**  
Address of principal office      Postal Code
8. **(632) 8982-7777**  
Issuer's telephone number, including area code
9. **Not applicable** .....  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC and Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding.....</u>
<b>Philippine Depositary Receipts (PDRs)</b>	<b>723,925,700 shares</b>

11. Are any or all of the securities listed on a Stock Exchange?  
Yes ☒ No ☐
12. Indicate by check mark whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 there under or Sections 11 of the RSA and RSA Rule 11(a)-1 there under, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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 ☐

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#### **Items 2 Financial Statements**

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Statements of Comprehensive Income  
Statements of Changes in Equity  
Statements of Cash Flows  
Notes to Financial Statements

### **PART II SCHEDULE OF FINANCIAL RATIOS**

### **PART III OTHER FINANCIAL INFORMATION**

### **SIGNATURES**



## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2020**

GMA Holdings Inc. ended the first quarter of 2020 with a net income of ₱277 thousand, 26% lower than last year's ₱375 thousand net income due to lower revenues.

Revenues for first quarter of 2020 reached ₱581 thousand, 19% behind last year's ₱714 thousand. The decrease was brought about by lower interest income earned on cash placement of ₱414 thousand versus last year's ₱612 thousand as interest rate for the first quarter of 2020 was lower at 4.04% against 5.0% in 2019. On the other hand, exercise fees slightly increased to ₱167 thousand from ₱102 thousand due to the conversion of 3,739,400 PDR shares to common shares as compared to 2,282,700 PDR shares converted in same period last year.

Operating expenses for the first quarter of 2020 amounted to ₱230 thousand versus ₱229 thousand in the same quarter of 2019, an increase of 1% mainly due to higher PSE listing fees, PDR conversion fees, local taxes and transportation expenses. Listing fees for the quarter amounted to ₱99 thousand, almost at par with last year's ₱98 thousand. The ₱298 thousand unexpired portion of listing fee was included under "Prepaid expenses and other current assets" in the statements of financial position.

Taxes and licenses representing amortization of local business tax for the first quarter of 2020 went up to ₱9,151 from ₱9,007 in comparable period. PDR conversion fees increased to ₱543 versus last year's ₱263, due to higher number of PDR shares converted to common shares this year versus last year. Professional fees for the quarter remained at ₱119 thousand for both comparable periods, which included the accrual of audit, trust and legal fees. Meanwhile, miscellaneous and transportation expenses totaled ₱2,053, 22% lower than last year's ₱2,642, which comprised of notarial fees and bank charges.

### *Financial Condition*

Total assets as of March 31, 2020 amounted to ₱49.79 million, almost the same level as of end of 2019 at ₱49.67 million. Cash and cash equivalents increased by ₱21.09 million due to the redemption of note by the issuer.

## **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 March 31, 2020, 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 March 31, 2020, 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 March 31, 2020.

- 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, 2020 to March 31, 2020, 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 March 31, 2020, 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 March 31, 2020, 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 [March 31, 2020 (Unaudited) vs. December 31, 2019 (Audited)]

- Current assets increased by ₱21.36 million to ₱49.79 million, mainly as a result of the Note redemption.
- Current liabilities increased by ₱80 thousand to ₱48.03 million, mainly due to the increase in other accrued expenses.

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

As of March 31, 2020, 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**

	<b>March 31, 2020</b> <b>Unaudited</b>	December 31, 2019 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 7, 14 and 15)	<b>₱49,158,095</b>	₱28,063,482
Accounts receivable (Notes 14 and 15)	<b>196,650</b>	306,423
Prepaid expenses and other current assets	<b>437,347</b>	64,613
Total Current Assets	<b>49,792,092</b>	28,434,518
<b>Noncurrent Asset</b>		
Debt instrument at fair value through other comprehensive income (Notes 8, 14 and 15)	-	21,238,953
	<b>₱49,792,092</b>	<b>₱49,673,470</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 9, 14 and 15)	<b>₱755,537</b>	₱678,794
Due to shareholders (Notes 13, 14 and 15)	<b>47,271,600</b>	47,271,600
Income tax payable	<b>4,867</b>	1,528
Total Current Liabilities	<b>48,032,004</b>	47,951,922
<b>Noncurrent Liability</b>		
Deferred tax liability	-	71,686
Total Liabilities	<b>48,103,690</b>	48,023,608
<b>Equity</b>		
Capital stock (Note 10)	<b>100,000</b>	100,000
Retained earnings (Note 10)	<b>1,660,088</b>	1,382,596
Unrealized gain on debt instrument at fair value through other comprehensive income (Note 8)	-	167,267
Total Equity	<b>1,760,088</b>	1,649,862
	<b>₱49,792,092</b>	<b>₱49,673,470</b>

*See accompanying Notes to Financial Statements.*

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

	<b>Three Months Ended March 31</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>			
Interest income (Notes 7 and 8)	<b>₱413,916</b>	₱611,852	₱471,949
Exercise fees (Note 6)	<b>166,938</b>	101,906	1,232,237
	<b>580,854</b>	713,758	1,704,186
<b>OPERATING EXPENSES</b> (Note 11)	<b>230,216</b>	229,015	236,541
<b>INCOME BEFORE INCOME TAX</b>	<b>350,638</b>	484,743	1,467,645
<b>PROVISION FOR INCOME TAX</b> (Note 12)	<b>73,146</b>	109,525	119,035
<b>NET INCOME</b>	<b>277,492</b>	375,218	1,348,610
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Item to be reclassified to profit or loss in subsequent period:</i>			
Unrealized gain (loss) on debt instrument at fair value through other comprehensive income (Note 8)	<b>(167,267)</b>	450,950	(361,558)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱110,225</b>	₱826,168	₱987,052
<b>Basic/Diluted Earnings Per Share</b> (Note 16)	<b>₱27.75</b>	₱37.52	₱134.86

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*See accompanying Notes to Financial Statements.*

**GMA HOLDINGS, INC.****UNAUDITED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2020, 2019 AND 2018**

	<b>Capital Stock</b> (Note 10)	<b>Retained Earnings</b> (Note 10)	<b>Unrealized Gain (Loss) on Debt Instrument at Fair Value Through Other Comprehensive Income (Note 8)</b>	<b>Total</b>
Balance as at January 1, 2020	<b>₱100,000</b>	<b>₱1,382,596</b>	<b>₱167,267</b>	<b>₱1,649,862</b>
Net income		<b>277,492</b>		<b>277,492</b>
Other comprehensive income			<b>(167,267)</b>	<b>(167,267)</b>
Total comprehensive income	-	<b>277,492</b>	<b>(167,267)</b>	<b>110,226</b>
Balance as at March 31, 2020	<b>₱100,000</b>	<b>₱1,660,088</b>	<b>₱-</b>	<b>₱1,760,088</b>
Balance as at January 1, 2019	₱100,000	₱2,305,848	(₱1,278,262)	₱1,127,585
Net income		375,218		375,218
Other comprehensive loss			450,950	450,950
Total comprehensive income	-	375,218	450,950	826,168
Cash dividends		(2,210,000)		(2,210,000)
Balance as at March 31, 2019	₱100,000	₱471,065	(₱827,313)	(₱256,247)
Balance as at January 1, 2018	₱100,000	₱3,136,314	(₱429,499)	₱2,806,815
Net income		1,348,610		1,348,610
Other comprehensive loss			(361,558)	(361,558)
Total comprehensive income	-	1,348,610	(361,558)	987,052
Balance as at March 31, 2018	₱100,000	₱4,484,924	(₱791,057)	₱3,793,867

*See accompanying Notes to Financial Statements.*

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

	<b>Three Months Ended March 31</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱350,638</b>	<b>₱484,744</b>	<b>₱1,467,645</b>
Adjustment for interest income (Notes 7 and 8)	<b>(413,916)</b>	<b>(611,853)</b>	<b>(471,949)</b>
Operating income (loss) before working capital changes	<b>(63,278)</b>	<b>(127,109)</b>	<b>995,696</b>
Decrease (increase) in:			
Accounts receivable	<b>(101,395)</b>	<b>(80,709)</b>	<b>411,445</b>
Prepaid expenses and other current assets	<b>(372,734)</b>	<b>(369,290)</b>	<b>(423,963)</b>
Increase in accounts payable and other current liabilities	<b>76,743</b>	<b>67,240</b>	<b>198,559</b>
Cash flows provided by (used in) operations	<b>(460,664)</b>	<b>(509,868)</b>	<b>1,181,737</b>
Interest received	<b>625,084</b>	<b>708,610</b>	<b>428,128</b>
Income taxes paid	<b>(69,807)</b>	<b>(107,488)</b>	<b>(94,390)</b>
Net cash provided by operating activities	<b>94,613</b>	<b>91,254</b>	<b>1,515,475</b>
<b>CASH FLOW FROM INVESTING ACTIVITY</b>			
Redemption of debt instrument at fair value through other comprehensive income	<b>21,000,000</b>		
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>			
	<b>28,063,482</b>	<b>28,827,995</b>	<b>28,805,419</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 7)</b>			
	<b>₱49,158,095</b>	<b>₱28,919,249</b>	<b>₱30,320,894</b>

*See accompanying Notes to Financial Statements.*

## **GMA HOLDINGS, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **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.

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#### **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).

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#### **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. The adoption of these pronouncements did not have significant impact on the Company's financial position or performance unless otherwise indicated.

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

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments are currently not applicable to the Company but may apply on future business combinations of the Company.

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

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

The Company is currently assessing the potential effect of the amendments on its financial statements.

*Effective beginning on or after January 1, 2021*

- 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, 2021, 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.

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#### **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.

#### 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 March 31, 2020.

*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 March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019, the Company's unquoted debt security is classified under this category.

*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. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. 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. The Company assesses that there is a significant increase in credit risk of a financial asset when default occurs.

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.

The Company's accounts payable and other current liabilities (excluding deferred output VAT) 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.

#### 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

- a. Revenue from Contracts with Customers Upon Adoption of PFRS 15

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or 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 goods or services before transferring them to the customer.

Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or 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.

b. Revenue Recognition Outside the Scope of PFRS 15

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

c. Revenue Recognition Prior to Adoption of PFRS 15

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is received. Revenue is 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 Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

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

*Exercise Fees.* Revenue is recognized upon conversion of PDRs to common shares.

*Interest Income.* Revenue 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 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 date.

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 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 “Input value-added tax” or part of “Accounts payable and other current liabilities” accounts in the statement of financial position, respectively.

#### 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.

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## **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 ₱0.24 million as at December 31, 2019, as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 12).

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## 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 ₱0.17 million, ₱0.10 million and ₱1.23 million for the three-month period ended March 31, 2020, 2019 and 2018, 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 three months ended March 31:

	PDRs		Number of Shares	
	2020	2019	2020	2019
Balance at beginning of year	<b>₱6,185,153,350</b>	₱6,237,702,050	<b>727,665,100</b>	733,847,300
Exercise of PDRs	<b>(31,784,900)</b>	(19,402,950)	<b>(3,739,400)</b>	(2,282,700)
Balance at end of year	<b>₱6,153,368,450</b>	₱6,218,299,100	<b>723,925,700</b>	731,564,600

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.

On April 5, 2018, the Company’s BOD approved a cash distribution to PDR holders of ₱0.50 per share totaling ₱371.96 million, in relation to dividends declared by GMA to all shareholders of record as at April 23, 2018. These were remitted to the PDR holders on May 15, 2018.

The BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company’s 2019 and 2018 projected operating expenses on March 29, 2019 and April 5, 2018, respectively. Such expenses shall be covered by the interest income from the Company’s cash and cash equivalents and debt instrument at FVOCI.

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**7. Cash and Cash Equivalents**

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>Unaudited</b>	<b>Audited</b>
Cash on hand and in bank	<b>₱21,677,994</b>	<b>₱911,679</b>
Short-term deposits	<b>27,480,101</b>	<b>27,151,803</b>
	<b>₱49,158,095</b>	<b>₱28,063,482</b>

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 ₱0.41 million, ₱0.61 million and ₱0.47 million for the three-month period ended March 31, 2020, 2019 and 2018, respectively.

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**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 movements in this account are as follows:

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>Cost</b>		
Balance at beginning of year	<b>₱21,000,000</b>	<b>₱21,000,000</b>
<b>Unrealized gain (loss) on debt instrument at FVOCI</b>		
Balance at beginning of year	<b>238,953</b>	<b>(1,278,262)</b>
Unrealized gain (loss) during the year	<b>(238,953)</b>	<b>1,517,215</b>
Balance at end of year	<b>-</b>	<b>238,953</b>
<b>Redemption of debt instrument at FVOCI</b>	<b>(21,000,000)</b>	
	<b>₱-</b>	<b>₱21,238,953</b>

Interest income earned from the UBP Tier Note amounted to ₱0.15 million for the three-month period ended March 31, 2020.

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**9. Accounts Payable and Other Current Liabilities**

	<b>March 31, 2020</b>	December 31, 2019
	<b>Unaudited</b>	<b>Audited</b>
Accounts payable	<b>₱10,526</b>	₱72,567
Accrued expenses:		
Professional fees (Note 13)	<b>713,750</b>	595,000
Others	<b>1,022</b>	1,022
Deferred output VAT	<b>21,070</b>	10,206
Output VAT	<b>9,169</b>	—
	<b>₱755,537</b>	₱678,795

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.

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**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 April 5, 2018, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱3.10 million to all stockholders of record as at April 9, 2018 and were paid on May 15, 2018.

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.

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## 11. Operating Expenses

The components of the company's operating expenses for the three-month period ended March 31 are as follows:

	2020	2019	2018
Listing fees	<b>₱99,219</b>	₱98,353	₱113,655
Professional fees	<b>118,750</b>	118,750	108,143
Taxes and licenses	<b>9,651</b>	9,007	9,481
PDR conversion expenses	<b>543</b>	263	2,794
Transportation	<b>1,130</b>	712	878
Miscellaneous	<b>923</b>	1,930	1,590
	<b>₱230,216</b>	₱229,015	₱236,541

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## 12. Income Taxes

Provision for income tax as shown in the statements of comprehensive income for the three month-period ended March 31 consists of the following:

	2020	2019	2018
Final tax on interest income	<b>₱69,807</b>	107,487	₱94,390
MCIT	<b>3,339</b>	2,038	24,645
	<b>₱73,146</b>	₱109,525	₱119,035

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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 three-month period ended March 31 is summarized as follows:

	2020	2019	2018
Provision for income tax computed at statutory income tax rate of 30%	<b>₱105,191</b>	₱145,423	₱440,294
Income tax effects of:			
Movement in unrecognized deferred tax assets	<b>9,347</b>	25,287	(275,846)
Interest income subjected to final tax	<b>(41,392)</b>	(61,185)	(47,195)
Expired NOLCO and MCIT	—	—	1,782
	<b>₱73,146</b>	₱109,525	₱119,035

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### Deferred Tax Assets

The components of unrecognized deferred tax assets are as follows:

	<b>March 31, 2020</b> <b>Unaudited</b>	December 31, 2019 Audited
NOLCO	<b>₱241,502</b>	₱201,703
MCIT	<b>3,339</b>	39,799
	<b>₱244,841</b>	<b>₱241,502</b>

As at March 31, 2020, 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 Up To	NOLCO	MCIT
December 31, 2018	December 31, 2021	₱–	₱34,279
December 31, 2019	December 31, 2022	672,342	5,520
		<b>₱672,342</b>	<b>₱39,799</b>

The movements in NOLCO and MCIT follow:

	<b>March 31, 2020</b> <b>Unaudited</b>	December 31, 2019 Audited
<b>NOLCO:</b>		
Balance at beginning of year	<b>₱672,342</b>	₱482,560
Addition	–	672,342
Application	–	–
Expiration	–	(482,560)
Balance at end of year	<b>₱672,342</b>	<b>₱672,342</b>
<b>MCIT:</b>		
Balance at beginning of year	<b>₱39,799</b>	₱44,446
Addition	–	5,520
Expiration	–	(10,167)
Balance at end of year	<b>₱39,799</b>	<b>₱39,799</b>

Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect on January 1, 2018. Although the TRAIN changes the existing tax law and includes several provisions that generally affected businesses on a prospective basis, the management assessed that the same did not have significant impact on the financial statement balances.

### 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 March of 2020 and as at December 31, 2019, the Company's

financial statements include the following amounts resulting from the transactions with related parties as at December 31:

Category	Year	Amount/Volume of Transactions	Outstanding Payable	Terms	Conditions
<b>Shareholders</b>					
Portion of proceeds retained from the issuance of PDRs	2020 2019	₱– –	₱47,271,600 47,271,600	On demand upon exercise of PDRs, noninterest-bearing	Unsecured
Belo, Gozon, Elma Law Firm	2020 2019	40,000 160,000	560,000 520,000	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.

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#### 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 March 31, 2020 and December 31, 2019:

As at March 31, 2020 (Unaudited)				
	On Demand	3 to 12 Months	More than 1 year	Total
<b>Financial Assets</b>				
Cash and cash equivalents	₱49,158,095	₱–	₱–	₱49,158,095
Accounts receivable	196,650	–	–	196,650
	<b>₱49,354,745</b>	<b>₱–</b>	<b>₱–</b>	<b>₱49,354,745</b>
<b>Financial Liabilities</b>				
Accounts payable and other current liabilities*	₱734,467	₱–	₱–	₱734,467
Due to shareholders	10,888,345	36,383,255	–	47,271,600
	<b>₱11,622,812</b>	<b>₱36,383,255</b>	<b>₱–</b>	<b>₱48,006,067</b>

\*Excluding deferred output VAT amounting to ₱21,070.

As at December 31, 2019 (Audited)				
	On Demand	3 to 12 Months	More than 1 year	Total
<b>Financial Assets</b>				
Cash and cash equivalents	₱28,063,482	₱–	₱–	₱28,063,482
Accounts receivable	306,423	–	–	306,423
Debt instrument at FVOCI	–	965,576	20,273,377	21,238,953
	<b>₱28,369,905</b>	<b>₱965,576</b>	<b>₱20,273,377</b>	<b>₱49,608,858</b>
<b>Financial Liabilities</b>				
Accounts payable and other current liabilities*	₱668,589	₱–	₱–	₱668,589
Due to shareholders	10,888,345	36,383,255	–	47,271,600
	<b>₱11,556,934</b>	<b>₱36,383,255</b>	<b>₱–</b>	<b>₱47,940,189</b>

\*Excluding deferred output VAT amounting to ₱10,206.

### 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).

	Increase (Decrease) in Basis Points	Effect on Equity	
		March 31, 2020 Unaudited	December 31, 2019 Audited
Debt instrument at FVOCI	50	₱–	(₱217,055)
	(50)	–	708,041

### 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 ₱48.15 million and ₱27.56 million as at March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019, 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 March 31, 2020 and December 31, 2019.

### 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 March 31, 2020 and December 31, 2019.

### 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 March 31, 2020 and December 31, 2019.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱1.76 million and ₱1.48 million as at March 31, 2020 and December 31, 2019, respectively.

The Company is not subject to externally imposed capital requirements.

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## 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.

The following table below demonstrates the sensitivity of credit spread (through the impact on other comprehensive income).

	Increase (Decrease) in Basis Points	Effect on Equity	
		March 31, 2020 Unaudited	December 31, 2019 Audited
Debt instrument at FVOCI	50	P-	(P456,008)
	(50)	-	469,088

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## 16. Basic/Diluted Earnings Per Share Computation

Basic/diluted EPS for the three-month period ended March 31 are computed as follows:

	2020	2019	2018
Net income attributable to equity holders (a)	P277,492	P375,218	P1,348,610
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	P27.75	P37.52	P134.86

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

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

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<b>Financial Ratios</b>	<b>Description</b>	<b>March 31, 2020 Unaudited</b>	<b>December 31, 2019 Audited</b>
Current/liquidity ratio	Current assets over current liabilities	<b>1.04</b>	0.59
Asset to equity ratio	Total asset over total equity	<b>28.29</b>	30.11
Debt to equity ratio	Total liabilities over total equity	<b>27.29</b>	29.11

<b>Financial Ratios</b>	<b>Description</b>	<b>March 31, 2020 Unaudited</b>	<b>March 31, 2019 Unaudited</b>	<b>March 31, 2018 Unaudited</b>
Return on equity	Net income over total equity	16%	(146%)	36%
Return on asset	Net income over total assets	0.6%	0.8%	2.6%
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	60%	68%	86%

**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/Chief Accounting Officer



STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS

Securities and Exchange Commission  
G/F Secretariat Building  
PICC Complex, Roxas Boulevard  
Pasay City, 1307


The management of **GMA Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

The Board of Directors reviews and approves the 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 financial statements of the company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
**FELIPE L. GOZON**  
Chairman of the Board

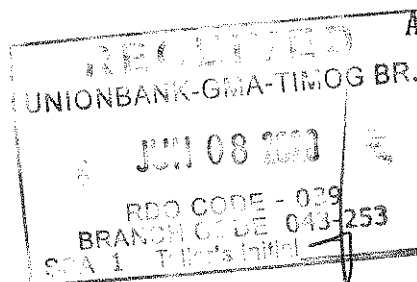
  
**GILBERTO R. DUAVIT, JR.**  
President and Chief Executive Officer


  
**FELIPE S. YALONG**  
Chief Financial Officer/Treasurer

Signed this 13<sup>th</sup> day of April 2020.

SUBSCRIBED AND SWORN to before me this JUN 10 2020 day of 2020, affiants exhibited to me their Passport No. P3551628A issued on Jul. 3, 2017 (Felipe L. Gozon), SSS No. 33-1841930 (Gilberto R. Duavit, Jr.), and Passport No. P2459589A issued on Mar. 27, 2017 (Felipe S. Yalong).

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Page No. 13  
Book No. I  
Series of 2020



  
**ATTY. JANELLE CRYSTEL J. JAVIER**  
Notary Public for and in Quezon City  
Until December 31, 2021  
Adm. Matter No. NP-120 (2020-2021)  
PTR No. 9351117-Jan. 8, 2020, QC  
IBP Lifetime No. 016879  
Roll of Attorney's No. 69611  
MCLE Compliance No. VI-0022474

**GMA HOLDINGS, INC.**

Unit 5-D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City 1634 Philippines

**MAILING ADDRESS:** GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City 1103 Philippines

**Telephone No.** (632) 982-7777 loc. 8001 **Fax** (632) 928-5133

# COVER SHEET

for

## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	6	0	2	3	5	6	
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COMPANY NAME

[illegible]

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

[illegible]

Form Type

A	A	F	S
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Department requiring the report

	S	E	C
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Secondary License Type, If Applicable

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## COMPANY INFORMATION

Company's Email Address

\_\_\_\_\_

Company's Telephone Number

8816-3716

Mobile Number

\_\_\_\_\_

No. of Stockholders

7

Annual Meeting (Month / Day)

August 9

Fiscal Year (Month / Day)

December 31

### CONTACT PERSON INFORMATION

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

Name of Contact Person

**Mr. Ronaldo P. Mastrili**

Email Address

**rpmastrili@gmanetwork.com**

Telephone Number/s

8816-3716

Mobile Number

Figure 1

## 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.

such incident shall be reported to the Commission within the next calendar year by the person designated by the corporation for the purpose of updating the corporation's records with the Commission and to advise the Commission of any deficiencies. The corporation shall be liable for its deficiencies.





## INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders  
GMA Holdings, Inc.  
5D Tower One, One McKinley Place  
New Global Bonifacio City  
Fort Bonifacio, Taguig City

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of GMA Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

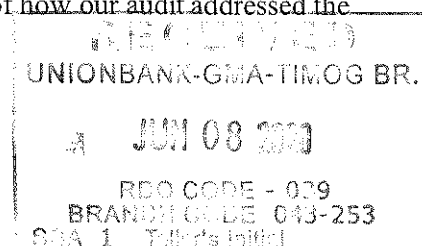
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019 in accordance with 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 Financial Statements* section of our report. We are independent of the Company 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 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 Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the 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 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 financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

***Fair Valuation of Investment in Unquoted Debt Security Classified as Financial Asset at Fair Value Through Other Comprehensive Income***

As at December 31, 2019, the Company has an unquoted debt security classified as financial asset at fair value through other comprehensive income (FVOCI) amounting to ₱21,238,953. The valuation of this investment is a key audit matter as it is material to the financial statements, representing 43% of the Company's total assets as at December 31, 2019, and its valuation involves the exercise of Management's judgment and the use of estimates. The Company used the discounted cash flow model to value the investment, and 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.

The Company's disclosures on the fair value of the debt instrument at FVOCI are included in Notes 8, 14 and 15 to the financial statements.

***Audit Response***

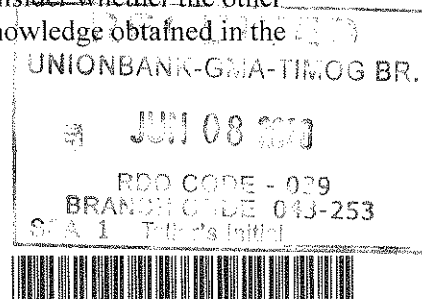
We traced the terms (e.g., principal amount, interest rate, and repayment dates) used in the Company's valuation to the investment agreement. We reviewed the inputs used in determining the discount rates based on observable yields of benchmark government securities and credit rating of the counterparty. We tested the mathematical accuracy of the Company's calculation. We also assessed the Company's disclosures on the fair value measurement of the debt instrument at FVOCI based on the requirements of PFRS 13, *Fair Value Measurement*.

**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, 2019, but does not include the 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, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 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 Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

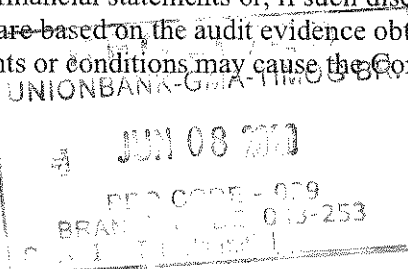
Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.



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

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.

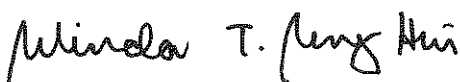
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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.

#### **Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 19 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of GMA Holdings, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Belinda T. Beng Hui.

SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

SEC Accreditation No. 0943-AR-3 (Group A),

March 14, 2019, valid until March 13, 2022

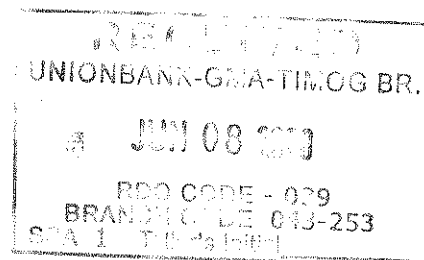
Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2018,

March 14, 2018, valid until March 13, 2021

PTR No. 8125213, January 7, 2020, Makati City

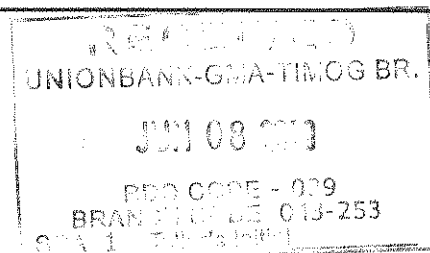
April 13, 2020



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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 7, 14 and 15)	<b>₱28,063,482</b>	₱28,827,996
Accounts receivable (Notes 14 and 15)	<b>306,423</b>	272,433
Input value-added tax	<b>64,613</b>	29,256
Total Current Assets	<b>28,434,518</b>	29,129,685
<b>Noncurrent Asset</b>		
Debt instrument at fair value through other comprehensive income (Notes 8, 14 and 15)	<b>21,238,953</b>	19,721,738
	<b>₱49,673,471</b>	₱48,851,423
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 9, 14 and 15)	<b>₱678,795</b>	₱450,505
Due to shareholders (Notes 13, 14 and 15)	<b>47,271,600</b>	47,271,600
Income tax payable	<b>1,528</b>	1,733
Total Current Liabilities	<b>47,951,923</b>	47,723,838
<b>Noncurrent Liability</b>		
Deferred tax liability (see Note 12)	<b>71,686</b>	—
Total Liabilities	<b>48,023,609</b>	47,723,838
<b>Equity</b>		
Capital stock (Note 10)	<b>100,000</b>	100,000
Retained earnings (Note 10)	<b>1,382,595</b>	2,305,847
Unrealized gain (loss) on debt instrument at fair value through other comprehensive income - net of tax (Note 8)	<b>167,267</b>	(1,278,262)
Total Equity	<b>1,649,862</b>	1,127,585
	<b>₱49,673,471</b>	₱48,851,423

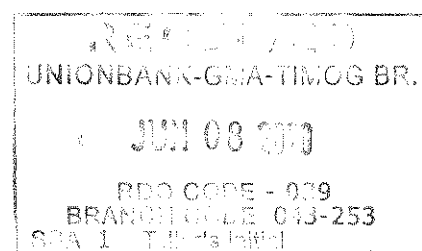
See accompanying Notes to Financial Statements.



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

	Years Ended December 31		
	2019	2018	2017
<b>REVENUE</b>			
Interest income (Notes 7 and 8)	<b>₱2,379,912</b>	₱1,997,599	₱1,919,260
Exercise fees (Note 6)	<b>275,991</b>	1,713,964	2,800,089
	<b>2,655,903</b>	3,711,563	4,719,349
<b>OPERATING EXPENSES (Note 11)</b>	<b>948,333</b>	1,008,230	1,109,892
<b>INCOME BEFORE INCOME TAX</b>	<b>1,707,570</b>	2,703,333	3,609,457
<b>PROVISION FOR INCOME TAX (Note 12)</b>	<b>420,822</b>	433,799	580,367
<b>NET INCOME</b>	<b>1,286,748</b>	2,269,534	3,029,090
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<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 - net of tax (Note 8)	<b>1,445,529</b>	(848,763)	—
Unrealized loss on available-for-sale investment	—	—	(254,763)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱2,732,277</b>	₱1,420,771	₱2,774,327
<b>Basic/Diluted Earnings Per Share (Note 16)</b>	<b>₱128.67</b>	₱226.95	₱302.91

See accompanying Notes to Financial Statements.



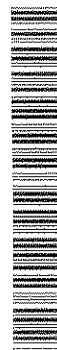
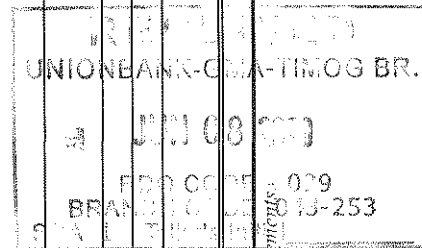
**GMA HOLDINGS, INC.**

**STATEMENTS OF CHANGES IN EQUITY**

**FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017**

	Capital Stock (Note 10)	Retained Earnings (Note 10)	Unrealized (Gain) Loss on Debt Instrument at Fair Value Through Other Comprehensive Income – net of tax (Note 8)	Unrealized Loss on Available-for-Sale Investment	Total
Balance as at January 1, 2019	₱100,000	₱2,305,847	(₱1,278,262)	₱–	₱1,127,585
Net income	–	1,286,748	–	–	1,286,748
Other comprehensive gain	–	–	1,445,529	–	1,445,529
Total comprehensive income	–	1,286,748	1,445,529	–	2,732,277
Cash dividends	–	(2,210,000)	–	–	(2,210,000)
Balance as at December 31, 2019	₱100,000	₱1,382,595	₱167,267	₱–	₱1,649,862
Balance as at January 1, 2018	₱100,000	₱3,136,313	(₱429,499)	₱–	₱2,806,814
Net income	–	2,269,534	–	–	2,269,534
Other comprehensive loss	–	–	(848,763)	–	(848,763)
Total comprehensive income	–	2,269,534	(848,763)	–	1,420,771
Cash dividends	–	(3,100,000)	–	–	(3,100,000)
Balance as at December 31, 2018	₱100,000	₱2,305,847	(₱1,278,262)	₱–	₱1,127,585
Balance as at January 1, 2017	₱100,000	₱1,107,223	₱–	(₱174,736)	₱1,032,487
Net income	–	3,029,090	–	–	3,029,090
Other comprehensive loss	–	–	–	(254,763)	(254,763)
Total comprehensive income	–	3,029,090	–	(254,763)	2,774,327
Cash dividends	–	(1,000,000)	–	–	(1,000,000)
Balance as at December 31, 2017	₱100,000	₱3,136,313	₱–	(₱429,499)	₱2,806,814

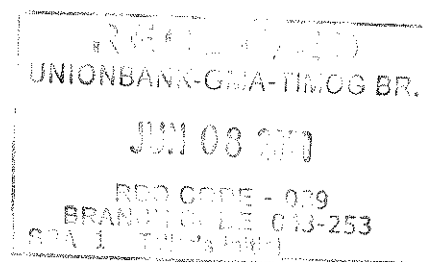
See accompanying Notes to Financial Statements.



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

	Years Ended December 31		
	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱1,707,570</b>	₱2,703,333	₱3,609,457
Adjustment for interest income (Notes 7 and 8)	<b>(2,379,912)</b>	(1,997,599)	(1,919,260)
Operating income (loss) before working capital changes	<b>(672,342)</b>	705,734	1,690,197
Decrease (increase) in:			
Accounts receivable	<b>(79,075)</b>	743,895	(346,415)
Input value-added tax	<b>(35,357)</b>	219,021	193,321
Increase in accounts payable and other current liabilities	<b>232,176</b>	22,623	23,473
Cash flows provided by (used in) operations	<b>(554,598)</b>	1,691,273	1,560,576
Interest received	<b>2,424,997</b>	1,862,533	1,940,223
Income taxes paid	<b>(421,027)</b>	(432,066)	(583,893)
Net cash provided by operating activities	<b>1,449,372</b>	3,121,740	2,916,906
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>			
Payment of cash dividends (Notes 10 and 17)	<b>(2,213,886)</b>	(3,099,163)	(999,640)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(764,514)</b>	22,577	1,917,266
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>28,827,996</b>	28,805,419	26,888,153
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)</b>	<b>₱28,063,482</b>	₱28,827,996	₱28,805,419

*See accompanying Notes to Financial Statements.*





## GMA HOLDINGS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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.

The accompanying financial statements of the Company were approved and authorized for issuance in accordance with a resolution of the Board of Directors (BOD) on April 13, 2020.

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#### 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

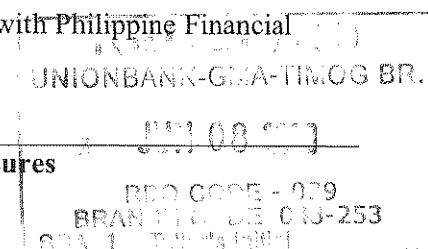
The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

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#### 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, 2019. The adoption of these pronouncements did not have significant impact on the Company's financial position or performance unless otherwise indicated.



■ PFRS 16, *Leases*

PFRS 16 supersedes Philippine Accounting Standard (PAS) 17, *Leases*, Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 4, *Determining whether an Arrangement contains a Lease*, Philippine Interpretation Standards Interpretation Committee (SIC)-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

This new standard for leases had no impact on the financial statements since the Company has not entered into any lease agreement.

■ Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*. It does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether the Company considers uncertain tax treatments separately
- The assumptions the Company makes about the examination of tax treatments by taxation authorities
- How the Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How the Company considers changes in facts and circumstances

The Company is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The Company shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the Company concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Company has assessed whether it has any uncertain tax position. The Company applies significant judgement in identifying uncertainties over its income tax treatments. The Company determined, based on its tax compliance review, that it is probable that its income tax treatments will be accepted by the taxation authorities. Accordingly, the Interpretation did not have an impact on the financial statements of the Company.



■ Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the Company's financial statements.

■ Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

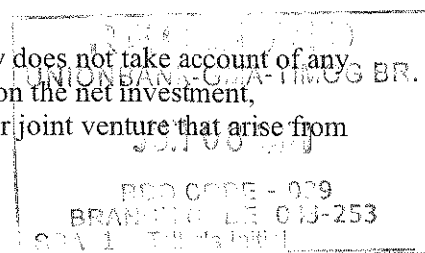
The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

These amendments had no impact on the financial statements since the Company has no employees.

■ Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.



The amendments have no impact on the Company's financial statements as it does not have long-term interests in associate and joint venture.

■ Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

These amendments are not applicable to the Company.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

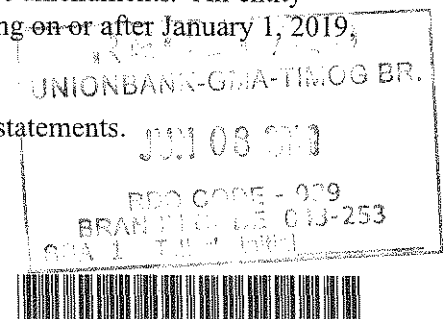
These amendments had no impact on the Company's financial statements.

- Amendments to PAS 23, *Borrowing Costs*, *Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

These amendments had no impact on the Company's financial statements.



#### 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 to 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, 2020*

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

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments may apply on future business combinations of the Company.

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

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

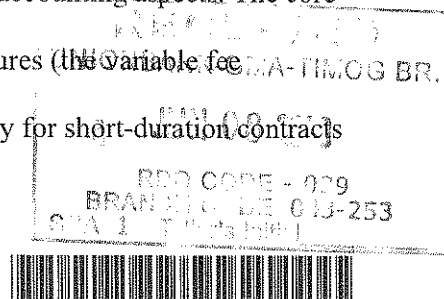
#### *Effective beginning on or after January 1, 2021*

- 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, 2021, 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.

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#### 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:

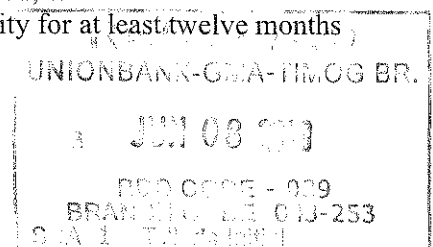
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability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

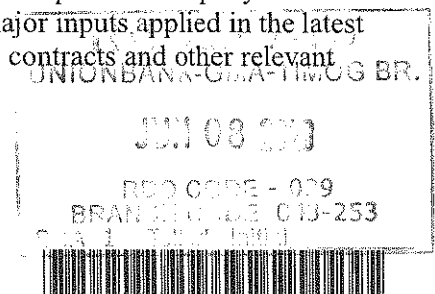
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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.

*Financial Instruments – Beginning January 1, 2018*

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

*Date of Recognition of Financial Assets.* The Company recognizes financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

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.

*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.

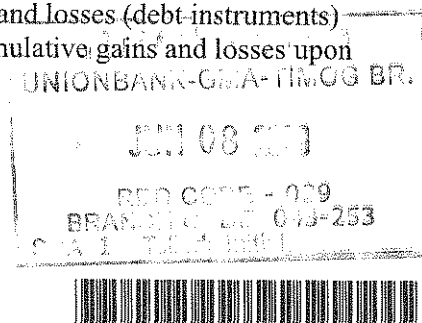
In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed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

The Company has no financial assets at FVTPL as at December 31, 2019 and 2018.

*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 rate (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 December 31, 2019 and 2018, 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

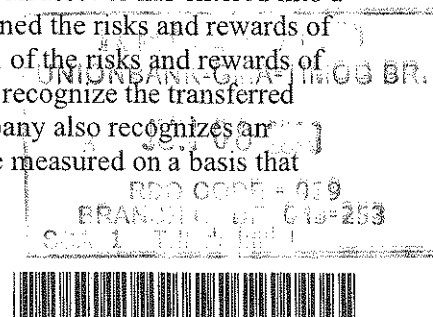
For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.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

As at December 31, 2019 and 2018, the Company's unquoted debt security is classified under this category.

*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.

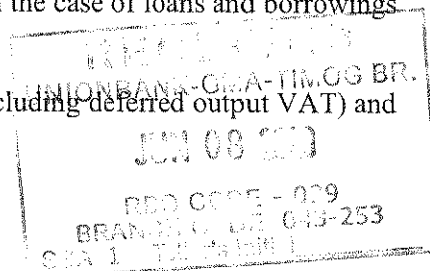
The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual 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.

The Company's accounts payable and other current liabilities (excluding deferred output VAT) 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.

#### *Financial Instruments – Prior to January 1, 2018*

##### 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

*Date of Recognition of Financial Assets.* The Company recognizes financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument.

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.

*Initial Recognition and Measurement.* Financial assets are classified, at initial recognition, as financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments, available-for-sale (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.

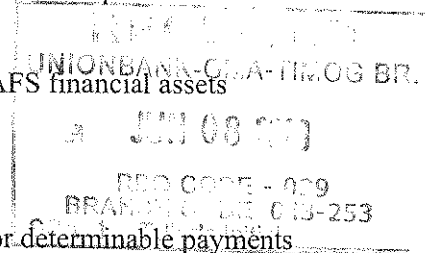
The Company has no financial assets at FVTPL, HTM investments and derivatives designated as hedging instruments in an effective hedge as at December 31, 2017.

*Subsequent Measurement.* The subsequent measurement of the financial assets depends on their classification as described below.

The Company's financial assets are under the loans and receivables and AFS financial assets classification.

##### *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 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 and losses arising from impairment are recognized in the statement of comprehensive income.

As at December 31, 2017, the Company's cash and cash equivalents and accounts receivable are classified under this category.

*b. AFS financial assets*

AFS financial assets pertain to debt securities. 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.

As at December 31, 2017, the Company's unquoted debt security is classified under this category.

*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 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.

*a. Financial Assets Carried at Amortized Cost*

For financial assets carried at amortized costs, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, 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.

The amount of any impairment 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 statement of comprehensive income. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

*b. AFS Financial Assets.*

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

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.

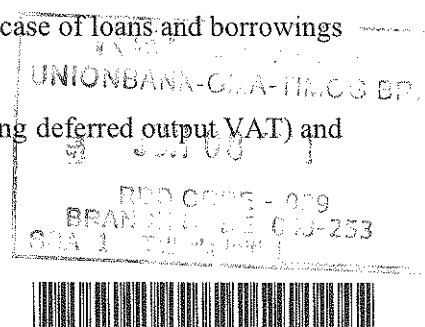
Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the profit or loss. If, in a subsequent year, the fair 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 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.

The Company's accounts payable and other current liabilities (excluding deferred output VAT) and due to shareholders are included under the payables category.



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

*a. 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 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.

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.

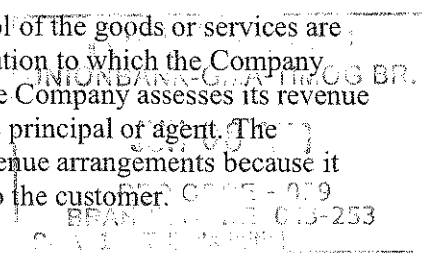
*Retained Earnings.* Retained earnings represent the Company's accumulated earnings, net of dividends declared.

*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

*a. Revenue from Contracts with Customers Upon Adoption of PFRS 15*

Revenue from contracts with customers is recognized when control of the goods or 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 goods or 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 goods or services before transferring them to the customer.



Revenue is recognized when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or 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.

b. Revenue Recognition Outside the Scope of PFRS 15

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

c. Revenue Recognition Prior to Adoption of PFRS 15

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is received. Revenue is 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 Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

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

*Exercise Fees.* Revenue is recognized upon conversion of PDRs to common shares.

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

Expenses

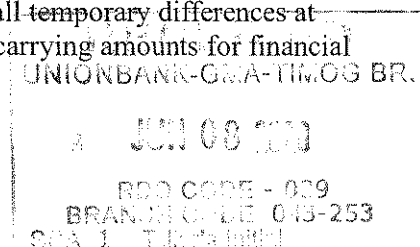
Expenses presented as "Operating expenses" account in the statement of comprehensive income are recognized as incurred.

Taxes

*Current 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 date.

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 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 "input value-added tax" or part of "Accounts payable and other current liabilities" accounts in the statement of financial position, respectively.





#### 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.

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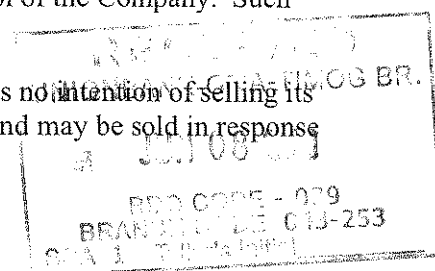
### 5. Summary of Significant Accounting Judgments, Estimates and Assumptions

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 ₱0.24 million and ₱0.57 million as at December 31, 2019 and 2018, respectively as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 12).

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## 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 ₱0.28 million, ₱1.71 million and ₱2.80 million in 2019, 2018 and 2017, 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.

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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 years ended December 31:

	PDRs		Number of Shares	
	2019	2018	2019	2018
Balance at beginning of year	<b>₱6,237,702,050</b>	₱6,564,040,850	<b>733,847,300</b>	772,240,100
Exercise of PDRs	<b>(52,548,700)</b>	(326,338,800)	<b>(6,182,200)</b>	(38,392,800)
Balance at end of year	<b>₱6,185,153,350</b>	₱6,237,702,050	<b>727,665,100</b>	733,847,300

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.

On April 5, 2018, the Company's BOD approved a cash distribution to PDR holders of ₱0.50 per share totaling ₱371.96 million, in relation to dividends declared by GMA to all shareholders of record as at April 23, 2018. These were remitted to the PDR holders on May 15, 2018.

On March 27, 2017, the Company's BOD approved a cash distribution to PDR holders of ₱0.73 per share totaling ₱595.24 million, in relation to dividends declared by GMA to all shareholders of record as at April 20, 2017. These were remitted to the PDR holders on May 16, 2017.

The BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company's 2019, 2018 and 2017 projected operating expenses on March 29, 2019, April 5, 2018 and March 27, 2017, respectively. Such expenses shall be covered by the interest income from the Company's cash and cash equivalents and debt instrument at FVOCI.

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## 7. Cash and Cash Equivalents

	2019	2018
Cash on hand and in bank	<b>₱911,679</b>	₱2,279,421
Short-term deposits	<b>27,151,803</b>	26,548,575
	<b>₱28,063,482</b>	₱28,827,996



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 ₱1.25 million, ₱0.87 million and ₱0.79 million in 2019, 2018 and 2017, 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.

The movements in this account are as follows:

	2019	2018
<b>Cost</b>		
Balance at beginning and end of year	₱21,000,000	₱21,000,000
<b>Cumulative unrealized gain (loss) on debt instrument at FVOCI</b>		
Balance at beginning of year	(1,278,262)	(429,499)
Unrealized gain (loss) during the year	1,517,215	(848,763)
Balance at end of year	238,953	(1,278,262)
	<b>₱21,238,953</b>	<b>₱19,721,738</b>

Movements in the “Unrealized gain (loss) on debt instrument at fair value through other comprehensive income - net of tax” account, presented under equity, as at December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	(₱1,278,262)	(₱429,499)
Unrealized gain (loss) due to changes in fair value of debt instrument at FVOCI	1,517,215	(848,763)
Tax impact (Note 12)	(71,686)	—
	<b>1,445,529</b>	<b>(848,763)</b>
Balance at end of year	<b>₱167,267</b>	<b>(₱1,278,262)</b>

Interest income earned from the UBP Tier Note amounted to ₱1.13 million in 2019, 2018 and 2017.

## 9. Accounts Payable and Other Current Liabilities

	2019	2018
Accounts payable	₱72,567	₱9,380
Accrued expenses:		
Professional fees (Note 13)	595,000	435,000
Others	1,022	505
Deferred output VAT	10,206	1,734
Dividends payable	—	3,886
	<b>₱678,795</b>	<b>₱450,505</b>

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Accounts payable, accrued expenses and dividends payable 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 PDRs	Number of Issued PDRs	Issue/ Offer Price
July 30, 2007	945,432,000	945,432,000	₱8.50

### b. Retained Earnings

On March 27, 2017, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱1.00 million to all stockholders of record as at April 10, 2017 and were paid on May 9, 2017.

On April 5, 2018, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱3.10 million to all stockholders of record as at April 9, 2018 and were paid on May 15, 2018.

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.

## 11. Operating Expenses

	2019	2018	2017
Listing fees	₱393,412	₱454,622	₱497,692
Professional fees	475,000	475,000	517,910
Taxes and licenses	36,029	37,923	35,011
Others	43,892	40,685	59,279
	₱948,333	₱1,008,230	₱1,109,892

## 12. Income Taxes

Provision for income tax as shown in the statements of comprehensive income consists of the following:

	2019	2018	2017
Final tax on interest income	₱415,302	₱399,520	₱383,852
MCIT	5,520	34,279	—
RCIT	—	—	204,698
Benefit from deferred tax	—	—	(8,183)
	₱420,822	₱433,799	₱580,367



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 is summarized as follows:

	2019	2018	2017
Provision for income tax computed at statutory income tax rate of 30%	<b>₱512,271</b>	₱811,000	₱1,082,837
Income tax effects of:			
Interest income subjected to final tax	<b>(298,672)</b>	(199,760)	(191,926)
Movement in unrecognized deferred tax assets	<b>52,288</b>	(179,223)	(310,544)
Expired NOLCO and MCIT	<b>154,935</b>	1,782	—
	<b>₱420,822</b>	₱433,799	₱580,367

#### Deferred Tax Assets

The components of unrecognized deferred tax assets are as follows:

	2019	2018
Deferred tax assets:		
NOLCO	<b>₱201,703</b>	₱144,768
Unrealized loss on debt instrument at FVOCI	—	383,479
MCIT	<b>39,799</b>	44,446
	<b>₱241,502</b>	₱572,693

Deferred tax asset arising from unrealized loss on change in fair value of debt instrument at FVOCI in 2018 is related to equity.

The component of the Company's deferred tax liability as at December 31, 2019 is the unrealized gain on change in fair value of debt instrument at FVOCI amounting to ₱0.07 million. This is related to equity and has been recognized under OCI.

As at December 31, 2019 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 Up To	NOLCO	MCIT
December 31, 2018	December 31, 2021	₱—	₱34,279
December 31, 2019	December 31, 2022	672,342	5,520
		<b>₱672,342</b>	<b>₱39,799</b>

The movements in NOLCO and MCIT follow:

	2019	2018
NOLCO:		
Balance at beginning of year	<b>₱482,560</b>	₱1,188,294
Addition	<b>672,342</b>	—
Application	—	(705,734)
Expiration	<b>(482,560)</b>	—
Balance at end of year	<b>₱672,342</b>	₱482,560

(Forward)



	2019	2018
MCIT:		
Balance at beginning of year	<b>P44,446</b>	P11,949
Addition	<b>5,520</b>	34,279
Expiration	<b>(10,167)</b>	(1,782)
Balance at end of year	<b>P39,799</b>	P44,446

### 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. The Company's financial statements include the following amounts resulting from the transactions with related parties as at December 31:

Category	Year	Amount/Volume of Transactions	Outstanding Payable	Terms	Conditions
<b>Shareholders</b>					
Portion of proceeds retained from the issuance of PDRs	2019 2018	P— —	<b>P47,271,600</b> 47,271,600	On demand upon exercise of PDRs, noninterest-bearing	Unsecured
Belo, Gozon, Elma Law Firm	2019 2018	<b>160,000</b> 160,000	<b>520,000</b> 360,000	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 P0.05 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.

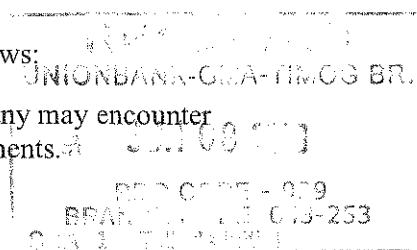
The Company's key management personnel are employed by GMA and no part of their salaries was allocated to the Company.

### 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 December 31:

2019				
	On Demand	3 to 12 Months	More than 1 year	Total
<b>Financial Assets</b>				
Cash and cash equivalents	P28,063,482	P-	P-	P28,063,482
Accounts receivable	306,423	-	-	306,423
Debt instrument at FVOCI	-	965,576	20,273,377	21,238,953
	<b>P28,369,905</b>	<b>P965,576</b>	<b>P20,273,377</b>	<b>P49,608,858</b>
<b>Financial Liabilities</b>				
Accounts payable and other current liabilities*	P668,589	P-	P-	P668,589
Due to shareholders	10,888,345	36,383,255	-	47,271,600
	<b>P11,556,934</b>	<b>P36,383,255</b>	<b>P-</b>	<b>P47,940,189</b>

\*Excluding deferred output VAT amounting to P10,206.

2018				
	On Demand	3 to 12 Months	More than 1 year	Total
<b>Financial Assets</b>				
Cash and cash equivalents	P28,827,996	P-	P-	P28,827,996
Accounts receivable	272,433	-	-	272,433
Debt instrument at FVOCI	-	867,200	18,854,538	19,721,738
	<b>P29,100,429</b>	<b>P867,200</b>	<b>P18,854,538</b>	<b>P48,822,167</b>
<b>Financial Liabilities</b>				
Accounts payable and other current liabilities*	P448,771	P-	P-	P448,771
Due to shareholders	10,579,235	36,692,365	-	47,271,600
	<b>P11,028,006</b>	<b>P36,692,365</b>	<b>P-</b>	<b>P47,720,371</b>

\*Excluding deferred output VAT amounting to P1,734.

#### 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.

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*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).

	Increase (Decrease) in Basis Points	Effect on Equity	
		2019	2018
Debt instrument at FVOCI	50	(P217,055)	(P1,735,549)
	(50)	708,041	806,192

#### 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 P27.56 million and P28.32 million as at December 31, 2019 and 2018, 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 P0.50 million per depositor per bank. It is the Company's policy to enter into transactions with a diversity of creditworthy 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 December 31, 2019 and 2018, 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 December 31, 2019 and 2018.

#### Credit Quality of Financial Assets

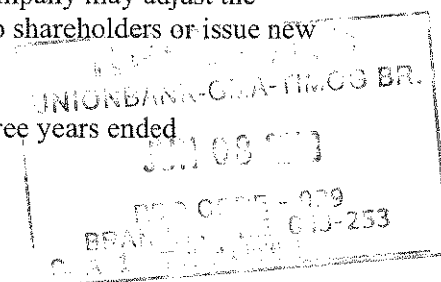
The Company's cash and cash equivalents (excluding cash on hand), other receivables and debt security are grouped under stage 1 assessment as at December 31, 2019 and 2018. These are financial assets that are considered current and up to 30 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk. All of the Company's financial assets are considered high grade since these are from counterparties who are not expected to default in settling their obligations.

#### 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 for the three years ended December 31, 2019, 2018 and 2017.



The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱1.48 million and ₱2.41 million as at December 31, 2019 and 2018, 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 Deferred Output 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.

The following table below demonstrates the sensitivity of credit spread (through the impact on other comprehensive income).

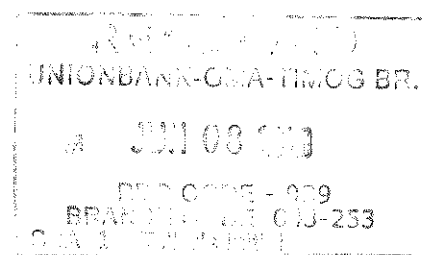
	Increase (Decrease) in Basis Points	Effect on Equity	
		2019	2018
Debt instrument at FVOCI	50	(₱456,008)	(₱457,686)
	(50)	469,088	472,071

## 16. Basic/Diluted Earnings Per Share Computation

Basic/diluted EPS is computed as follows:

	2019	2018	2017
Net income attributable to equity holders (a)	₱1,286,748	₱2,269,534	₱3,029,090
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	₱128.67	₱226.95	₱302.91

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



## 17. Note to Statement of Cash Flows

Change in liability arising from financing activity is as follows:

	2019	2018
Dividends payable, at beginning of year	₱3,886	₱3,049
Dividend declaration (Note 10)	2,210,000	3,100,000
Cash outflow	(2,213,886)	(3,099,163)
Dividends payable, at end of year	₱—	₱3,886

## 18. Events after the Reporting Date

### Impact of COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to April 30, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as at and for the year ended December 31, 2019. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. The Company will continue to monitor the situation.

## 19. Supplementary Tax Information Required Under Revenue Regulations (RR) 15-2010

In compliance with the requirements set forth by RR 15-2010, hereunder are the information on taxes and license fees accrued and paid during the taxable year.

The Company reported and/or paid the following types of taxes in 2019:

### VAT

The Company's sales and receipts are subject to output VAT while its purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

#### a. Net sales/receipts and output VAT declared in the Company's VAT returns

The Company is a VAT-registered Company with output VAT declaration of ₱24,647 for the year based on the gross receipts of exercise fees of ₱205,388 as included in the "Exercise fee" account in the statement of comprehensive income.

#### b. Input VAT

Balance at January 1, 2019	
Current year's domestic purchases for services	
Total input VAT	
Applied against output VAT	
Balance at December 31, 2019	

UNIONBANK-OMA-IMOS BR.	
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₱29,256.00	
₱60,004.13-253	
89,260.13	
(24,647)	
₱64,613	



Other Taxes and Licenses

All other local and national taxes paid for the year ended December 31, 2019 consist of:

Local taxes and license fees	₱35,529
Registration fees	500
	<u>₱36,029</u>

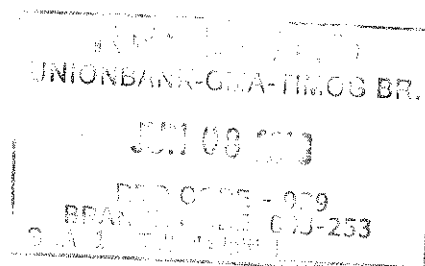
Withholding Taxes

Withholding taxes paid and/or withheld for the year ended December 31, 2019 consist of:

Final withholding tax	₱27,397,546
Expanded withholding tax	9,664
	<u>₱27,407,210</u>

Tax Assessments and Cases

As at December 31, 2019, the Company has no final tax assessments and cases pending before the Bureau of Internal Revenue (BIR). Likewise, the Company has no other pending tax cases outside the administration of the BIR as at December 31, 2019.

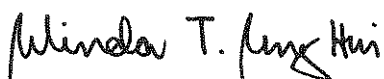


## **INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders  
GMA Holdings, Inc.  
5D Tower One, One McKinley Place  
New Global Bonifacio City  
Fort Bonifacio, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of GMA Holdings, Inc. as at December 31, 2019 and 2018, and for each of the three years in the period ended December 31, 2019, included in this Form 17-A and have issued our report thereon dated April 13, 2020. 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 Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, 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 financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui  
Partner

CPA Certificate No. 88823  
SEC Accreditation No. 0943-AR-3 (Group A),  
March 14, 2019, valid until March 13, 2022  
Tax Identification No. 153-978-243  
BIR Accreditation No. 08-001998-78-2018,  
March 14, 2018, valid until March 13, 2021  
PTR No. 8125213, January 7, 2020, Makati City

April 13, 2020



**GMA HOLDINGS, INC.**  
**Index to the Financial Statements and**  
**Supplementary Schedules**  
**December 31, 2019**

- Schedule I: Supplementary Schedules Required by Revised Securities Regulation Code Rule 68, Annex 68-J
- Schedule II: Reconciliation of Retained Earnings Available for Dividend Declaration
- Schedule III: Map Showing the Relationships Between and Among the Company

SCHEDULE I

**GMA HOLDINGS, INC.**

**Supplementary Schedules Required by Revised Securities Regulation Code Rule 68,  
Annex 68-J  
December 31, 2019**

**Schedule A. Financial Assets**

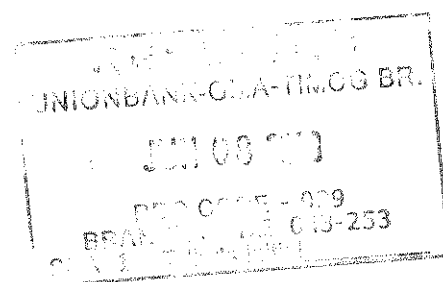
Name of issuing entity and association of each issue	Amount shown in the	
	statements of financial position	Income received and accrued
<b>Cash and cash equivalents</b>		
Cash on hand	₱5,000	₱-
Cash in bank - Union Bank of the Philippines	906,679	4,323
	911,679	4,323
Cash equivalents - Unicapital, Inc.	27,151,803	1,245,150
	₱28,063,482	₱1,249,473
<b>Debt instrument at fair value through other comprehensive income</b>	₱21,238,953	₱1,130,439

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)**

Name and designation	Balance as at January 1, 2019	Additions	Deductions		Current	Noncurrent	Balance as at December 31, 2019
			Amount collected	Amount written off			
Not Applicable: The Company has no receivable from directors, officer, employees, related parties and principal stockholders (other than related parties) as at December 31, 2019.							

**Schedule C. Amounts of Receivables from Related Parties which are Eliminated during Consolidation of Financial Statements**

Name and designation	Balance as at January 1, 2019	Additions	Deductions		Current	Noncurrent	Balance as at December 31, 2019
			Amount collected	Amount written off			
Not Applicable: The Company has no receivable from related parties which are consolidated as at December 31, 2019.							



# SCHEDULE I

## Schedule D. Long-Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related statement of financial position	Amount shown under caption "Long-term debt" in related statement of financial position
---------------------------------------	--------------------------------	---	--

Not Applicable: The Company has no long-term debt as at December 31, 2019.

## Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Parties)

Name of related party	Balance at January 1, 2019	Balance at December 31, 2019
-----------------------	----------------------------	------------------------------

Not Applicable: The Company has no long-term loan from a related party as at December 31, 2019.

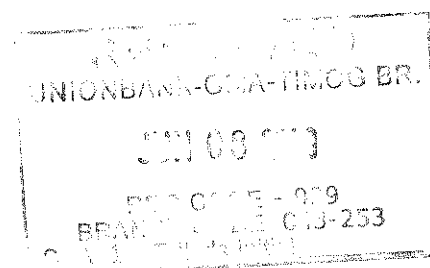
## Schedule F. Guarantees of Securities of Other Issuers

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, 2019.

## Schedule G. Capital Stock

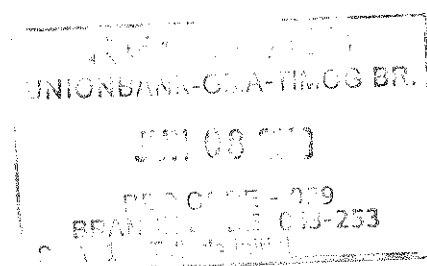
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statement of financial position	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common stock	10,000	10,000	—	—	10,000	—





**GMA HOLDINGS, INC.****Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2019**

Unappropriated retained earnings, beginning	₱2,305,847
Net income during the year closed to retained earnings	1,286,748
Dividend declaration during the year	(2,210,000)
Unappropriated retained earnings available for dividend declaration, end	₱1,382,595



**GMA HOLDINGS, INC.**

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**Map Showing the Relationships Between and Among the Company  
As at December 31, 2019**

Not Applicable.

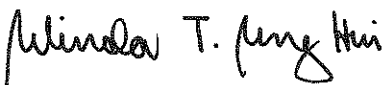
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## **INDEPENDENT AUDITOR'S REPORT COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders  
GMA Holdings, Inc.  
5D Tower One, One McKinley Place  
New Global Bonifacio City  
Fort Bonifacio, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of GMA Holdings, Inc. (the Company) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated April 13, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

SEC Accreditation No. 0943-AR-3 (Group A),  
March 14, 2019, valid until March 13, 2022

Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2018,  
March 14, 2018, valid until March 13, 2021  
PTR No. 8125213, January 7, 2020, Makati City

April 13, 2020



**GMA HOLDINGS, INC.**  
**Supplementary Schedule on Financial Soundness Indicators**  
**As at December 31, 2019**

Ratio	Formula	2019	2018
Current Ratio	Total Current Assets divided by Total Current Liabilities  <div> <div>Total Current Assets</div> <div>Divided by: Total Current Liabilities</div> <div> <div>₱28,434,518</div> <div>47,951,923</div> </div> <div>Current Ratio</div> <div>0.59</div> </div>	0.59	0.61
Asset-to-Equity Ratio	Total Assets divided by Total Equity  <div> <div>Total Assets</div> <div>Divided by: Total Equity</div> <div> <div>₱49,673,471</div> <div>1,649,862</div> </div> <div>Asset-to-Equity Ratio</div> <div>30.11</div> </div>	30.11	43.32
Debt-to-Equity Ratio	Total Debt divided by Total Equity  <div> <div>Total Debt</div> <div>Divided by: Total Equity</div> <div> <div>₱48,023,609</div> <div>1,649,862</div> </div> <div>Debt-to-Equity Ratio</div> <div>29.11</div> </div>	29.11	42.32
Return on Equity	Net Income divided by Average Total Equity  <div> <div>Net Income</div> <div>Divided by: Average Total Equity</div> <div> <div>₱1,286,748</div> <div>1,388,724</div> </div> <div>Return on Equity</div> <div>92.66%</div> </div>	92.66%	115.37%
Return on Assets	Net Income divided by Average Total Assets  <div> <div>Net Income</div> <div>Divided by: Average Total Assets</div> <div> <div>₱1,286,748</div> <div>49,262,447</div> </div> <div>Return on Assets</div> <div>2.61%</div> </div>	2.61%	4.57%
EBITDA Margin	Earnings Before Interest, Tax and Depreciation and Amortization divided by Total Revenue  <div> <div>Earnings Before Interest, Tax and Depreciation and Amortization</div> <div>Divided by: Total Revenue</div> <div> <div>₱1,707,570</div> <div>2,655,903</div> </div> <div>EBITDA Margin</div> <div>64.29%</div> </div>	64.29%	72.84%
Net Profit Margin	Net Income divided by Total Revenue  <div> <div>Net Income</div> <div>Divided by: Total Revenue</div> <div> <div>₱1,286,748</div> <div>2,655,903</div> </div> <div>Net Profit Margin</div> <div>48.45%</div> </div>	48.45%	61.15%

UNIONBANK-GMA-TIMOG BR.


JUN 08 2020

DEP CODE - 029  
BRANCH CODE - 043-253

## CERTIFICATION

THIS IS TO CERTIFY that in compliance with Article 9(B) of the 1987 Philippine Constitution, none of the Directors, Independent Directors and Officers of GMA Holdings, Inc. are elected as public servants and or appointment in any government agency, local or foreign, without authority of law; provided however that it must be disclosed that as of this date, Dr. Jaime C. Laya is a Trustee (Director) of the Cultural Center of the Philippines and Atty. Roberto Rafael V. Lucila is a member of the Bicol University Board of Regents.

Makati City, June 5, 2020.



ROBERTO RAFAEL V. LUCILA  
Compliance Officer/Vice-President  
GMA Holdings, Inc.

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JAIME C. LAYA**, Filipino, of legal age and a resident of 11 Panay Avenue, Quezon City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of GMA HOLDINGS, INC. and have been its independent director since 2007;
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position	Period of Service
Philippine Trust Company (Philtrust Bank)	Director and President	2004-present
GMA Network, Inc. and GMA Holdings, Inc.	Independent Director	2007-present
Ayala Land, Inc.	Independent Director	2010-present
Manila Water Company, Inc.	Independent Director	2014-present
Philippine AXA Life Insurance Co., Inc.	Independent Director	2005-present
Charter Ping An Insurance Corporation	Independent Director	2016-
Don Noberto Ty Foundation, Inc.	Chairman	2005-present
Society for Cultural Enrichment, Inc.	Vice Chairman	2009-present
Filipinas Opera Society Foundation, Inc.	Vice Chairman	2014-present
Museo del Galeon, Inc.	Trustee and Treasurer	2016-present
Makati Sports Club, Inc.	Director and Treasurer	2019-present
Cofradia de la Inmaculada Concepcion	Trustee	1979-present
Heart Foundation of the Philippines, Inc.	Trustee	ca. 1985-present
St. Paul University – Quezon City	Trustee	2002-present
Fundacion Santiago, Inc.	Trustee	2002-present
Cultural Center of the Philippines	Trustee	2003-present
Metropolitan Museum of Manila	Trustee	ca. 2004-present
Yuchengco Museum	Trustee	ca. 2007-present
Ayala Foundation, Inc.	Trustee	2013-present
Escuela Taller Foundation of the Philippines, Inc.	Chairman Emeritus	2013-present
Various other NGOs	Trustee	ca. 1990-present
Various family corporations	Director	ca. 1960-present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GMA HOLDINGS, INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of GMA HOLDINGS, INC. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3. of the Securities Regulation Code.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I have the required written or consent from the President of the Cultural Center of the Philippines to be an independent director in GMA HOLDINGS, INC. pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

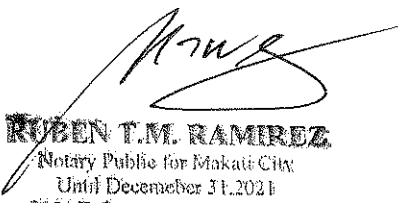
8. I shall inform the Corporate Secretary of GMA HOLDINGS, INC., of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this \_\_\_\_ day of JUN 04 2020 2020 at Makati City.

  
**JAIME C. LAYA**  
Affiant

SUBSCRIBED AND SWORN to before me this JUN 04 2020 2020 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number P2436933B by the DFA, Manila issued on July 4, 2019.

Doc. No. \_\_\_\_  
Page No. \_\_\_\_  
Book No. \_\_\_\_  
Series of 2020. \_\_\_\_

  
**RUBEN T.M. RAMIREZ**  
Notary Public for Makati City  
Until December 31, 2021  
2086 E. Pasqua St., Makati City  
IBP O.R. No. 097071/ December 10, 2019  
Roll No. 28947/ MCLE No. VI-0020246  
PTR No. MKT 8117044/1-02-2020  
Appointment No. M-158

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ARTEMIO V. PANGANIBAN**, Filipino, of legal age and a resident of 1203 Acacia Street, Damaríñas Village, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of GMA HOLDINGS, INC. and have been its independent director since 2009;
2. I am affiliated with the following publicly-listed companies:

Company/Organization	Position/ Relationship	Period of Service
GMA Network, Inc.	Independent Director	2007 - present
First Philippine Holdings Corporation	Independent Director	2007 - present
Metro Pacific Investments Corporation	Independent Director	2007 - present
Meralco	Independent Director	2008 - present
Robinsons Land Corporation	Independent Director	2008 - present
Petron Corporation	Independent Director	2010 - present
Asian Terminals, Inc.	Independent Director	2010 - present
PLDT, Inc.	Independent Director	2013 - present
Jollibee Foods Corporation	Non-Executive Director	2012 - present
Metropolitan Bank & Trust Company	Senior Adviser	2007 - present
Double Dragon Properties Corp.	Adviser	2014 - present
Bank of the Philippine Islands	Member, Advisory Council	2016 - present
For my full bio-data, log on to my personal website: <a href="http://cjpanganiban.com">cjpanganiban.com</a>		

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of GMA HOLDINGS, INC., as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of GMA HOLDINGS, INC. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.
8. I shall inform the Corporate Secretary of GMA HOLDINGS, INC., of any changes in the above-mentioned information within five (5) days from its occurrence.



Done this \_\_\_\_\_ day of \_\_\_\_\_, 2020 at Makati City.

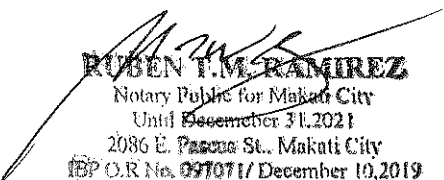
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ARTEMIO V. PANGANIBAN  
Affiant

JUN 0 4 2020

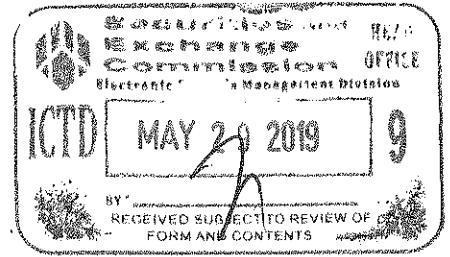
SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2019 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number P0388884B issued on January 24, 2019 by the DFA Manila and will expire on January 23, 2029.

Doc. No. 467  
Page No. 95  
Book No. 29  
Series of 2020.

  
RUBEN T. M. RAMIREZ  
Notary Public for Makati City  
Until December 31, 2021  
2086 E. Pasco St., Makati City  
IBP O.R. No. 097071/December 10, 2019  
Roll No. 28947/MCLE No. VI-0020246  
PTR No. 32818117044/1-02-2020  
Appointment No. M-158



SEC FORM – I-ACGR



INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2018
2. SEC Identification Number CS200602356 3. BIR Tax Identification No. 244-658-896-000
4. Exact name of issuer as specified in its charter GMA HOLDINGS, INC.
5. PHILIPPINES 6. (SEC Use Only)   
Province, Country or other jurisdiction of incorporation or organization Industry Classification Code:
7. Unit 5D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City  
Address of principal office Postal Code
8. (632)9827777  
Issuer's telephone number, including area code
9. NOT APPLICABLE  
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT		
ADDITIONAL INFORMATION		EXPLANATION
COMPLIANT/ NON- COMPLIANT		
	The Board's Governance Responsibilities	
	<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>	

**Recommendation 1.1**

1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	Compliant	<p>For information on the academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors please see the following website:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghl-definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghl-definitive_information_statement_-_asm_2018_1525341168.pdf</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=d1b47cc096f2a87e1d1c15ec263a54d#sthash.RAWH2x00.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=d1b47cc096f2a87e1d1c15ec263a54d#sthash.RAWH2x00.dpbs</a></p> <p><a href="https://www.gmanetwork.com/corporate/cgr/certificateofattendance/">https://www.gmanetwork.com/corporate/cgr/certificateofattendance/</a></p>	
2. Board has an appropriate mix of competence and expertise.	Compliant	<p>The qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of their performance may be viewed at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl-revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl-revised_manual_on_corporate_governance_2017__1496026887.pdf</a></p>	

3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	Compliant		
<b>Recommendation 1.2</b>			
1. Board is composed of a majority of non-executive directors.	Compliant	<p>The Corporation's directors and the type of their directorships are posted at:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghl-definitive-information-statement-asm-2018-1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghl-definitive-information-statement-asm-2018-1525341168.pdf</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=d1b47cc096f2a87efdc15ec263a54d#shash.RAWH2x00.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=d1b47cc096f2a87efdc15ec263a54d#shash.RAWH2x00.dpbs</a></p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl-annual-corporate-governance-report-for-2016-1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl-annual-corporate-governance-report-for-2016-1495788588.pdf</a></p>	
<b>Recommendation 1.3</b>			

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	The Corporation's policy on training of directors and compliance therefor are posted at:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_annual_corporate_governance_report_for_2016_1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_annual_corporate_governance_report_for_2016_1495788588.pdf</a>  <a href="https://www.gmanetwork.com/corporate/cgr/certificateofattendance/">https://www.gmanetwork.com/corporate/cgr/certificateofattendance/</a>  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>	
2. Company has an orientation program for first time directors.	Compliant	For information on the orientation program and annual continuing training of directors please view the following:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>	
3. Company has relevant annual continuing training for all directors.	Compliant	<a href="https://www.gmanetwork.com/corporate/cgr/certificateofattendance/">https://www.gmanetwork.com/corporate/cgr/certificateofattendance/</a>  Kindly note that none of the current five (5) directors of the Corporation are first time directors.	
<b>Recommendation 1.4</b>			

1. Board has a policy on board diversity.	Compliant	<p>The Board's policy on diversity is contained in:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p> <p>The Board of Directors is composed of five (5) men, with varying education, expertise and experience.</p>	
<b>Optional Recommendation 1.4</b>			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Not applicable		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the Corporation's non-adoption of the recommendation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
<b>Recommendation 1.5</b>			

1. Board is assisted by a Corporate Secretary.	Compliant	For information on the Corporate Secretary, including his name, qualifications, duties and functions please view the following website: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=d1b47cc096f2a877efdfc15ec263a54d#sthash.RAwH2x00.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=d1b47cc096f2a877efdfc15ec263a54d#sthash.RAwH2x00.dpbs</a>	
2. Corporate Secretary is a separate individual from the Compliance Officer.	Not adopted		Kindly refer to the Corporation's explanation contained in its letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a>
3. Corporate Secretary is not a member of the Board of Directors.	Complaint		

4. Corporate Secretary attends training/s on corporate governance.	Complaint	For information on the corporate governance training attended by the Corporate Secretary, please view the following: <a href="https://www.gmanetwork.com/corporate/cgr/certificateofattendance/">https://www.gmanetwork.com/corporate/cgr/certificateofattendance/</a>	
<b>Optional Recommendation 1.5</b>			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Not adopted		<p>Materials are distributed two days to one week before the meeting.</p> <p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a></p>



Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	For information on the Compliance Officer, including his name, position, qualification, duties and functions please view the following: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Not adopted	<a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf</a> <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs</a>	The Compliance Officer of the Company holds the rank of Vice-President which has the authority and stature of a Head of a Department.
3. Compliance Officer is not a member of the board.	Compliant		
4. Compliance Officer attends training/s on corporate governance.	Compliant	For information on the corporate governance training attended by the Compliance Officer please view: <a href="https://www.gmanetwork.com/corporate/cgr/certificateofattendance/">https://www.gmanetwork.com/corporate/cgr/certificateofattendance/</a>	
<b>Principle 2:</b> The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	For information on the resolutions/matters approved by the Board of Directors please view: <a href="https://www.gmanetwork.com/corporate/disclosures/currentreports/">https://www.gmanetwork.com/corporate/disclosures/currentreports/</a>	
Recommendation 2.2			

1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	Information on the matters/resolutions approved by the Board of Directors and on how the directors performed the recommended functions under Recommendation 2.2 please view:  <a href="https://www.gmanetwork.com/corporate/disclosures/currentreports/">https://www.gmanetwork.com/corporate/disclosures/currentreports/</a>  <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi-definitive-information-statement--asm-2018-1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi-definitive-information-statement--asm-2018-1525341168.pdf</a>	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant		
<b>Supplement to Recommendation 2.2</b>			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	The Corporation's 2017 Revised Manual on Corporate Governance, which contains its vision, mission and core values, is reviewed every time there is a Memorandum Circular from the Securities and Exchange Commission relating to any update/revision of the prescribed Manual of Corporate Governance for listed companies. <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	

<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	Compliant	<p>Since the members of the Board of Directors/Officers of GMA Holdings, Inc. are also members of the Board of Directors/Officers of GMA Network, Inc., GMA Holdings, Inc. adopts the strategy execution for GMA Network, Inc.</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
<p>1. Board is headed by a competent and qualified Chairperson.</p>	Compliant	<p>For information on the Chairperson, including his name and qualifications please view the following website: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_definitive_information_statement_-_asm_2018_1525341168.pdf</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthashygaU5IWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthashygaU5IWt.dpbs</a></p>	
<b>Recommendation 2.4</b>			

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Complaint	The Corporation adopts the provisions of the Revised Corporation Code of the Philippines on the qualifications and election of the directors of a corporation and all rules and regulations of the Securities and Exchange Commission.  The provisions of the Corporation's 2017 Revised Manual on Corporate Governance on the qualifications of directors also ensure the effective succession for directors: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	
2. Board adopts a policy on the retirement for directors and key officers.	Complaint		
<b>Recommendation 2.5</b>			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Complaint	The functions of the Remuneration and Compensation committee as set forth in the Company's 2017 Revised Manual on Corporate Governance achieve the purpose/s of recommendation 2.5:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant		

3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant		
Osborn: Recommendation 2.5			

1. Board approves the remuneration of senior executives.	Not applicable		<p>The senior executives of GMA Holdings, Inc. are also senior executives of GMA Network, Inc. Said senior executives do not receive separate compensation for their services in GMA Holdings, Inc.</p> <p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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<p>2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.</p>	<p>Not applicable</p>	<p>The senior executives of GMA Holdings, Inc. are also senior executives of GMA Network, Inc. Said senior executives do not receive separate compensation for their services in GMA Holdings, Inc.</p> <p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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**Recommendation 2.6**

1. Board has a formal and transparent board nomination and election policy.	Compliant	For information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting directors, please view the following:  <a href="https://aphrodite.gmanetwork.com/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Not adopted		<p>The common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p> <p>For a more detailed explanation on the inapplicability of the said recommendation to the Corporation please refer to the Company's letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>



4. Board nomination and election policy includes how the board shortlists candidates.	Compliant	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	Not applicable	<p>The common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p> <p>For a more detailed explanation on the inapplicability of the said recommendation to the Corporation please refer to the Company's letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>

<p>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</p>	<p>Compliant</p>		
<p><b>Optionol: Recommendation to 2.6</b></p>			

<p>1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.</p>	<p>Not adopted</p>		<p>For the Corporation's explanation for its non-adoption of the said recommendation please refer to the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p> <p>By way of additional explanation, the Company respects the rights of the stockholders to nominate and elect their Board of Directors. It will be a conflict of interest should management interfere in the exercise of these rights.</p>
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**Recommendation 2.7**

<p>1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.</p>	<p>Not adopted</p>	<p>For information on the company's policy on related party transactions (RPT), including policy on review and approval of significant RPTs please view the following link:  <a href="https://gphrodite.gmanetwork.com/corporate/cqr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf">https://gphrodite.gmanetwork.com/corporate/cqr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf</a></p> <p>For RPTs that were approved pursuant to the policy please view the  <a href="https://gphrodite.gmanetwork.com/corporate/cqr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf">https://gphrodite.gmanetwork.com/corporate/cqr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf</a>  <a href="https://gphrodite.gmanetwork.com/corporate/disclosures/ghi-definitive_information_statement_-_asm_2018_1525341168.pdf">https://gphrodite.gmanetwork.com/corporate/disclosures/ghi-definitive_information_statement_-_asm_2018_1525341168.pdf</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU51Wt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU51Wt.dpbs</a></p> <p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p>	
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<p>2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.</p>	<p>Compliant</p>		
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<p>3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.</p>	Compliant		
Supplement to Recommendations 2.7			

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered de minimis or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>Compliant</p>	<p>The functions of the Audit and Risk Management Committee relating to related party transactions as listed under the Corporation's 2017 Revised Manual on Corporate Governance achieve the purpose/s of recommendation 2.7:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/qhi_-_annual_corporate_governance_report_for_2016_1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/qhi_-_annual_corporate_governance_report_for_2016_1495788588.pdf</a></p>	
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2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	compliant	The Corporation adheres to the requirements of the Revised Corporation Code and the rules and regulation of the Securities and Exchange Commission relating to any conflict of interest of a Board member with that of the Corporation.	Please refer to the Company's explanation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>
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**Recommendation 2.8**

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Compliant	<p>The minutes of the Board of Directors' meetings show that the Board of Directors is primarily responsible for the selection of Management. The minutes of the meeting of the Board of Directors containing the resolutions electing/approving the members of the Management may be viewed at the principal office of the Corporation upon the written request of the stockholder.</p> <p>The profiles of the elected/appointed members of the Management team may be viewed in the following report:  <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edqge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU51Wt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edqge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU51Wt.dpbs</a></p>	
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2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	Complaint	The Board makes the assessment during the annual report of Management. For the results of the meeting please view: <a href="https://www.gmanetwork.com/corporate/disclosures/currentreports/">https://www.gmanetwork.com/corporate/disclosures/currentreports/</a>	
<b>Recommendation 2.9</b>			

<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>The Board of Directors' duties to identify key performance indicators and monitor such indicators achieve the purpose/s of Recommendation 2.9. This responsibility is listed under the "Specific Duties and Functions of the Board of Directors in:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>	
<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>Compliant</p>	<p>The functions and responsibilities of the members of the Board of Directors under the 2017 Revised Manual on Corporate Governance achieve the purpose/s of Recommendation 2.9:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>	

Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	The Corporation's Audit and Risk Management Committee is responsible for seeing to it that a transparent financial management system is developed that will ensure the integrity of internal control activities throughout the company. This responsibility is listed under the "Specific Duties and Functions" of the Board of Directors in the 2017 Revised Manual on Corporate Governance at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Pending compliance	Under the 2017 Revised Manual on Corporate Governance, it is also the function of the Board of Directors to adopt a system of checks and balances and the internal control system.	
3. Board approves the Internal Audit Charter.	Compliant	The Internal Audit Charter of GMA Network, Inc. is adopted by GHI and may be viewed at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/internal_audit_charter_1526452919.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/internal_audit_charter_1526452919.pdf</a>	
Recommendation 2.11			

<p>1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.</p>	<p>Not adopted</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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<p>2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.</p>	<p>Not adopted</p>		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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Recommendation 2.12

<p>1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.</p>	<p>Not adopted</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a></p>
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<p>2. Board Charter serves as a guide to the directors in the performance of their functions.</p>	<p>Not adopted</p>	<p>NA</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a></p>
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3. Board Charter is publicly available and posted on the company's website.	Not being adopted		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the inapplicability of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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Additional Recommendation to Principle 2



1. Board has a clear insider trading policy.	Compliant	<p>The Corporation adopts GMA Network, Inc.'s policy that all material information that could potentially affect share price are publicly disclosed. Moreover, the Company ensures compliance with existing laws, rules and regulations, pertaining to any such material information. This policy is set forth in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a> <a href="https://aphrodite.gmanetwork.com/corporate/cgr/insider_trading_1418284950.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/insider_trading_1418284950.pdf</a></p> <p>The Philippine Depositary Receipts (PDRs) have underlying GMA Network, Inc.'s (GMA) common shares. The underlying GMA common shares of the PDRs are registered in the name of GHI.</p>	
<b>Optional: Principle 2</b>			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	Not applicable	<p>Historically, there had been no situation which called for the issuance of a policy on this subject. The Company follows the Revised Corporation Code on the rights and obligations, as well as the fiduciary responsibilities of the Board directors and executive officers. Generally, as a matter of practice, the Board's approvals include even corporate activities in the ordinary course of business.</p>	

2. Company discloses the types of decision requiring board of directors' approval.	Compliant	The types of decision requiring Board of Directors approval are those listed in the Corporation's Current Reports and those required by the Company's By-laws, the Revised Corporation Code and the rules and regulations of the SEC to be approved by the Board. <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a>	
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**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	The Corporation's 2017 Revised Manual on Corporate Governance contains information on all the board committees established by the company  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	
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**Recommendation 3.2**

1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	<p>The Corporation's 2017 Revised Manual on Corporate Governance contains information on the Audit Committee, including its functions: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a></p> <p>It is the Audit Committee's responsibility to recommend the appointment of an external auditor but it is the entire Board of Directors which can appoint/remove the company's external auditor.</p>	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	Compliant	<p>For information on the members of the Audit Committee, including their qualifications and type of directorship please view: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_annual_corporate_governance_report_for_2016_1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_annual_corporate_governance_report_for_2016_1495788588.pdf</a> and <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5Wt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5Wt.dpbs</a></p>	

2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	The attendance contained in the meetings of the Audit Committee with the external auditor show that said meetings were conducted with no executive director present. However, the meeting is attended by the Internal Auditor and SVP for Finance of the Corporation.	
<b>Optional Recommendation 3.2</b>			
1. Audit Committee meet at least four times during the year.	Compliant	The Audit Committee of GMA Network, Inc. met four times this year. Since the members of GHI's Audit Committee are also members of GMA Network, Inc.'s Audit Committee, matters relating to GHI are also considered during said meeting, if necessary.  The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.	
2. Audit Committee approves the appointment and removal of the internal auditor.	Compliant	The Board of Directors (of which the Audit Committee is a part) appointed the Internal Auditor. GMA Network, Inc.'s Internal Auditor is also the Internal Auditor of GHI.  The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.	

Recommendation 3.3		
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	Not adopted	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>.</p>

<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Not adopted</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>.</p>
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3. Chairman of the Corporate Governance Committee is an independent director.	Not adopted		The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.
			For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a> .
<b>Optional Recommendation 3.3.</b>			
1. Corporate Governance Committee meet at least twice during the year.	Not adopted		See explanation above
<b>Recommendation 3.4</b>			

<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Not adopted</p>		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>.</p>
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<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Not adopted</p>	<p>NS</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a>.</p>
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<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Not adopted</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>.</p>
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4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	Not adopted		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a>.</p>
<b>Recommendation 3.5</b>			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	Compliant	<p>It is the function of the Audit Committee to review material related party transactions of the company. Please view the Corporation's 2017 Revised Manual on Corporate Governance at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gmd_-_revised_manual_on_corporate_governance_2017_1496026952.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gmd_-_revised_manual_on_corporate_governance_2017_1496026952.pdf</a></p>	

2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	Compliant	<p>Information on the members of the Audit and Risk Management Committee (which performs the functions of the Related Party Transactions Committees), including their qualifications and type of directorship is contained in the Definitive Information Statement of the Corporation</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/disclosures/gma-definitive_information_statement_-_asm_2018_1524039509.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/gma-definitive_information_statement_-_asm_2018_1524039509.pdf</a></p> <p>at:</p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5lWt.dpbs</a></p>	
<p><b>Recommendation 3.6</b></p> <p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	Pending Compliance		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>.</p>

<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>Pending Compliance</p>	<p>2 11</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_corporate/cgr/ghi_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance_2017_1496026887.pdf</a>.</p>
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<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>Pending Compliance</p>		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For a more detailed explanation on the reason for the non-adoption of the recommendation to the Corporation kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgi/ghi_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgi/ghi_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>.</p>
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**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

**Recommendation 4.1**

1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele- /videoconferencing conducted in accordance with the rules and regulations of the Commission.	Complaint	Information on the process and procedure for board and/or committee meetings are reflected in the minutes of said meetings.  The minutes also contain information on the attendance and participation of directors in the meetings. These minutes may be viewed at the principal office of the Corporate Secretary upon prior request stating the purpose of such a request.	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant		
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	All matters discussed by the directors are duly minuted. These minutes may be viewed by the stockholders at the principal office of the Corporate Secretary upon prior written request stating the purpose of such a request.	
<b>Recommendation A?</b>			

<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>Non-complaint</p>		<p>Kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>.</p>
<p><b>Recommendation 4.3</b></p> <p>1. The directors notify the company's board before accepting a directorship in another company.</p>	<p>Non-compliant</p>	<p>The Corporation's Independent directors notify the Corporation of its new directorships which is reported in the Certificate of Independent Director submitted to the SEC.</p>	<p>Kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>.</p>

**Corporate Principle 4**



1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	Compliant		
2. Company schedules board of directors' meetings before the start of the financial year.	Compliant		
3.			
4. Board of directors meet at least six times during the year.	Not adopted		The Board met five (5) times in 2018.
5. Company requires as minimum quorum of at least 2/3 for board decisions.	Not adopted		Although under the Corporation's By-Laws, the quorum required for board decisions is only a majority of the Board, in practice, only those that have the unanimous vote of the Board of Directors are automatically deemed approved. Any matter for votation which is being objected upon by a director is left pending for further study until the issue that is being objected upon is resolved.

**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs

**Recommendation 5.1**

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Not adopted		7	Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/cgr/ghi_corporate/cgr/ghi_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/cgr/ghi_corporate/cgr/ghi_revised_manual_on_corporate_governance_2017_1496026887.pdf</a>
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#### Recommendation 5.2

1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	Compliant	For information on the Corporation's Independent Directors, including their qualifications please view their profiles in the Definitive Information Statement of the Corporation at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_definitive_information_statement_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_definitive_information_statement_asm_2018_1525341168.pdf</a>  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5lWt.dpbs</a>	
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#### Supplement to Recommendation 5.2

1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	Complaint	All the material/relevant corporate documents are posted in the Corporation's website at: <a href="https://www.gmanetwork.com/corporate">https://www.gmanetwork.com/corporate</a>  None of the said documents contain any limitation on the directors' ability to vote independently.	
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Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	Compliant	Please view the Certification of Independent Director attached to the following document: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi--definitive-information-statement--asm-2018-1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi--definitive-information-statement--asm-2018-1525341168.pdf</a>	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Not adopted		Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi--revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi--revised_manual_on_corporate_governance_2017__1496026887.pdf</a>

<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>Compliant</p>	<p>For the meritorious justification of the retention of the independent director in the same capacity after nine years please refer to the Company's explanation contained in the cover letter dated May 22, 2017 of the Company's 2017 Revised Manual on Corporate Governance:   <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>	<p>It is the understanding of the Company that the Commission has yet to issue implementing rules and regulations on Section 22, last paragraph of the Revised Corporation Code, and comply with the due publication and filing thereof in accordance with existing laws and established jurisprudence.</p>
<p><b>Recommendation 5.4</b>   1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>Not adopted</p>		<p>Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:   <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>

2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	For information containing the roles and responsibilities of the Chairman of the Board and Chief Executive Officer please view the Corporation's By-laws at: <a href="https://www.gmanetwork.com/corporate/bylaws/">https://www.gmanetwork.com/corporate/bylaws/</a>  The Chairman of the Board is Atty. Felipe L. Gozon and Chief Executive Officer is Mr. Gilberto R. Duavit, Jr.	
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**Recommendation 5.5**

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Not adopted		Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>
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**Recommendation 5.6**

1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	Except for the Corporation's related party transactions duly reported in its <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a> which have been unanimously approved by the Board of Directors, there had been no matter submitted for approval over which any of the Corporation's directors had a material interest.	
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**Recommendation 5.7**

1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	The Audit Committee who are composed of non-executive directors meet with the external auditor, without any executive director present.	
2. The meetings are chaired by the lead independent director.	Compliant		

**Optional: Principle 5**

1. None of the directors is a former CEO of the company in the past 2 years.	Not adopted	Mr. Gilberto R. Duavit, Jr. is the President and Chief Executive Officer of the Corporation.	Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>
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**Principle 6:** The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1. Board conducts an annual self-assessment of its performance as a whole.	Not adopted		Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>
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2. The Chairman conducts a self-assessment of his performance.	Not adopted		<p>Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a></p>
3. The individual members conduct a self-assessment of their performance.	Noted being adopted		<p>Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a></p>



4. Each committee conducts a self-assessment of its performance.	Not adopted		Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:
5. Every three years, the assessments are supported by an external facilitator.	Not adopted		<p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p> <p>Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>

**Recommendation 6.2**

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	<p>The effectiveness of the Board's performance is determined by the results of the Corporation's annual financial and overall performance.</p> <p>The stockholders of the Corporation are free to ask questions or give suggestions to the Board of Directors upon review of the Information Statement and during the Annual Stockholders' meeting.</p> <p>Note however that the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p>	
2. The system allows for a feedback mechanism from the shareholders.	Compliant		
<b>Principle 7:</b> Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders. <b>Recommendation 7.1</b>			

1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	The Corporation adopts the Code of Business Conduct and Ethics of GMA Network, Inc.  Information on the Company's Code of Business Conduct and Ethics are disclosed in the Corporation's 2016 Annual Corporate Governance Report at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf</a>	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	The Directors, Senior Management and Employees were all furnished copies of the Corporation's Revised Code of Conduct. Orientations of managers and employees were also conducted as of March 30, 2017. Orientations of managers and employees can also access the Code of Conduct electronically through a portal called "One Digital HR" implemented and maintained by the Corporation's HR Department with the assistance of its ICT and Corporate Affairs and Communications Departments.	
3. The Code is disclosed and made available to the public through the company website.	Compliant	Information on the Corporation's Code of Conduct is disclosed in the website of the Corporation at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual_corporate_governance_report_for_2016_1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual_corporate_governance_report_for_2016_1495788679.pdf</a>	
<b>Supplement to Recommendation 7.1</b>			

1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	Compliant	The Company adopts the policy of GMA Network, Inc. on "Solicitation/Acceptance of Gifts/Favors" issued to all in May 2009. The Manual of the News and Public Affairs includes a particular section on "Bribes & Gifts."	
<b>Recommendation 7.2</b>			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	The implementation and monitoring of the GMA's Code of Conduct which is adopted by GHI, is a "line" function. The management within the concerned departments oversees the compliance with the Code and the Manual. Any possible violation is investigated at the department level, then, endorsed to the Human Resources Department (HRDD). HRDD conducts administrative investigations observing due process. If a rank and file (RF) employee is involved, the Union is required to take part in the proceedings. After the investigations, HRDD writes a report of its findings with recommendations, clears the report with Legal, then submits to the President & COO (in some cases, submission is also to the Chairman & CEO) for final approval of the recommendation.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Findings and recommendations thereof form part of corporate records.  The members of the Board of Directors were furnished copies of the Code of Conduct of the Corporation and the Board of Directors periodically reviews the Manual on Corporate Governance to ensure the proper and efficient implementation and monitoring of compliance with company internal policies.	
<b>Disclosure and Transparency</b>			
<b>Principle 8:</b> The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
<b>Recommendation 8.1</b>			

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	<p>The Corporation's disclosure policy is contained in the 2017 Revised Manual on Corporate Governance under "Reportorial or Disclosure System of Company's Corporate Governance Policies":  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/qhi-revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/qhi-revised_manual_on_corporate_governance_2017_1496026887.pdf</a></p> <p>The disclosures of the Corporation are posted in its website at:  <a href="https://www.gmanetwork.com/corporate/disclosures">https://www.gmanetwork.com/corporate/disclosures</a></p>	
Supplement to Recommendations 8.1			

<p>1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.</p>	<p>Compliant</p>	<p>For quarterly reporting, the Company submits its Financial Statements on or before the 45<sup>th</sup> day after the end of each quarter in compliance with the requirements of the Securities and Exchange Commission.</p> <p>To maximize the time value of money, the Company usually pays its annual income tax due to the Bureau of Internal Revenue on or near April 15 following the close of the taxable year. Upon payment, the BIR received FS is submitted to the SEC. The Corporation believes that 105 days is already reasonable time to inform the Company's stockholders and stakeholders of the previous year's financial results.</p>	
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>The Security Ownership of controlling beneficial owners and management are reported annually in the SEC Form 17-A.</p> <p>Since there are no principal risks associated with the identity of the company's controlling shareholders nor are their imbalances between the controlling shareholders' voting power and overall equity position in the company, no such risks have been reported.</p>	
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Recommendation 5.2

1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	Not applicable		<p>The common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p> <p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p>
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	Not applicable		<p>Any such dealings involving GMA common shares/PDRs are reported and the reports are posted at: <a href="http://www.gmanetwork.com/corporate/disclosures/beneficialownership/">http://www.gmanetwork.com/corporate/disclosures/beneficialownership/</a></p>

**Supplement to Recommendation 8.2**



<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>Compliant</p>	<p>The Corporation files the following reports containing the shareholdings of its directors, management and shareholders: SEC Form 20-15, SEC Form 17-A, Public Ownership Report, list of Top 100 Stockholders, among others. These reports are posted in the PSE Edge (<a href="http://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=610&amp;security_id=533">http://edge.pse.com.ph/companyPage/stockData.do?cmpy_id=610&amp;security_id=533</a>), and in the website of the Corporation: <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a></p>	
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**Recommendation 8.3**

1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The directors' academic qualifications, share ownership in the Company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in the SEC Form 20-15 and SEC Form 17-A which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website: <a href="http://www.gmanetwork.com/corporate/">http://www.gmanetwork.com/corporate/</a>	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	The members of the senior management's academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended are disclosed in the SEC Form 20-15 and SEC Form 17-A which are all filed with the Securities and Exchange Commission and Philippine Stock Exchange, and posted in the website: <a href="http://www.gmanetwork.com/corporate/disclosures#">http://www.gmanetwork.com/corporate/disclosures#</a>	

**Recommendation 3.4**

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Complied	The members of the Board of Directors of GHI are also members of GMA's Board of Directors. The Board of Directors of GHI do not receive compensation for their directorship in GHI. This is disclosed in the Annual Report and Definitive Information Statement of the Corporation which may be viewed at: <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a>	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	Compliant	The officers of GHI are also officers of GMA. The officers of GHI do not receive compensation for their functions in GHI. This is disclosed in the Annual Report and Definitive Information Statement of the Corporation which may be viewed at: <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a>	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	Compliant	The directors/officers of GHI are also directors/officers of GMA. The directors/officers of GHI do not receive compensation for their functions in GHI. This is disclosed in the Annual Report and Definitive Information Statement of the Corporation which may be viewed at: <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a>	
<b>Recommendation 8.5</b>			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	Compliant	The Corporation's RPT policies are contained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	
2. Company discloses material or significant RPTs reviewed and approved during the year.	Compliant	Information on the Corporation's RPTs for the previous year is contained in the Definitive 20-1S, Annual Report and ACGRs filed with the SEC, the PSE and posted in the Corporation's website: <a href="http://www.gmanetwork.com/corporate/disclosureshttp://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosureshttp://www.gmanetwork.com/corporate/disclosures</a>	
<b>Supplement to Recommendation 8.5</b>			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	Compliant	The Corporation adheres to the standards set under its 2017 Revised Manual on Corporate Governance which states that a director should conduct fair business transactions with the Corporation and to ensure that personal interest does not conflict with the interests of the corporation. <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>  The policies of GMA on conflict of interest is also adopted by GHI: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/conflict_of_interest__1418284853.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/conflict_of_interest__1418284853.pdf</a>	
<b>Optional : Recommendation 8.5</b>			

1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and of arms' length.	Compliant	The Corporation's RPTs are disclosed in its Information Report, Annual Report and ACGR which are all posted in the Corporation's website: <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a>	
<b>Recommendation 8.4</b>			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	<p>The Corporation timely discloses such reports in its current reports and in the statements of beneficial ownership posted in the Corporation's website: <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a></p> <p>The following policy of GMA on insider trading is also adopted by GHI: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/insider_trading_1418284950.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/insider_trading_1418284950.pdf</a>.</p>	

2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	Compliant	The Corporation shall observe the requirements of the Bureau of Internal Revenue, the Securities and Exchange Commission, the Revised Corporation Code and all related implementing rules and regulations in the event of any such acquisition or disposal of significant assets.	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	Any such agreement, if any, shall be disclosed to the SEC through Form 17-C (current reports): <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a>	
<b>Recommendation 8.7</b>			

1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	The Corporation's 2017 Revised manual on Corporate Governance is posted in the Corporation's website as well as on the PSE Edge: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>	
2. Company's MCG is submitted to the SEC and PSE.	Compliant		
3. Company's MCG is posted on its company website.	Compliant		
<b>Supplement to Recommendation 8.7</b>			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	Updates on the Corporation's 2017 Revised Manual on Corporate Governance are posted in the Corporation's website: <a href="https://www.gmanetwork.com/corporate/cgr/manual">https://www.gmanetwork.com/corporate/cgr/manual</a> and PSE Edge.	
<b>Optional: Principle 8</b>			

<p>1. Does the company's Annual Report disclose the following information:</p>	<p>The Corporation's vision is stated in:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p> <p>Please view the Corporation's annual reports at  <a href="https://www.gmanetwork.com/corporate/disclosures/annualreports/">https://www.gmanetwork.com/corporate/disclosures/annualreports/</a>  and <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a></p> <p><a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygqU5lW1.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygqU5lW1.dpbs</a></p> <p>The ACGRs of the Corporation containing additional information are also attached to the Annual Report.</p> <p>The directors/officers of GHI are also directors/officers of GMA. The directors/officers of GHI do not receive compensation for their functions in GHI. This is disclosed in the Annual Report and Definitive Information Statement of the Corporation which may be viewed at:  <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a></p>	
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a. Corporate Objectives	Compliant		
b. Financial performance indicators	Compliant		
c. Non-financial performance indicators	Compliant		
d. Dividend Policy	Compliant		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant		

f. Attendance details of each director in all directors meetings held during the year	Compliant		
g. Total remuneration of each member of the board of directors	Compliant		
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	<p>The ACGR attached to the Annual Report as well as the Annual Information Statement contain the said statement confirming compliance: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl~annual_corporate_governance_report_for_2016_1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl~annual_corporate_governance_report_for_2016_1495788588.pdf</a>;</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghl~definitive_information_statement_-_qsm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghl~definitive_information_statement_-_qsm_2018_1525341168.pdf</a> and <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygou5lwt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygou5lwt.dpbs</a></p>	

<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>Compliant</p>	<p>The ACGR attached to the Annual Report as well as the Annual Information Statement contain the said statement confirming compliance: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf</a> ; <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs</a> and <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi-definitive-information-statement-csm-2018-1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi-definitive-information-statement - csm 2018-1525341168.pdf</a></p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	<p>Compliant</p>	<p>Under the Corporation's 2017 Revised Manual on Corporate Governance <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-revised-manual-on-corporate-governance-2017-1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-revised-manual-on-corporate-governance-2017-1496026887.pdf</a>, the Audit Committee shall evaluate all significant issues reported by the Internal Audit and External Auditors relating to the adequacy, efficiency and, effectiveness of policies, controls, processes, and activities of the Corporation.</p>	

5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	The Company's Annual Report may be viewed at the PSE Edge or the Corporation's Website at <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs</a>	
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**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

<b>Recommendation 9.1</b>			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	As shown in the minutes of the Board of Directors' meeting and the Stockholders' meeting, the Audit Committee recommends the external auditor to the Board of Directors. The Board of Directors then nominates/renominates the External Auditor to the Shareholders. The minutes may be viewed at the principal office of the Corporation upon written request of the stockholder.	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	The stockholders present and represented at the meeting unanimously approved the re-appointment of the External Auditor.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Complaint	Should the appointed external auditor be removed for one reason or another, the Corporation will accordingly disclose the reason for such removal and disclose the fact and reason for the removal to the regulators.	
Supplement to Recommendation 9.1			

1. Company has a policy of rotating the lead audit partner every five years.	Compliant	Please view the information on the Corporation's external auditor (handling partner) in the Information Statement as well as in the Independent Auditor's Report attached to the Annual Financial Statements.  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5IWf.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.ygaU5IWf.dpbs</a> and  <a href="https://gphrodite.gmanetwork.com/corporate/disclosures/qhi--definitive-information-statement--asm-2018-1525341168.pdf">https://gphrodite.gmanetwork.com/corporate/disclosures/qhi--definitive-information-statement--asm-2018-1525341168.pdf</a>	
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**Recommendation 2.2**



2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	Compliant	For the company's Audit Committee Charter please view: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf</a>	
<b>Supplement to Recommendations 9.2</b>			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	Compliant	For the company's Audit Committee Charter please view: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf</a>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	Compliant	For the company's Audit Committee Charter please view: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/board_committee_charters_1418284822.pdf</a>	
<b>Recommendation 9.3</b>			



1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	Compliant	The Definitive Information Statement and Annual Report (SEC Form 17-A) disclose that the Corporation's External Auditors services are limited to financial audit and general tax compliance only: <a href="https://qphrodite.qmanetwork.com/corporate/disclosures/qhi-definitive-information-statement-qsm-2018-1525341168.pdf">https://qphrodite.qmanetwork.com/corporate/disclosures/qhi-definitive-information-statement-qsm-2018-1525341168.pdf</a> ; <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs</a> and <a href="https://www.qmanetwork.com/corporate/disclosures/annualreports/">https://www.qmanetwork.com/corporate/disclosures/annualreports/</a>	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	Compliant	The Audit Committee monitors that the non-audit work provided by the External Auditor is not in conflict with his/her functions as External Auditor. This duty of the Audit Committee is contained in the Corporation's 2017 Revised Manual on Corporate Governance: <a href="https://qphrodite.qmanetwork.com/corporate/cgr/qhi-revised-manual-on-corporate-governance-2017-1496026887.pdf">https://qphrodite.qmanetwork.com/corporate/cgr/qhi-revised-manual-on-corporate-governance-2017-1496026887.pdf</a>	
<b>Supplement to Recommendation 9.3</b>			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	Compliant	As disclosed by the Corporation in its SEC Form 17-A (Annual Report) there was no specific engagement availed by the Company for purely tax accounting. The total audit related fees as stated therein already includes basic tax review. <a href="https://www.qmanetwork.com/corporate/disclosures/annualreports/">https://www.qmanetwork.com/corporate/disclosures/annualreports/</a> and <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=b6b35b3c83796e683318251c9257320d#sthash.vgaU5lWt.dpbs</a> and	

**Additional Recommendation to Principle 9**

1. Company's external auditor is duly accredited by the SEC under Group A category.	Compliant	The following external auditor of the corporation is duly accredited by the SEC under Group A category:  1. External Auditor: Belinda T. Beng Hui 2. Accreditation number: 0943-AR-3 (Group A) 3. Date Accredited: March 14, 2019 4. Expiry date of accreditation: March 13, 2022 5. Name, address, contact number of the audit firm: Sycip Gorres Velayo & Co., 6760 Ayala Avenue, 1228, Makati City; (632)8910307	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	SGV&Co. was subjected to SOAR inspection on November 12 to 23, 2018. The names of the members of the engagement team were provided to the SEC during the SOAR inspection.	

**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	The Company's practices on the disclosure of non-financial information, can be observed in its periodic filings with the Securities and Exchange Commission, specifically, the Definitive 20-IS, SC Form 17-A and the ACCR which can all be viewed in the Corporation's website.	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Not adopted		Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>However, considering that GHI's PDRs have underlying GMA Network, Inc. common shares, GHI adopts GMA Network's adherence to a high level of corporate disclosure and transparency regarding the Company's condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD), shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission and the Philippine Stock Exchange. These are also available on line through the Company's Investor Relations website: <a href="http://www.gmanetwork.com/corporate/ir">www.gmanetwork.com/corporate/ir</a>.</p> <p>GMA Network, Inc., through the IRCD and Corporate Affairs and Communications Department, publishes press releases on the financial performance of the Company. Meetings with Fund Managers, Investment, Financial and Research Analysts are likewise handled by the IRCD.</p> <p>Consolidated audited financial statements are submitted to the SEC on or before the prescribed period and are made available to the shareholders prior to the ASM.</p>	
1. Company has a website disclosing up-to-date information on the following:	Compliant	<p>Please view the following website of the GMA Network, Inc. which also contains the disclosures/reports of GHI: <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a></p>	

a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant		
f. Company's Articles of Incorporation and By-Laws	Compliant		
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	Please view the following website of the GMA Network, Inc. which also contains the disclosures/reports of GHI: <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a>	
Internal Control System and Risk Management Framework			

**Principle 12:** To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

<b>Recommendation 12.1</b>			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	For information on the internal control system of the Corporation please view disclosures on the said system in: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual_corporate_governance_report_for_2016_1495788588.pdf</a> <a href="https://www.gmanetwork.com/corporate/cgr/companyolicies/">https://www.gmanetwork.com/corporate/cgr/companyolicies/</a>	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Not adopted		The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.  For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-revised_manual_on_corporate_governance_2017_1496026887.pdf</a>

**Supplement to Recommendations 12.1**

1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	The Corporation's compliance with laws and relevant regulations are reviewed annually prior to the filing of relevant reports disclosing said compliance.	
Optional Recommendation 12.1			

<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	<p>Not adopted</p>		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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Recommendation 12.2



1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	The Corporation has an in-house internal auditor, who is also the in-house internal auditor of GMA Network, Inc..	
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**Recommendation 12.3**

<p>1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.</p>	<p>Not adopted</p>	<p></p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at:  <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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<p>2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.</p>	<p>Not adopted</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_corporate_manual_on_corporate_gov_revised_manual_on_corporate_gov_emanance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_corporate_manual_on_corporate_gov_revised_manual_on_corporate_gov_emanance_2017__1496026887.pdf</a></p>
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3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not applicable		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance_2017_1496026887.pdf</a></p>
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**Recommendation 12.4**

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Not adopted		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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Supplement to Recommendation 12.4

2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Not adopted		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a></p>
<b>Additional Recommendation to Principle 12</b>  1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	The Chief Executive Officer and the Chairman of the Audit Committee sign the ACGR and the Corporate Governance scorecard filed with the SEC/PSE and the PSE, respectively.	

**Cultivating a Synergic Relationship with Shareholders**

**Principle 13:** The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

**Recommendation 13.1**

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	These rights are disclosed in the 2017 Revised Manual on Corporate Governance of the Corporation at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_revised_manual_on_corporate_governance_2017__1496026887.pdf</a>	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	The Corporation's 2017 Revised Manual on Corporate Governance and ACGRs containing the rights of stockholders are posted in the Corporation's website: <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a>	
<b>Supplement to Recommendation 13.1</b>			
1. Company's common share has one vote for one share.	Compliant	Please see the Articles of Incorporation of the Corporation posted in its website: <a href="https://aphrodite.gmanetwork.com/corporate/">https://aphrodite.gmanetwork.com/corporate/</a> as well as the prospectus of the Corporation at: <a href="http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf">http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf</a>	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	Please see the Articles of Incorporation of the Corporation posted in its website: <a href="https://aphrodite.gmanetwork.com/corporate/">https://aphrodite.gmanetwork.com/corporate/</a> as well as the prospectus of the corporation at: <a href="http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf">http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf</a>	
3. Board has an effective, secure, and efficient voting system.	Compliant	The voting by the Board of Directors is by show of hands or viva voce.	

4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Not adopted	Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.	The common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.  For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://ophrodite.gmanetwork.com/corporate/cgr/ghi_corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://ophrodite.gmanetwork.com/corporate/cgr/ghi_corporate/cgr/ghi_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	The Corporation complies with the requirements of the Revised Corporation and applicable rules and regulations and its By-laws on the holding of a special stockholders meeting and the requirements to call for such meeting. Note however, that the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	Please refer to the 2017 Revised Manual on Corporate Governance of the Corporation as well as the compliance of the Corporation with the disclosure requirements (SEC Form 17-C) for the protection of minority shareholders found in the Corporation's website at: <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a>  Note however, that the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.	



7. Company has a transparent and specific dividend policy.	Compliant	<p>Kindly see the Corporation's dividend policy in the following document: <a href="http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf">http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf</a>.</p> <p>The Corporation's cash distributions to PDR Holders arising from the dividend declaration of GMA Network, Inc. and the number of days the cash distributions were made after such dividend declaration are disclosed in the Corporation's Annual Information Statement, Annual and Current Reports. <a href="https://www.gmanetwork.com/corporate">https://www.gmanetwork.com/corporate</a></p> <p>Unlike the PDRs, the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p>	<p>Unlike the PDRs, the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
Optional: Recommendation 13.1 1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Not adopted		

**Recommendation 13.2**

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	The preliminary notice and agenda were sent more than 30 days ahead of the meeting, please view the Preliminary Information Statement at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_preliminary_information_statement_-_asm_2018_1524125445.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_preliminary_information_statement_-_asm_2018_1524125445.pdf</a> and the Definitive Information Statement at <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	
<b>Supplemental to Recommendation 13.2</b>			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	Compliant	Please see the Company's Definitive Information Statement at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	

a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	Please see the Company's Definitive Information Statement at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	
b. Auditors seeking appointment/r e-appointment	Compliant	Please see the Company's Definitive Information Statement at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	
c. Proxy documents	Compliant	Please see the Company's Proxy form incorporated in the Definitive Information Statement at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	
<b>Optional Recommendation 13.2</b>			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	Please see the Company's Definitive Information Statement at: <a href="https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf">https://aphrodite.gmanetwork.com/corporate/disclosures/ghi_-_definitive_information_statement_-_asm_2018_1525341168.pdf</a>	
<b>Recommendation 13.3</b>			

1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Not adopted		The results of the meeting, during which matters are put to vote, are immediately disclosed to the PSE (through the PSE Edge) after the meeting. <a href="https://www.gmanetwork.com/corp/orate/disclosures/currentreports/">https://www.gmanetwork.com/corp/orate/disclosures/currentreports/</a>
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	Not adopted		Moreover, the minutes of the meeting are also posted at: <a href="https://www.gmanetwork.com/corp/orate/disclosures">https://www.gmanetwork.com/corp/orate/disclosures</a>  Moreover, the minutes of the meeting (matters/resolutions approved) are posted through the current reports of the corporation on the same day of the meeting. <a href="https://www.gmanetwork.com/corp/orate/disclosures/currentreports/">https://www.gmanetwork.com/corp/orate/disclosures/currentreports/</a>  Moreover, the minutes of the meeting of the Annual Stockholders' meetings are currently posted at <a href="https://www.gmanetwork.com/corp/orate/disclosures/minutesofallmeetings/">https://www.gmanetwork.com/corp/orate/disclosures/minutesofallmeetings/</a>

**Supplement to Recommendation 13.3**

1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	Compliant	The external auditor and other relevant individuals were present during the ASM.	
<b>Recommendation 13.4</b>			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	Compliant	Under the Corporation's 2017 Revised Manual on Corporate Governance the Board of Directors shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	Not adopted		For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>

Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	Compliant	Below are the contact details of the Vice-President/Investor Relations Officer of the Corporation:  Ayah! Ari Augusto P. Chio 10/F GMA Network Center 982-7777 ext 8042 APChio@gmanetwork.com	
2. IRO is present at every shareholder's meeting.	Compliant	The IRO of the Corporation is present at the Annual Stockholders and Board Meetings.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Non-compliant		For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/cgr/ghi_-revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/cgr/ghi_-revised_manual_on_corporate_governance_2017__1496026887.pdf</a>

2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Not adopted		For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a>
<b>Optional Principle 13</b>			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	The Corporation respects the rights of a stockholder under the Corporation and the rules and regulations of the SEC.	Unlike the PDRs, the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.

2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Not adopted		<p>Unlike the PDRs, the common shares representing the capital stock of GHI are privately-held and are not listed in the PSE.</p> <p>For the Corporation's explanation for the non-adoption of the said recommendation, kindly refer to the Corporation's letter to the SEC dated 22 May 2017 posted at: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghl_-_revised_manual_on_corporate_governance__2017__1496026887.pdf</a></p>
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#### **Duties to Stakeholders**

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

<b>Recommendation 14.1</b>			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	<p>The shareholders of the Corporation are in the Information Statement, Annual Report and General Information Sheet, all posed in the Corporation's website at: <a href="https://www.gmanetwork.com/corporate/">https://www.gmanetwork.com/corporate/</a></p> <p>The Corporation adopts the rights of a stockholder under the Revised Corporation Code and the rules and regulations of the SEC.</p>	
<b>Recommendation 14.2</b>			



1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	In addition to the provisions of its By-laws and 2017 Revised Manual on Corporate Governance and those rights listed in the ACGR which serve to protect the stakeholders, the Corporation also adopts the rights of a stockholder under the Corporation and the rules and regulations of the SEC.	
<b>Recommendation 14.3</b>			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	Stakeholders can voice their concerns and/or complaints for possible violation of their rights and communicate the same to the Corporation's Investor Relations Officer whose contact details are set forth above.  The Corporation's policies that protect shareholders' rights may be viewed at <a href="https://www.gmanetwork.com/corporate/cgr/companyolicies/">https://www.gmanetwork.com/corporate/cgr/companyolicies/</a> and <a href="https://www.gmanetwork.com/corporate/cgr/annualreport/">https://www.gmanetwork.com/corporate/cgr/annualreport/</a>	
<b>Supplement to Recommendation 14.3</b>			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliance upon any occurrence of a dispute	Under the Corporation's 2017 Revised Manual on Corporate Governance the Board of Directors shall establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its stockholders, and the Corporation and third parties, including the regulatory authorities <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a>	

**Additional Recommendations to Principle 14**

<p>1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.</p>	<p>A request for exemption was submitted to Commission, setting forth the reasons for the request</p>	<p>Upon receipt of the denial of the request for exemption, the Corporation took diligent steps to comply with the reportorial requirements under the rules and regulations of the Commission.</p>	
<p>2. Company respects intellectual property rights.</p>	<p>Compliant</p>	<p>The Company complies with the provisions of the Intellectual Property Code and all other related laws, rules and regulations for the protection of Intellectual Property Rights.</p>	
<p><b>Optional: Principle 14</b></p>			

1. Company discloses its policies and practices that address customers' welfare	Compliant	GMA's policies, programs and practices that address customers' welfare are adopted by GHI and are contained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a>	
2. Company discloses its policies and practices that address supplier/contractor selection or selection procedures	Compliant	GMA's policies, programs and practices that address supplier/contractor selection procedures are adopted by GHI and are contained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a>	
<b>Principle 15:</b> A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
<b>Recommendation 15.1</b>			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	GMA's policies, programs and procedures that encourage employee participation are adopted by GHI and are contained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a>	
<b>Supplement to Recommendation 15.1</b>			

1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Not adopted		The directors/officers of GHI are also directors/officers of GMA. The directors/officers of GHI do not receive compensation for their functions in GHI. This is disclosed in the Annual Report and Definitive Information Statement of the Corporation which may be viewed at: <a href="http://www.gmanetwork.com/corporate/disclosures">http://www.gmanetwork.com/corporate/disclosures</a>
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	GMA's policies and practices on health, safety and welfare of employees are adopted by GHI. Statistics and data, if any are contained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a> and in <a href="https://www.gmanetwork.com/corporate/cgr/company-policies/">https://www.gmanetwork.com/corporate/cgr/company-policies/</a>	
3. Company has policies and practices on training and development of its employees.	Compliant	Information on any training conducted or attended are disclosed in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf</a> and <a href="https://www.gmanetwork.com/corporate/cgr/certificateofattendance/">https://www.gmanetwork.com/corporate/cgr/certificateofattendance/</a> in  The officers and members of the Board of Directors are also officers/members of the Board of Directors of GMA Network, Inc.. GMA Network, Inc. has various learning and development programs that are intended to reinforce management, leadership, functional, technical-creative, and behavioral competencies across the organization. Most of these programs are institutionalized and customized to fit the needs of the company. Out of the 2,510 employees as of end of January 2019 plantilla, there were 2,176 employees who have received trainings. Annual average employees trained is at 955+.	

#### Recommendation 15.2

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	GMA's policies, programs and practices on anti-corruption are adopted by GHI and are further explained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf</a> and in <a href="https://www.gmanetwork.com/corporate/cgr/company-policies/">https://www.gmanetwork.com/corporate/cgr/company-policies/</a>	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	Information on how the policy and program are disseminated to employees across the organization are set forth in: <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf</a>	
<b>Supplement to Recommendation 15.2</b>			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	GMA's company policy and procedures on penalizing employees involved in corrupt practices are adopted by GHI and are set forth in GMA's Code of Conduct and explained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi-annual-corporate-governance-report-for-2016-1495788588.pdf</a>	
<b>Recommendation 15.3</b>			

1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	GMA's policies, programs on whistle-blowing, no-retaliation are adopted by GHI and are further explained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a> and in <a href="https://www.gmanetwork.com/corporate/cgr/company-policies/">https://www.gmanetwork.com/corporate/cgr/company-policies/</a> .  Suggestion boxes are strategically placed all over the Network's compound where employees can leave messages/letters that are read and acted upon the GMA Network's CEO.	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	GMA's policies, programs on whistle-blowing, no-retaliation are adopted by GHI and are further explained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a> and in <a href="https://www.gmanetwork.com/corporate/cgr/company-policies/">https://www.gmanetwork.com/corporate/cgr/company-policies/</a> .	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	<p>GMA's policies, programs on whistle-blowing, no-retaliation are adopted by GHI and are further explained in <a href="https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/gma-annual-corporate-governance-report-for-2016-1495788679.pdf</a> and in <a href="https://www.gmanetwork.com/corporate/cgr/company-policies/">https://www.gmanetwork.com/corporate/cgr/company-policies/</a></p> <p>Suggestion boxes are strategically placed all over the Network's compound where employees can leave messages/letters that are read and acted upon the GMA Network's CEO.</p>	
<b>Principle 16:</b> The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
<b>Recommendation 16.1</b>			

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Not adopted</p>	<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017__1496026887.pdf</a></p>
<p>Optional Principle 16</p>		



<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Not adopted</p>		<p>The Corporation does not engage in any other business or purpose except in relation to the issuance of the Philippine Depositary Receipts (PDRs) relating to GMA Network, Inc.'s (GMA) common shares ("Common Shares"). The underlying common shares of the PDRs are registered in the name of GHI.</p> <p>Please refer to the Corporation's explanation for the non-adoption of the recommendation contained in the letter dated May 22, 2017 attached to the Company's 2017 Revised Manual on Corporate Governance:</p> <p><a href="https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf">https://aphrodite.gmanetwork.com/corporate/cgr/ghi_-_revised_manual_on_corporate_governance_2017_1496026887.pdf</a></p>
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NB: All of the information/data herein provided, are based on the Company's available records as of December 31, 2018, and not necessarily from the personal knowledge of the affiants.

Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the City of \_\_\_\_\_ on \_\_\_\_\_

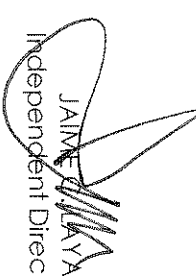
May 24, 2019

SIGNATURES

  
FELIPE L. GOZON  
Chairman of the Board

  
GILBERTO R. DUAVIT, JR.  
President/Chief Executive Officer

  
ARTEMIO V. PANGANIBAN  
Independent Director

  
JAIME Z. VALDES  
Independent Director

  
ROBERTO RAFAEL V. LUCILA  
Compliance Officer

  
ANNA TERESA M. GOZON-VALDES  
Corporate Secretary

MAY 24 2019

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_, 2019, affiants exhibiting to me their government issued ids, as follows:

Name	Government ID/Passport	Place and Date Issued
Felipe L. Gozon	Passport No. P3551628A	July 3, 2017/DFA Manila
Gilberto R. Duavit, Jr.	Driver License No. XO1-83-010768	Valid until Oct. 16, 2022
Artemio V. Panganiiban	Passport No. P0388884B	Jan. 24, 2019/DFA Manila
Jaime C. Laya	Driver License No. N07-57-025875	Valid until Jan. 8, 2024
Roberto Rafael V. Lucila	Passport No. EC3208027	Jan. 15, 2020/DFA NCR Central
Anna Teresa M. Gozon-Valdes	Passport No. P3551685A	July 3, 2017/DFA Manila

Notary Public

Doc. No. 192;  
Page No. 35;  
Book No. 20;  
Series of 2019.

  
RIZTER A. ENRIQUETA  
NOTARY PUBLIC FOR MAKATIVITY  
Appointment No. M-230  
Until December 31, 2019

Roll of Attorney No. 54455  
MCLP Compliance No. V-0021473; 03-26-19  
IBF No. 7338297; 01-04-19; Makati City  
PTR No. 089170; 01-07-19; Quezon  
The Athenaeum Bldg.  
160 L.P. Leviste St., Makati City

## **GMA HOLDINGS INC.: SUSTAINABILITY REPORT**

### Contextual Information

<b>Company Details</b>	
Name of Organization	GMA Holdings, Inc.
Location of Headquarters	Unit 5D Tower One, One Mckinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>GMA Holdings, Inc. ("GHI") adopts the Sustainability Report of GMA Network, Inc. ("GMA") as posted in <a href="https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/">https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/</a> in so far as it is applicable/relevant to the sole business and purpose of GHI which is the issuance of the Philippine Deposit Receipts ("PDRs") relating to GMA common shares for as long as the PDRs are outstanding pursuant to the Philippine Deposit Receipt Instrument (PDR Instrument). GHI has undertaken to perform the obligations under the PDRs and the acquisition and holding of the GMA common shares underlying the PDRs, which includes maintaining the listing with the Philippine Stock Exchange (PSE), and maintaining its status as a Philippine person for as long as Philippine law prohibits ownership of Common Shares by non-Philippine persons.</p> <p>GHI has no subsidiaries.</p>
Business Model, including Primary Activities, Brands, Products, and Services	<p>GHI is incorporated in the Philippines to invest in, purchase or otherwise to acquire and own, hold, use, sell , assign, transfer, mortgage, pledge, exchange or otherwise dispose real and personal property of every kind and description.</p> <p>GHI does not engage in any other business or purpose other than in connection with the issuance of the PDRs, the performance of the obligations under the PDRs and the acquisition of the underlying shares of GMA in respect of the PDRs issued and listed the PSE, pursuant to the PDR Instrument.</p>
Reporting Period	2019
Highest Ranking Person responsible for this report	Atty. Anna Teresa M. Gozon-Valdes (Corporate Secretary) and Atty. Roberto Rafael V. Lucila (Compliance Officer)

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

GHI adopts the attached Sustainability Report of GMA (Annex “A” hereof and accessible through <https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/>) insofar as it is relevant to the business/purpose of GHI.

The report supplements the Sustainability Report of GMA as regards matters specific to the operational and financial state of GHI. This report, together with GMA’s Sustainability Report, outlines disclosures about the economic, environmental and social impacts, specific to the topics deemed material to GHI. Certain aspects of Materiality affecting the business of GMA Network, Inc. will substantially influence the assessments and decisions of GHI’s stakeholders. GHI’s material topics pertaining to significant economic, environmental and social factors are related to those of GMA Network, considering the business and purpose of GHI as discussed under Contextual Information above.

This report should be read in conjunction with GHI’s 2019 Annual Report. Both the Annual Report and this Sustainability Report may be accessed at <https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/>.

## SEC Reporting Template

### ECONOMIC

#### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	2,655,903	PhP
Direct Economic value distributed:		
a. Operating costs	948,333	PhP
b. Employee wages and benefits	The Company	PhP

	has no full time employees.  The accounting and administrative functions of the Company are undertaken by GMA.	
c. Payments to suppliers, other operating costs	Operating costs all pertain to payments to suppliers 948,333	PhP
d. Dividends given to stockholders and interest payments to loan providers	2,210,000	PhP
e. Taxes given to government	272,418	PhP
f. Investments to community (e.g. donations, CSR)	GHI adopts and supports the CSR activities of GMA	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
GHI ended the year with a total comprehensive income amounting to P2.73 million, 92% higher than last year's total comprehensive income of P1.42 million, due to higher interest income and unrealized gain on debt instrument at Fair Value through Other Comprehensive Income (FVOCI). Net income after tax settled at P1.29 million, a decrease of P983 thousand from last year's net income after tax of P2.27 million. This year's revenues reached P2.66 million, a decline of 28% or P1.06 million from last year's level of P3.71 million mainly brought about by the decrease in exercise fees.	Common shareholders of GHI	GHI's primary objective 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 approach of the Management of GMA on material economic impact/risks has relevance to the business of GHI which owns the underlying shares of GMA in respect of the PDRs issued.  One of GMA's strength is its sound financial management

<p>However, interest income grew to P2.38 million in 2019 versus P2.00 million in 2018 due to higher interest income earned on cash placement.</p> <p>The risks applicable to the primary business activity of GMA which is the operation of television stations and radio stations and the production of programming for broadcasting on those stations (including new media services) as well as the risks on revenues derived from advertising revenues related to television broadcasting will have an impact on GHI. GHI owns the Underlying Shares (GMA common shares) resulting from an exercise of the right to convert the PDRs into common shares pursuant to the PDR Receipt Instrument which may only done by the Philippine citizens or corporations, cooperatives or associations wholly owned and managed by Philippine citizens.</p>		<p>and discipline, maintaining above-industry profitability margins and financial growth. As a publicly listed company it takes pride in having utmost regard for its stakeholders and for striving to achieve healthy returns. This is manifested by GMA's commitment to contribute at least 50% of prior year's net income after tax to shareholders, as indicated in GMA's Initial Public Offering (IPO) prospectus in 2007. GMA has stayed true to this promise, annually delivering dividend payout above 90% of net income after tax on average. Moreover, over the course of 12 years, the average dividend yield based on IPO price is 5% per annum.</p> <p>As core competence, GMA has proven its mettle in prudent cost and funds management keeping external borrowings at a minimum or otherwise sustaining operations through wholly generated cash flows. A solid balance sheet and robust bottom line year-on-year remain one of the fundamental financial commitments.</p> <p>As a partner in nation-building GMA has contributed its fair share in the coffers of the government by responsibly accounting for taxes and other fees paid both local and national, including agencies of the government. Guided by its principles and values, GMA engages with only reputable and dependable organizations for customers as well as supplies, thus, promoting value enhancement and synergies.</p> <p>Among the Company's primary endeavours is paying forward to the community through various corporate social responsibility programs and investments, which include, among others, promoting advocacies of the government for the general welfare and the information of the Filipino people.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

The economic risk factors pertaining to GMA are extensively set forth in pages 33 to 44 of the Prospectus <http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf> and are incorporated herein by reference insofar as they relevant to the current operations and business/purpose of GHI. Among the relevant risks as set forth therein are as follows:

### **Risks Relating to the Philippines**

*Political or social instability could have a negative effect on the GMA's financial results and business.* GMA's customer's advertising budgets are closely linked to economic growth. As the Philippine economy grows, its customer's advertising budgets generally expand, which increases the demand for advertising space throughout GMA's networks. Conversely in economic downturns, its customer's advertising budgets tend to decline or stagnate, and decrease the demand for advertising space. As a result, GMA's income and results of operations depend, to a large extent, on the performance of the Philippine economy. A sustained economic downturn could have a material adverse effect on GMA's business, financial condition and results of operations.

### **Risks Relating to the GMA Common Shares and the GHI PDRs**

The prices of securities fluctuate, and an individual security may experience upward or downward movements, and may even lose its value. There is an inherent risk that losses may be incurred rather than profit made as a result of buying and selling securities. There may be a substantial difference between the buying price and the selling price of such securities.

*Developments in other emerging market countries may*

Common  
shareholders  
Investors/Inves  
ting Public

The GMA and GHI's Boards 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.

GMA News and Public Affairs has programs which promote political and social stability. For example, during the 2019 national and mid-term elections, **the GMA News and Public Affairs Special Coverage** had a 2-day special coverage which provided much needed information and updates, and served as a watchdog to uphold clean and honest elections. Other similar initiatives and programs of GMA News and Public Affairs are described in detail under pages 40-52 of GMA's Sustainability Report: <https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/>

Moreover, GMA's Audit and Risk Management Committee assists the GMA Board in the oversight of the company's risk management, ensures that it has the proper controls in place, identifies and evaluates significant risk exposures and contributes to the improvement of risk management and control systems.

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



*adversely affect the Philippine economy and, therefore, the market price of the GMA Common Shares and the GHI PDRs.*

In the past, the Philippine economy and the securities of Philippine companies have been, to varying degrees, influenced by economic and market conditions in other emerging market countries, especially other countries in Southeast Asia, as well as investors' responses to those conditions.

Although economic conditions are different in each country, investors' reactions to adverse developments in one country may affect the market price of securities of companies in other countries, including the Philippines. Adverse developments in other emerging market countries could lead to a reduction in the demand for, and market price of the PDRs.

GMA cannot predict what future effects these events may have on investors' perceptions of risk regarding investments in equity securities of companies in emerging markets or equity securities generally.

*Rights of GHI PDR Holders are limited compared to rights of holders of the GMA Shares.*

PDR Holders will have economic rights upon the occurrence of certain events in respect of the GMA Shares, including rights to cash distributions, additional PDRs and adjustments to the PDRs, as well as right to convert the PDRs to GMA Shares by qualified Philippine citizens or corporations, cooperatives or associations wholly owned and managed by Philippine citizens, but will not enjoy voting rights with respect to the GMA Shares. Accordingly, PDR Holders will not be able to influence GMA's management or corporate decisions in any way. In

recommendations for improvements.

GMA's financial results are dependent primarily on its ability to generate advertising revenue through rates charged to advertisers. The advertising rate 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, GMA's revenue is likely to be adversely affected during such periods.

<p>addition, PDR Holders cannot bring derivative actions against GMA as holders of PDRs. Further, foreigners are restricted from owning shares in Philippine media companies, and thus foreign holders of PDRs are prohibited from converting their PDRs into GMA Shares.</p> <p>Considering the business and purpose of GHI, , GHI adopts the discussion under GMA's Sustainability Report particularly on Economic Performance as posted in <a href="https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/">https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/</a> in so far as it is applicable/relevant to the business/purpose of GHI.</p> <p>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 GMA's stations located in that market.</p>		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Specific to content product, GMA has established a business model that enables stakeholders to estimate possible financial outcomes of each venture, thereby optimizing resource allocation.	Investors	To broaden its business and sustain its growth, GMA keeps abreast with developments in the market and leverage on existing content to maximize economic benefits. Capital investments are undertaken with the aim of expanding its

reach and coverage at the best possible cost to its stakeholders. GMA regularly monitors project performance to ensure that it realizes net positive results without compromising value to its customers and viewers.

### Climate-related risks and opportunities

Governance	Strategy	Risk Management	Metrics and Targets
<p>GHI adopts GMA's Sustainability Report <a href="https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/">https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/</a> particularly on Impact of climate change as follows:</p> <p>GMA is not immune to the worsening climate change. All over the world, regulatory agencies are increasingly resorting to stricter regulations in an attempt to curb the effect of global warming. Abnormal natural phenomena and incidences of natural calamities pose risk of disrupting Network Operations and production schedules.</p> <p>Ultimately, the worst impact of these risks relate to the safety and security of its people. But deviations from scheduled operations also create pressure on the profitability of programs and shows.</p>	<p>GMA's Corporate Planning Department has been designated by the Board of Directors to monitor the courses of action taken by the departments to manage the risks. The Head of GMA's Corporate Planning Department performs the functions and responsibilities of a Chief Risk Officer on the matter of Enterprise Risk Management</p> <p>GMA's Audit and Risk Management Committee assists the Board in the oversight of GMA's risk management, ensures that it has the proper controls in place, identifies and evaluates significant risk</p>	<p>As mandated by the Network's enterprise risk management policy, every aspect of GMA's end-to-end operations undergoes periodic risk assessment so that appropriate mitigation plan may be put in place.</p>	<p>With guidance from management and after a careful cost-benefit analysis, teams decide on the most optimal measures to address the risks under their responsibility and accountability. The cost of such measures vary depending on the significance of the risk, likelihood of the risk happening, and the estimated impact on the risk occurring.</p>

	exposures and contributes to the improvement of risk management and control systems.		
<b>Recommended Disclosures</b>			
No recommended disclosure specific to GHI			
No recommended disclosure specific to GHI			
No recommended disclosure specific to GHI			

### **Procurement Practices**

#### **Proportion of spending on local suppliers**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	948,333	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

<p>The operating expenses of GHI include listing fees, PSE charges (annual maintenance fees), fees for the PDR Agent and the Pledge Trustee, auditors' fees, legal fees and administrative expenses in connection with, among other things, distribution and publication of notices to its common shareholders and PDR holders. It also includes the sending out of accounting forms like billing statements issued to the Stock Transfer Services, Inc. (STSI) during conversion.</p> <p>GHI's operating expenses for the year 2019 totalled P948 thousand vis-a-vis P1.01 million in 2018 mainly due to the decrease in listing fees amounting to P393 thousand as compared with P455 thousand in 2018 due to lower market cap, lower local business tax of P36 thousand from last year's P38 thousand due to lower 2018 tax base, lower PDR conversion, and lower transportation expenses.</p>	Suppliers	<p>The procurement practices of GMA are being adopted by GHI insofar as they are relevant to the procurement processes of GHI. In particular, GMA prioritizes and supports its local supplies. Some of the benefits from patronizing local suppliers include shorter procurement lead time, lower logistics cost, readily available customer support, and stronger relationship with the local business community.</p> <p>GMA's Supply and Asset Management Department (SAMD) has policies on "Accreditation of Suppliers, General Policy and Procedures for Purchasing," and Accreditation Acceptance Letter and Business Practices, wherein the conduct of business and fair dealings is discussed, as found in the following parts of its policies:</p> <p>Policy on Accreditation of Suppliers:</p> <ol style="list-style-type: none"> <li>1) Section V (General Guidelines), Item b – Requirements Accreditation;</li> <li>2) Section V, Item C – Factors in Supplier Evaluation;</li> <li>3) Section V, Item E – Grounds for Cancellation of Accreditation</li> </ol> <p>General Policy and Procedures for Purchasing:</p> <ol style="list-style-type: none"> <li>1.) Section V (General Guidelines) Item 3 – Bidding;</li> <li>2.) Section V, item 4 – Award of Bids/Contracts;</li> <li>3.) Section VII – Purchasing Ethics and Standards</li> </ol>
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<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The supply/service needs of GHI involve the sending out of notices to its stockholders and PDR holders, accounting forms like billing statements issued to the STSI during conversion. It also includes the engagement of GHI's external Auditor for the audit of GHI's AFS and the engagement of the external counsel for its corporate housekeeping and general legal needs. Hence, there are no significant risks relating to the procurement processes of GHI.	Suppliers/ GHI's financial performance	To prevent risks relating to procurement or determination of suppliers, GHI adopts GMA's policies on procurement and accreditation of suppliers, and ensures that all transactions are within arm's-length.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
This will be an opportunity for GHI to review the current suppliers in terms of relevance to the operations of the Company as they have been suppliers since the listing of the Company in the PSE.	Suppliers; Operations/Financials of GHI	The management will review existing contracts and see if there are terms which have been obsolete or irrelevant to the current operations of GHI.

### **Anti-corruption**

#### **Training on Anti-corruption Policies and Procedures**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	GHI has no full time employees. The accounting and administrative functions of GHI are undertaken by GMA, a company under common control. All the employees of GMA have received and are fully informed of the anti-corruption policies and procedures of GMA. These policies are adopted by GHI.	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	In the Management of GHI, its Directors and Employees adopt the Anti-Corruption standards of GMA.	%

Percentage of directors and management that have received anti-corruption training	The Directors of GHI and its officers undergo annual training on good corporate governance.	%
Percentage of employees that have received anti-corruption training	The Company has no full time employees.	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>The impact on Anti-corruption policies of GMA are adopted by the Management of GHI as follows:</p> <p>Due to effective policies and mitigating controls and consistent integration of corporate values in GMA's day-to-day activities, no significant risks identified by stakeholders relate to corruption.</p>	Employees/the Organization	As part of GMA's enterprise-wide risk management, stakeholders periodically re-assess the organization's risk profile to identify vulnerabilities across all areas of its operations for potential issues such as corruption.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
As explained above, there are no risks of corruption in the operations of GHI.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

GMA has formalized business principles that prohibit employees to gain in any way (e.g., through gifts, favors, solicitations, monetary benefits) from third parties, including suppliers, clients, or competitors.	Public in general; integrity of the organization	GMA has a policy on "Solicitation/ Acceptance of Gifts/Favors' and its News and Public Affairs' Manual includes a particular section on "Bribes and Gifts".
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### Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	None	#
Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
GHI upholds integrity and transparency, and any impropriety or appearance of impropriety to discredit or undermine such strongly upheld values will be detrimental to the reputation and good standing of the company.	Corporate Integrity and Good	<p>Aside from the Labor Code, GMA policies against corruption are governed by: (1) Revised Policy on Employee Discipline (2) Revised Code of Conduct and (3) Collective Bargaining Agreement (CBA).</p> <p>GMA has a mechanism by which anyone can give feedback to top management at anytime via the "Letter to the Chairman", through drop boxes strategically situated within the Network premises.</p> <p>The performance appraisal form also has the "Remarks" portion that allows subordinates to give feedback/comments to superiors.</p>



Under the Revised Policy on Employee Discipline, there is a provision on Conciliation/Mediation, which will apply (a) in cases where the aggrieved party is a co-employee, and (b) when the penalty prescribed for the offense is less than dismissal.

Outside the scope of the provisions of “Conciliation and Mediation”, official disputes are elevated first to the immediate superior, then to next level superior, then department/group head. If still not resolved, the issue may be referred to HRDD (sometimes, with Legal) to help mediate the issues.

In case dispute is with rank-and-file (RF) employee and/or the Union, there is specific procedure for ‘grievance’ outlined in the CBA.

If all else fails, conflict may be resolved either through voluntary or compulsory arbitration.

The implementation and monitoring of the Code of Conduct (as well as the NPA Manual) is a “line” function. The management within the concerned departments oversees the compliance with the Code and the Manual. Any possible violation is investigated at the department level, then, endorsed to the Human Resources Development Department (HRDD), which conducts administrative investigations observing due process. If a rank and file (RF) employee is involved, the Union is required to take part in the proceedings. After the investigations, HRDD writes a report of its findings with recommendations, clears the report with legal, then submits to the President and COO (in some cases, submission is also to the Chairman and CEO) for final approval and recommendation).

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
There are no risks relevant to GHI on this matter.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

GHI can strengthen its Corporate Governance policies pertaining to integrity and transparency within its organization.	Organization/Company's reputation	GHI's Management reiterates the policies and programs of GMA on the prevention of corruption thereof within the organization.
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## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	None	GJ
Energy consumption (gasoline)	None	GJ
Energy consumption (LPG)	None	GJ
Energy consumption (diesel)	None	GJ
Energy consumption (electricity)	None	kWh

#### Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	None	GJ
Energy consumption (gasoline)	None	GJ
Energy consumption (LPG)	None	GJ
Energy consumption (diesel)	None	GJ
Energy consumption (electricity)	None	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<ul style="list-style-type: none"> <li>GHI's operations mainly administrative and finance are undertaken by GMA.</li> <li>GMA's operations all over the Philippines contribute to its carbon footprint, which it continuously aims to reduce efficiently and</li> </ul>	Health, Safety and well-being of the public in general	Optimal locations are strategically identified, and deployments are carefully planned to ensure that GMA maximizes the coverage of every single transmitter site. In the process, among its priorities is compliance with applicable laws and regulations, such as

<p>effectively. In addition to the GMA Network Center (GMA's headquarters located in Metro Manila), it has regional offices, and TV/radio studios in 15 other cities and provinces – Ilocos, Tuguegarao, Baguio, Dagupan, Lucena and Legazpi, Naga Palawan, Cebu, Iloilo, Bacolod, Kalibo, Davao, Cagayan De Oro, and General Santos.</p> <ul style="list-style-type: none"> <li>For wider broadcast coverage, GMA operates TV/radio transmitters throughout the archipelago, usually remote areas with vegetation.</li> </ul>		<p>Presidential Decree No. 1586 Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures and For Other Purposes. GMA secures Environmental Compliance Certificates (ECC) from the Department of Environment and Natural Resources (DENR), as mandated by the government.</p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>GMA's main source of energy is electricity from power distribution companies, and electric distribution utilities or electric cooperatives situated in different cities and regions.</p> <p>GMA consumes diesel for most of its company vehicles and for the generator sets it uses as back-up power supply in case of power interruptions and outages in the GMA Network Center, regional offices, and transmitter sites. General sets are also the main power source to operate its remote facilities during electronic and news gathering, satellite news gathering, and outside broadcast vans for live news reporting and field production taping.</p>	<p>Health, Safety and well-being of the public in general</p>	<p>In compliance with the Philippine Clean Air Act of 1999 (Republic Act No. 8749), a comprehensive air quality management policy and program that aims to achieve and maintain healthy air for all Filipinos, GMA secures the necessary permits from the DENR to operate its generator sets. Quarterly, GMA submits self-monitoring reports on the fuel it consumes. All generator sets undergo strict preventive maintenance and annual emission tests and conducted by a third party accredited by the DENR.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>As part of advancing its sustainability goals, the energy that is consumed within the GMA complex and in the regions is periodically monitored. GMA is constantly in the lookout for new technology to increase the efficiency of its energy utilization or to reduce its energy requirements.</p>	<p>Health, Safety and well-being of the public in general</p>	<p>Over the years, GMA has successfully implemented energy-saving measures and projects that resulted in an estimated electricity savings of up to 300,000 KWH per. Some of these initiatives including designating operating hours for the use of lighting and air-</p>

		conditioning units in the studios, the replacement of chillers from centrifugal type to screw type, phase-out of conventional fluorescent lighting to light-emitting diodes (LEDs), deployment of Variable Frequency Drives for the Air-Handling Units, and phase-out of conventional air-conditioning units to inverter-type, in Dagupan, GMA has started using solar-powered perimeter lights.
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#### **Water consumption within the organization**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Water Withdrawal	None	Cubic meters
Water consumption	None	Cubic meters
Water recycled	None	Cubic meters

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>There are no applicable disclosures relating to the Water Consumption within the organization, as its operations do not require such consumption.</p> <p>However, information on the responsible water Consumption within GMA shall have some impact on GHI, as owner of GMA common shares.</p>	Health, Safety and well-being of the public in general	To reduce its water supply requirements, one of the major projects implemented by GMA is the sewage treatment plant (STP) at the GMA Complex. The treated wastewater from the plant is recycled for sanitation purposes within the headquarters. Through this system, GMA saves at least 4,800 cubic liters of potable water every year, and GMA continues to explore ways to expand the use and benefits of the facility.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

Since GHI has no reportable consumption of water, no relevant risks have been identified.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Same as above.		

#### Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	None	
*renewable	None	kg/liters
*non-renewable	None	kg/liters
Percentage of recycled input materials used to manufacture the organizations' primary products and services	None	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No relevant materials are used by the organization since its administrative financials and operations are done electronically. Similarly, regulatory and compliance submissions are undertaken by its external counsel and external auditor.		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
There are no reportable risks associated with any use of renewable/non-renewable materials by GHI.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>

Same as above		
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Ecosystem and biodiversity (whether in upland/watershed or coastal/marine):

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	Ha
IUCN Red list species and national conservation list species with habitats in areas affected by operations	None	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The business of GHI does not require the establishment of any operational site in protected areas and areas of high biodiversity value outside protected areas.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The business of GHI does not require the establishment of any operational site in protected areas and areas of high biodiversity value outside protected areas.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The business of GHI does not require the establishment of any operational site in protected areas and areas of high biodiversity value outside protected areas.		

## Environmental Impact Management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	None	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	None	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	None	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The business of GHI does not involve air emissions hence it has no relevant disclosure on that regard.		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
The business of GHI does not involve air emissions hence it has no relevant disclosure on that regard.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The business of GHI does not involve air emissions hence it has no relevant disclosure on that regard.		

### Air pollutants

Disclosure	Quantity	Units
Nox	None	kg
Sox	None	kg

Persistent organic pollutants (POPs)	None	kg
Volatile organic compounds (VOCs)	None	kg
Hazardous air pollutants (HAPs)	None	kg
Particulate matter (PM)	None	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The business of GHI does not directly/indirectly cause air pollutants hence it has no relevant disclosure on that regard.		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The business of GHI does not directly/indirectly cause air pollutants hence it has no relevant disclosure on that regard.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The business of GHI does not directly/indirectly cause air pollutants hence it has no relevant disclosure on that regard.		

### **Solid and Hazardous Wastes**

#### **Solid Waste**

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated	None	kg
Reusable	None	kg
Recyclable	None	kg
Composted	None	kg
Incinerated	None	kg
Residuals/Landfilled	None	kg



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Although the business/activities of GHI does not produce waste reportable under this section, it finds the disclosures of GMA on its waste management to have significance/relevance to GHI which holds shares in GMA.	Public health and safety	GMA has instituted strict housekeeping rules and sanitary practices in its offices and transmitter sites, and encourage recycling by segregating wastes.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Health and safety of both the employees and the public and to mitigate any harmful impact on the environment	Public health and safety	<p>GMA is committed to ensure that wastes gathered and collected in its stations are properly handled and disposed.</p> <p>One of GMA's approach is to designate Pollution Control Officers (PCO) in its transmitter sites. According to the guidelines under DENR's Department Administrative Order (DAO) 2014-02, the PCO is a technical person competent in pollution control and environmental management, performs the duties and responsibilities in a particular establishment, and is officially accredited by the Environmental Management Bureau (EMB) Regional Office to perform such responsibilities.</p> <p>To comply with the Philippine Clean Water Act (Republic Act No. 9275), which aims to protect the country's water bodies from pollution from land-based sources, GMA has a discharge permit from the Laguna Lake Development Authority (LLDA) for the operation of its STP. GMA periodically checks the wastewater</p>

		discharge of the system and conduct laboratory testing as a requirement for self-monitoring and compliance monitoring.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Opportunity for the improvement of the Sewage Treatment Plant (STP)	Public health and safety	With the issuance of DENR's DAO 2016-08 Water Quality Guidelines and General Effluent Standards of 2016, GMA submitted a Compliance Action Plan to the LLDR office for the improvement of its STP. The DAO 2016-08 provides guidelines for the classification of water bodies in the country, determination of time trends and the evaluation of stages of deterioration/enhancement in water quality, evaluation of the need for taking actions in preventing, controlling, or abating water pollution. To strictly comply with the standards set by this DAO, GMA has also contracted the services of a third party laboratory to test in-house waste water parameters.

Hazardous Waste

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total weight of hazardous waste generated	None	Kg
Total weight of hazardous waste transported	None	Kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Although the business/activities of GHI does not produce waste reportable under this section, it finds the disclosures of GMA on its waste management to have significance/relevance to GHI.	Public health and safety	As required by Republic Act No. 6969 (The Toxic Substance and Hazardous Wastes (Republic Act No. 6969), the hazardous wastes that GMA generates—such as tapes, used engine oils, busted fluorescent lamp (BFL), empty paint cans, contaminated rags, grease,

The Toxic Substance and Hazardous Wastes (Republic Act No. 6969) under the DENR covers the import, manufacture, processing, handling, storage, transportation, sale, distribution, use, and disposal of unregulated chemical substances and mixtures in the Philippines.		defective LED, and others—are treated, recycled, and appropriately disposed through a third party hazardous waste treatment group accredited by the DENR. In the regions, GMA also trades-in old car batteries for new ones at discounted prices.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
With proper practice and well-enforced policies no relevant risks have been identified relating to Toxic Substance and Hazardous Wastes.	Public health and safety	Management ensures that the employees/officers comply with the practices and standards established by GMA to avoid risks relating to toxic substance and hazardous wastes, as outlined in the discussion above.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Ecological Solid Waste Management Act (Republic Act No. 9003) provides for a comprehensive ecological solid waste management program by creating the necessary institutional mechanisms and incentives, appropriating funds, declaring certain acts prohibited, and providing penalties.	Public health and safety	GMA applied for an Environmental Permit to Operate (Environmental Clearance) with the Quezon City Environmental Protection and Waste Management Department pursuant to City Ordinance No. 1729 Series of 2006.

#### Effluents

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total volume of water discharges	None	Cubic meters
Percent of wastewater recycled	None	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
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With the issuance of DENR's DAO 2016-08 Water Quality Guidelines and General Effluent Standards of 2016, GMA submitted a Compliance Action Plan to the LLDR office for the improvement of its STP. The DAO 2016-08 provides guidelines for the classification of water bodies in the country, determination of time trends and the evaluation of stages of deterioration/enhancement in water quality, evaluation of the need for taking actions in preventing, controlling, or abating water pollution.	Public health and safety	To strictly comply with the standards set by this DAO, GMA has also contracted the services of a third party laboratory to test in-house waste water parameters.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The business of GHI does not directly/indirectly produce wastewater hence it has no relevant disclosure on that regard. However, the action of GMA to treat wastewater is relevant.	Public health and safety	To reduce its water supply requirements, one of the major projects implemented by GMA is the sewage treatment plant (STP) at the GMA Complex. The treated wastewater from the plant is recycled for sanitation purposes within the headquarters. Through this system, GMA saves at least 4,800 cubic liters of potable water every year, and GMA continues to explore ways to expand the use and benefits of the facility.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The business of GHI does not directly/indirectly produce wastewater hence it has no relevant disclosure on that regard.		

### Environmental compliance

#### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	None	Php

No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	None	#
No. of cases resolved through dispute resolution mechanism	None	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
As part of its business permit renewal, GHI annually pays an Environmental Impact Fee to the local government.	Public in general, Local government	GHI complies with the requirements to environmental compliance insofar as they are relevant to the purpose/function of GHI.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The business of GHI does not directly/indirectly have environmental risks hence it has no relevant disclosure on that regard.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Same as above		

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

#### Employee data

Disclosure	Quantity	Units
Total number of employee		
a. Number of female employees	No full time employees	#
b. Number of male employees	No full time	#

	employees	
Attrition rate	No full time employees	rate
Ratio of lowest paid employee against minimum wage	No full time employees	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS		No full time employees	
PhilHealth			
Pag-ibig			
Parental leaves			
Vacation leaves			
Sick leaves			
Medical benefits (aside from PhilHealth)			
Housing assistance (aside from Pag-ibig)			
Retirement fund (aside from SSS)			
Further education support			
Company stock options			
Telecommuting			
Flexible-working Hours			
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
<p>GHI has no full time employees. GHI's key management personnel are employed by GMA. Hence the manner by which GMA provides benefits to its employees are relevant to GHI.</p> <p>Because GMA's workforce is key in sustaining and advancing the Network's viability, it is</p>	<p>GMA has teams throughout the Philippines, but the majority is stationed at its headquarters in Metro Manila. To meet its operational and business expansion needs, GMA is in continuous search for</p>

<p>likewise committed in providing competitive compensation and benefits beyond the statutory requirements. This enables its people to attain socio-economic advancement, and offers tangible proof of the value it place in its best asset.</p> <p><b>GMA's commitment to a sustainable future begins with building a successful, productive, and responsible workforce.</b> Because its people are its best asset, it strives to create a working environment that promotes its vision for the Network to be the employer of choice in the industry. GMA provides opportunities to the most capable and highly qualified, who can deliver high quality performance. But more importantly, it embraces those with integrity and values aligned with the Network's, and with the right attitude and appreciation towards hard work.</p>	<p>resources and talents. When vacancies open, GMA first identifies qualified and deserving employees within the Network, and recommends their transfer or promotion. In meeting requirements that cannot be addressed internally, GMA establishes strategic partnerships with organizations that allow it to augment its reach, and tap a wider and more diverse pool of candidates.</p> <p>In accordance with the law, GMA recognizes the right of employees to voluntarily resign. Likewise, GMA may also decide to let go of an employee for just or authorized cause, and upon observance of due process.</p>
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
<p>With sincere care for its employees, GMA prioritizes the health and safety in the workplace. Beyond the requirements mandated by the government, is enterprise risk management policies and standard practices allow stakeholders to identify, assess, and effectively manage and mitigate significant risks that compromise the well-being of its people.</p>	<p>GMA's Human Resources Development Department (HRDD) oversees the provision of the following benefits to GMA employees:</p> <p>Basic</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Vacation leave</li> <li><input type="checkbox"/> Sick leave</li> <li><input type="checkbox"/> Maternity leave</li> <li><input type="checkbox"/> Paternity leave</li> <li><input type="checkbox"/> Solo parent leave</li> <li><input type="checkbox"/> Accident leave</li> <li><input type="checkbox"/> 13th month pay</li> <li><input type="checkbox"/> SSS, PhilHealth, and Home Development Mutual Fund (HDMF)</li> </ul> <p>Additional</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Fire and calamity leave</li> <li><input type="checkbox"/> Fire and calamity assistance</li> <li><input type="checkbox"/> Calamity pay</li> <li><input type="checkbox"/> Hazard pay</li> </ul>

	<input type="checkbox"/> Bereavement leave <input type="checkbox"/> Bereavement aid <input type="checkbox"/> Health maintenance organization (HMO) <input type="checkbox"/> Medicine allowance <input type="checkbox"/> Optical subsidy <input type="checkbox"/> Rice subsidy <input type="checkbox"/> Life insurance <input type="checkbox"/> Retirement pay oCompulsory oOptional oPermanent/total disability <input type="checkbox"/> Longevity premium pay <input type="checkbox"/> Matrimonial bonus <input type="checkbox"/> Car plan GMA provides parental leaves (maternity, paternity, and solo parent leaves) beyond what government mandates <b>to support its employees in looking after their children.</b>		
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>		
<p>Joining the Kapuso family entails access to competitive benefits that aim to attract and retain the best people. Just as GMA focuses on quality and excellence in its operations, it employs the same dedication in making sure that its people achieve their best potential in GMA—through training, meaningful working experience, coaching, mentoring, a culture that allows continuous learning to thrive, equal opportunities for career advancement, and conducting constructive performance evaluation periodically to monitor growth.</p>	<p>GMA employees have healthcare and medical benefits that cover both occupational and non-occupational injuries or illnesses, i.e., in-patient and out-patient care. The following are voluntary health promotion services and programs offered by the</p>	<p><b>First-aid, health care medicines and equipment facilities</b></p>	<p><b>Health and wellness promotion programs</b></p>



	<p>Network to workers to address major non-work-related health risks:</p> <p><b>Medical and health assessments and programs</b></p> <table><tr><td><ul style="list-style-type: none"><li><input type="checkbox"/> Annual physical/medical examination</li><li><input type="checkbox"/> Executive check-up (once a year)</li><li><input type="checkbox"/> Random drug testing (quarterly)</li><li><input type="checkbox"/> Annual flu vaccination</li><li><input type="checkbox"/> Wellness fora (hostile environment training, wellness and health symposiums)</li><li><input type="checkbox"/> Critical incident stress debriefing</li><li><input type="checkbox"/> Mandatory quarantine to employees deployed to areas affected by contagious diseases</li></ul></td><td><ul style="list-style-type: none"><li><input type="checkbox"/> Medical clinic (equipped with wheelchair, oxygen tank and accessories, nebulizer, stretcher, examining bed)</li><li><input type="checkbox"/> Dental clinic (equipped with dental chair and all dental related accessories)</li><li><input type="checkbox"/> Lactation room (with refrigerator)</li><li><input type="checkbox"/> Emergency Go Bags in every floor (first aid kit, flashlight,</li></ul></td><td><ul style="list-style-type: none"><li><input type="checkbox"/> Mental Health related programs (critical incident stress debriefing and mental health awareness seminar)</li><li><input type="checkbox"/> Sports tournaments (basketball, volleyball, bowling, badminton, table tennis, chess and billiards)</li><li><input type="checkbox"/> Health and wellness fair (quarterly)</li><li><input type="checkbox"/> Family day outing</li><li><input type="checkbox"/> Fitness programs</li></ul></td></tr></table>	<ul style="list-style-type: none"><li><input type="checkbox"/> Annual physical/medical examination</li><li><input type="checkbox"/> Executive check-up (once a year)</li><li><input type="checkbox"/> Random drug testing (quarterly)</li><li><input type="checkbox"/> Annual flu vaccination</li><li><input type="checkbox"/> Wellness fora (hostile environment training, wellness and health symposiums)</li><li><input type="checkbox"/> Critical incident stress debriefing</li><li><input type="checkbox"/> Mandatory quarantine to employees deployed to areas affected by contagious diseases</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Medical clinic (equipped with wheelchair, oxygen tank and accessories, nebulizer, stretcher, examining bed)</li><li><input type="checkbox"/> Dental clinic (equipped with dental chair and all dental related accessories)</li><li><input type="checkbox"/> Lactation room (with refrigerator)</li><li><input type="checkbox"/> Emergency Go Bags in every floor (first aid kit, flashlight,</li></ul>	<ul style="list-style-type: none"><li><input type="checkbox"/> Mental Health related programs (critical incident stress debriefing and mental health awareness seminar)</li><li><input type="checkbox"/> Sports tournaments (basketball, volleyball, bowling, badminton, table tennis, chess and billiards)</li><li><input type="checkbox"/> Health and wellness fair (quarterly)</li><li><input type="checkbox"/> Family day outing</li><li><input type="checkbox"/> Fitness programs</li></ul>
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	whistle and canned goods) <input type="checkbox"/> Sleeping quarters separate for males and females <input type="checkbox"/> With HMO- accredited hospitals and clinics	(Zumba, yoga and partnership with a gym provider)
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#### Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	No full time employees	
a. Female employees	No full time employees	Hours
b. Male employees	No full time employees	Hours
Average training hours provided to employees		
a. Female employees	No full time employees	hours/employee
b. Male employees	No full time employees	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
GHI has no full time employees. Its key management personnel are employed by GMA. Hence the manner by which GMA provides employee training and development programs to its employees are relevant to GHI.	GMA's employees are provided regular performance and career development review. Trainings opportunities are given to employees when there

<p>GMA has instituted a training and development program that is anchored in valuing its employees as its best asset. It is the policy of GMA to provide continuous learning opportunities to its people for their growth and empowerment, and with due consideration of their current skills, the requirements of their current jobs, and the requirements of the business. GMA has developed an in-house training curriculum, and in some circumstances, it partners with external organizations and professional institutions in the Philippines and abroad.</p>	<p>is/are:</p> <ul style="list-style-type: none"> <li>• A need to enhance existing knowledge, skills and behavior to meet heightened standards of excellence, efficiency, and/or creativity dictated by the market or the industry</li> <li>• Gaps in knowledge and skills of critical functional areas that affect individual or work group effectiveness</li> <li>• A need to reinforce awareness and consistent implementation of correct practices and procedures to ensure safety of employees and the proper handling of equipment and use of technical facilities</li> <li>• Anticipated changes in technology which consequently require new knowledge, skills and behaviors in adapting the new/ change of technology</li> <li>• A need to prepare employees for higher responsibilities or when they are considered as "internal replacements" for key leadership roles</li> </ul> <p>The Human Resources Development Department (HRDD) or the group/department under which employees belong may initiate trainings:</p> <ul style="list-style-type: none"> <li>• HRDD initiated training and development programs -Programs that are applicable for employees across the organization. These programs include but are not limited to leadership/management development programs, staff development programs, attitudinal and values enrichment programs, and basic technical training programs.</li> </ul>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Management approach</b></p>
<p>There are no risks relevant to GHI in this aspect.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management approach</b></p>

<p>GMA's employees are provided regular performance and career development review. Trainings opportunities are given to employees when there is/are:</p> <ul style="list-style-type: none"> <li>• A need to enhance existing knowledge, skills and behavior to meet heightened standards of excellence, efficiency, and/or creativity dictated by the market or the industry</li> <li>• Gaps in knowledge and skills of critical functional areas that affect individual or work group effectiveness</li> <li>• A need to reinforce awareness and consistent implementation of correct practices and procedures to ensure safety of employees and the proper handling of equipment and use of technical facilities</li> <li>• Anticipated changes in technology which consequently require new knowledge, skills and behaviors in adapting the new/change of technology</li> <li>• A need to prepare employees for higher responsibilities or when they are considered as "internal replacements" for key leadership roles</li> </ul> <p>The GMA provides opportunities to interested, qualified, and deserving applicants regardless of gender, and without prejudice to those belonging to the vulnerable sector (e.g., the elderly, persons who are differently abled, solo parents, etc). It believes that by embracing diversity and equal opportunity in its workforce, it is supporting a progressive culture that is optimal and conducive to achieving the best results in its operations. Inclusiveness is key in advancing its goal to attract and retain the best people.</p>	<p>The Human Resources Development Department (HRDD) or the group/department under which employees belong may initiate trainings:</p> <ul style="list-style-type: none"> <li>• HRDD initiated training and development programs -Programs that are applicable for employees across the organization. These programs include but are not limited to leadership/management development programs, staff development programs, attitudinal and values enrichment programs, and basic technical training programs.</li> </ul> <p>Examples are:</p> <ul style="list-style-type: none"> <li>• Basic management programs</li> <li>• Staff development programs</li> <li>• Work attitudes and values enhancement program</li> <li>• Succession development programs</li> <li>• Technical training courses (broadcast-specific trainings such as video editing, camera training, audio training, cinematography, etc.)</li> <li>• TV production trainings (e.g., scriptwriting, news writing, etc.)</li> <li>• Occupational safety and health programs</li> <li>• Department-initiated training programs - These are specialized functional and skills trainings identified by the group/department to address developmental requirements (functional, technical, or creative) and to support operational efficiencies in meeting group/department objectives.</li> </ul>
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	<p>Moreover, GMA provides transition assistance programs for soon-to-retire employees through the Pre-Retirement Program. This program has modules on Preparing Self for Retirement and Financial Literacy. Additionally, it continues to assist retired employees through the GMA Employees' Multi-Purpose Cooperative (GEMPC). The GEMPC is a closed-type cooperative organization that is exclusive to employees of the GMA and its subsidiaries, including those who have retired.</p> <p>A transition assistance program is also provided to resigned employees to facilitate their continued employability. On a per request basis, GMA issues Certificate of Employment and/or Certificate of Training.</p>
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#### Labor-Management Relations

No full time employees

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	None for GHI  42.17% of GMA's Employees	%
Number of consultations conducted with employees concerning employee-related policies	None	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
GHI has no full time employees and GMA's existing Collective Bargaining Agreement with its employees has no relevance/application to GHI.	
What are the Risk/s Identified?	Management approach

GHI has no full time employees and GMA's existing Collective Bargaining Agreement with its employees has no relevance/application to GHI.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>
GHI has no full time employees and GMA's existing Collective Bargaining Agreement with its employees has no relevance/application to GHI.	

#### Diversity and Equal Opportunity

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<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of female workers in the workforce	No full time employees	%
% of male workers in the workforce	No full time employees	%
Number of employees from indigenous communities and/or vulnerable sector*	No full time employees	#

*\*Vulnerable sector includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management approach</b>
<p>GHI has no full time employees. Its key management personnel are employed by GMA. Hence the diversity among GMA's employees are relevant to GHI.</p> <p>GMA believes that by embracing diversity and equal opportunity in its workforce, it is supporting a progressive culture that is optimal and conducive to achieving the best results in its operations. Its inclusiveness is key in advancing its goal to attract and retain the best people.</p>	<p><b>Below are the percentages of individuals within GMA's top executive:</b></p> <p><b>By gender: Female 50%; Male 50%</b></p> <p><b>By age group: Under 30 years 0%</b>  <b>Over 50 years 75%</b>  <b>30 to 50 years 25%</b></p> <p><b>Rank and File</b></p> <p><b>By gender: Female 13%; Male 87%</b></p>

	<p>By age group: Under 30 years 14% Over 50 years 8% 30 to 50 years 78%</p> <p>Non-Managerial</p> <p>By gender: Female 54%; Male 46%</p> <p>By age group: Under 30 years 28% Over 50 years 4% 30 to 50 years 68%</p> <p>Managerial</p> <p>By gender: Female 52%; Male 48%</p> <p>By age group: Under 30 years 4% Over 50 years 82% 30 to 50 years 14%</p> <p>Officer</p> <p>By gender: Female 48%; Male 51%</p> <p>By age group: Under 30 years 0% Over 50 years 44% 30 to 50 years 56%</p>
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
GHI has no full time employees and the diversity among GMA's employees has no relevant risks to GHI.	

What are the Opportunity/ies Identified?	Management approach
Because of GMA's policy of embracing diversity and equal opportunity, qualified employees are given the job opportunities regardless of their gender and age.	GMA provides opportunities to interested, qualified, and deserving applicants regardless of gender, and without prejudice to those belonging to the vulnerable sector (e.g., the elderly, persons who are differently abled, solo parents, etc.).

Workplace Conditions, Labor Standards, and Human Rights  
Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	No full time employees	Man-Hours
No. of work-related injuries	No full time employees	#
No. of work-related fatalities	No full time employees	#
No. of work-related ill-health	No full time employees	#
No. of safety drills	No full ime employees	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
GHI has no full time employees. Its key management personnel are employed by GMA. Hence the workplace conditions, labor standards, and Human Rights and Occupational Health and Safety among GMA's employees are relevant to GHI.	GMA's Occupational Safety and Health (OSH) Program complies with <i>Republic Act No. 11058 An Act Strengthening Compliance with</i>



<p>GMA has formalized procedures and guidelines to ensure the health and safety of its employees and workers.</p>	<p><i>Occupational Safety and Health Standards and Providing Penalties for Violations Thereof</i>, and addresses significant employee safety and security risks identified as a result of GMA's enterprise-wide risk management. The program covers employees and workers performing work inside the GMA Complex Building Network, the GMA Annex, GMA stations, warehouse and transmitter sites. It also safeguards those working outside GMA premises during tapings, and news/fieldwork coverage.</p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Management approach</b></p>
<p>There are no applicable risks to GHI since it has no employees. However, GMA's enterprise-wide risk management addresses relevant risks to its organization as discussed above.</p>	
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Management approach</b></p>
<p>The factors mentioned above reinforce the significance for employee training and development as well as establishment of guidelines and procedures to prevent risks.</p>	<p>GMA conducts trainings to orient its people on these guidelines and procedures. In addition, GMA provides lectures and demonstrations for basic first aid and basic life support (including cardiopulmonary resuscitation (CPR)). Risk and hazard assessment briefings are strictly carried out during tapings.</p> <ul style="list-style-type: none"> <li>•GMA Network studios facilities guidelines</li> <li>•Implementing guidelines on studio facilities</li> <li>•Implementation of guidelines on studio security and safety</li> <li>•Guidelines on proper handling and safekeeping of EFPD Cameras and its accessories</li> <li>•Guidelines on the proper handling and safekeeping</li> </ul>

	<p>camera fiberoptic cable</p> <ul style="list-style-type: none"> <li>• Proper handling and preventive maintenance of fiberoptic camera cables</li> <li>• Guidelines on camera crane operation</li> <li>• Guidelines and policies on cable management</li> <li>• Implementing guidelines on electrical and architectural installation for reconfiguration of new and additional production sets</li> <li>• Guidelines on repairs/restoration of broadcast equipment</li> <li>• Policy procedure for vehicle use</li> <li>• Standard operating procedures on news van deployment and safety driving</li> <li>• NVOD technical services monitoring guidelines</li> <li>• Pre-deployment procedures</li> <li>• Instructions for keeping vehicles neat and orderly</li> <li>• Guidelines and procedures for the maintenance, monitoring and fuel acquisition of company vehicles</li> <li>• Vehicle and road safety reminders</li> <li>• Safety and security measures implemented in Entertainment Group (EG)</li> </ul>
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#### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced Labor	Y	Despite not having full time employees, as a matter of good corporate governance, GHI adheres to and adopts all the relevant labor standards, laws, rules and regulations on human rights and employee welfare.

Child Labor	Y	Same as above
Human Rights	Y	Same as above

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management approach</b>
GHI has no full time employees	Despite not having employees, as a matter of good corporate governance, GHI adheres to and adopts all the relevant labor standards, laws, rules and regulations on human rights and employee welfare.
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
GHI has no full time employees	Same as above
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>
GHI has no full time employees	Same as above

### **Supply Chain Management**

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: GHI does not have a supplier accreditation policy but adopts GMA's Supplier Accreditation Policy insofar as it is relevant to the business of GHI.

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Do you consider the following sustainability topics when accrediting suppliers?

The operating expenses of GHI are limited listing fees, Philippine Stock Exchange charges, fees for the PDR Agent and the Pledge Trustee, auditors' fees, legal fees and administrative expenses in connection with, among other things, distribution and publication of notices to common shareholders and PDR holders. Hence the topics below have no relevance to it as an organization. Nonetheless, it adopts the Supplier Accreditation Policy of GMA insofar as they are relevant to the business/purpose of GHI.

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Not applicable
Forced labor	Y	Not applicable
Child labor	Y	Not applicable
Human rights	Y	Not applicable
Bribery and corruption	Y	Not applicable

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>  The operating expenses of GHI are limited to listing fees, Philippine Stock Exchange charges, fees for the PDR Agent and the Pledge Trustee, auditors' fees, legal fees and administrative expenses in connection with, among other things, distribution and publication of notices to common shareholders and PDR holders. Hence the topics below have no relevance to it as an organization. Nonetheless, it adopts the Supplier Accreditation Policy of GMA insofar as they are relevant to the business/purpose of GHI.	<b>Management approach</b>  GMA has a Supplier Accreditation Policy that is being adopted by GHI insofar as it is relevant to its business or purpose.
<b>What are the Risk/s Identified?</b>  There are no risks associated with the current supplier accreditation practices of GHI. Other than for the services mentioned above, it has not engaged the services or procured goods from any supplier.	<b>Management approach</b>
<b>What are the Opportunity/ies Identified?</b>  There are no risks associated with the current supplier accreditation practices of GHI. Other than for the services mentioned above, it has not engaged the services or procured goods from any supplier.	<b>Management approach</b>

### **Relationship with Community**

#### **Significant Impacts on Local Communities**

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Since GHI's operations as a holding company does not involve activities that foster relationship with local communities, it adopts the attached Sustainability Report of GMA <a href="https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/">https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/</a> particularly on pages 38 to 39 which sets forth <b>GMA's operations with significant (positive or negative) impacts on local communities.</b>					

*\*Vulnerable sector includes elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: GHI has no operations affecting IPs.

Certificates	Quantity	Units
FPIC process is still undergoing	none	#
CP secured	None	#

What are the Risk/s Identified?	Management approach
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There are no risks relevant to GHI on the efforts of GMA pertaining to its relationship with the community.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>
There are no risks relevant to GHI on the efforts of GMA pertaining to its relationship with the community.	

#### Customer Management

#### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction		N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
GHI's customers are the public investing in the PDRs listed in the PSE.	<p>GHI and GMA adhere to a high level of corporate disclosure and transparency regarding the companies' financial condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD), shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange. These are also available online through the GMA's Investor Relations website <a href="http://www.gmanetwork.com/corporate/ir">www.gmanetwork.com/corporate/ir</a>.</p> <p>GMA, through the IRCD and Corporate Affairs and Communications Department, publishes press releases on its performance. Meetings with Fund Managers, Investment, Financial and Research Analysts are likewise handled by the IRCD.</p>

	Audited Financial Statements are submitted to the SEC on or before the prescribed period and are made available to the shareholders prior to the Annual Stockholders Meeting (ASM).
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
The Risks relating to PDRs on GMA and GHI's Prospectus at <a href="http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf">http://aphrodite.gmanetwork.com/pdfs/GMA-Final-Prospectus.pdf</a> specifically under pages 42-44 thereof are incorporated herein, insofar as they are relevant to present operations of GHI.	As discussed under Economic Impact above, GHI supports and adopts the actions of GMA Management to prevent/avoid or mitigate such risks.
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>
This provides opportunity for Management to reiterate the value of transparency and full disclosure of the results of its operations and financials to its investors.	Please refer to Management's approach on the impact of customer satisfaction above, which puts primacy on the practices to maintain good relationship with investors by facilitating full and transparent operational and financial disclosures.

#### Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	None	#
No. of complaints addressed	None	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management approach</b>
This is not applicable to the business of GHI, there are no risks relating to health and safety in the manner that GHI's business is being conducted.	
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
This is not applicable to the business of GHI, there are no risks relating to health and safety in the manner that GHI's business is being conducted.	

What are the Opportunity/ies Identified?	Management approach
This is not applicable to the business of GHI, there are no risks relating to health and safety in the manner that GHI's business is being conducted.	

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Except for publicly disclosed registration statement/prospectus and auxiliary documents at the time of the listing of the PDRs in the exchange, as well as subsequent regulatory reportorial submissions, there are no publicly released documents or advertisements that involve marketing and labelling in relation to the business of GHI.	
What are the Risk/s Identified?	Management approach
Except for the publicly disclosed registration statement/prospectus and auxiliary documents at the time of the listing of the PDRs in the exchange, as well as subsequent regulatory reportorial submissions, there are no publicly released documents or advertisements that involve marketing and labelling in relation to the business of GHI.	
What are the Opportunity/ies Identified?	Management approach
Except for the publicly disclosed registration statement/prospectus and auxiliary documents at the time of the listing of the PDRs in the exchange, as well as subsequent regulatory reportorial submissions, there are no publicly released documents or advertisements that involve the marketing and labelling in relation to the business of GHI.	



### Customer Privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
There is a customer privacy policies relating to the receipt of PDR holders' information by GHI or by the transfer agent	<p>GHI executes and adheres to non-disclosure/confidentiality agreements respecting trade secrets and confidential information of other parties transacting business with it.</p> <p>GHI adopts the Code of Conduct of GMA on disciplinary actions in case of unauthorized disclosure of trade secrets/confidential information by an employee.</p> <p>To ensure the integrity in the use of funds, assets and information, specific offenses have been identified in the Code of Conduct, in the following sections of said Code:</p> <ol style="list-style-type: none"> <li>1.) C. Inappropriate behaviour;</li> <li>2.) D. Dishonesty and Conflict of Interest</li> <li>3.) E. Misuse of Company Property ; and</li> <li>4.) F. Endangering Health, Safety and Security;</li> </ol>

	As regards 'confidential information', there is a specific "Policy on Handling Confidential Information"
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
There are no risks identified since there are processes in place to protect customer privacy.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>
Same as above	

#### Data Security

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of data breaches, including leaks, thefts and losses of data	None	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management approach</b>
There are data privacy aspects applicable to the handling of common shareholders information by GHI, as well as the handling of PDR holders' information by the transfer agent.	<p>GHI processes information in accordance with the Data Privacy Act of 2012 and its Implementing Rules and regulations, and adopts reasonable physical and technical security measures to safeguard the same.</p> <p>Moreover, GMA and GHI execute and adhere to non-disclosure/confidentiality agreements respecting trade secrets and confidential information of other parties transacting business with them.</p>
<b>What are the Risk/s Identified?</b>	<b>Management approach</b>
There are no risks identified since there are agreements in place to prevent data privacy risks.	GHI processes information in accordance with the Data Privacy Act of 2012 and its Implementing Rules and Regulations, and adopts reasonable physical and

	technical security measures to safeguard the same
<b>What are the Opportunity/ies Identified?</b>	<b>Management approach</b>
Same as above	

## UN SUSTAINABLE DEVELOPMENT GOALS

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach Impact of Contribution
Please refer to pages 40 to 52 of GMA's attached Sustainability Report: <a href="https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/">https://www.gmanetwork.com/corporate/disclosures/sustainabilityreports/</a> which sets forth the products and services of GMA which contribute to the UN Sustainable Development Goals.			

*\*None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*