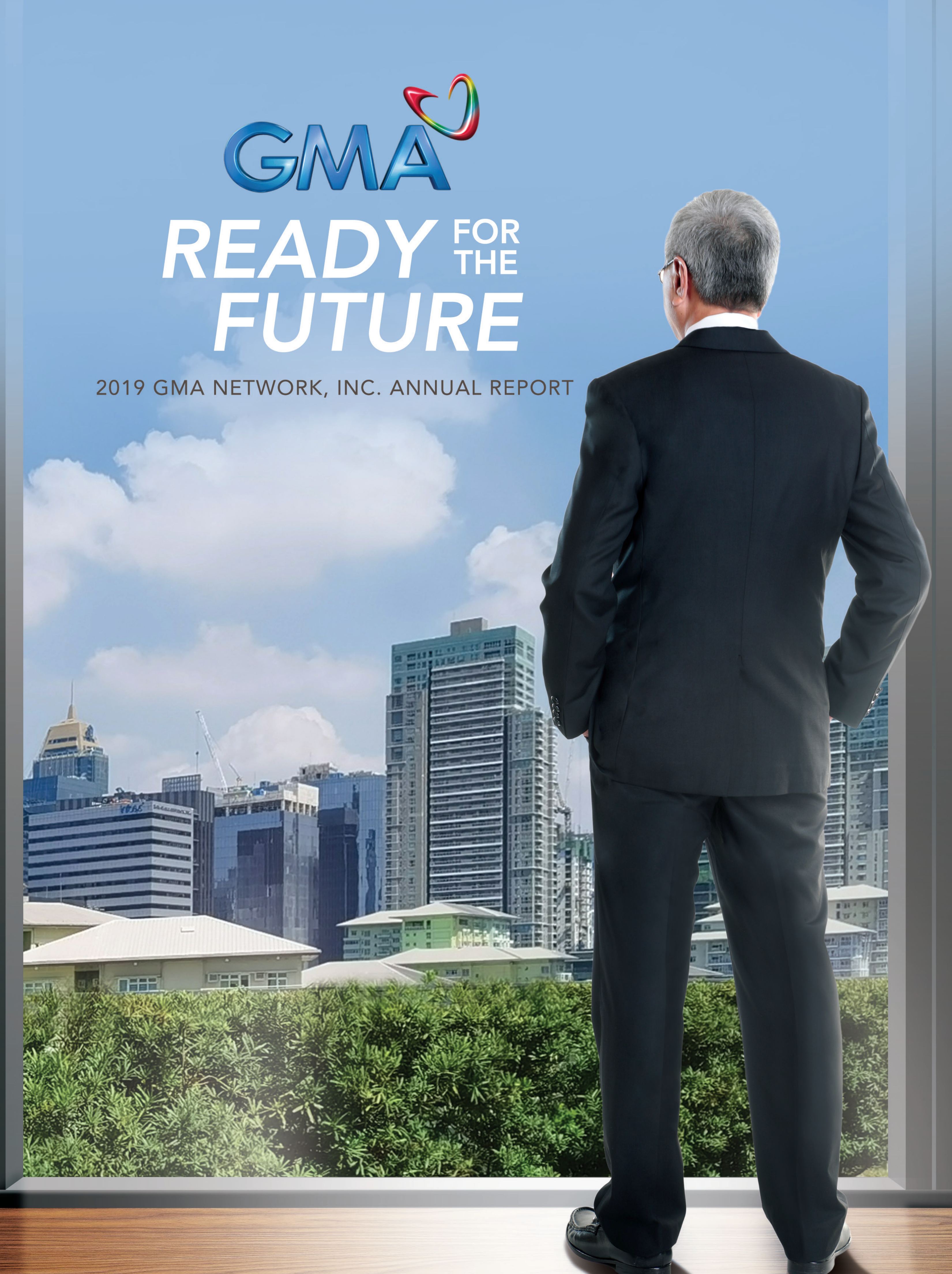
READY FOR THE FUTURE

2019 GMA NETWORK, INC. ANNUAL REPORT



ABOUT THE COVER

The world of media is undergoing radical change. At GMA Network, we have made bold steps for this paradigm shift and are reaping healthy financial results. In 2019, GMA accelerated the business through our award-winning election coverage, the breakthrough success of our digital platforms, and original programs making waves here and abroad. We are not just shaping the future, we are ready for it.

On the cover:
GMA Executive Vice President and Chief Financial Officer Felipe S. Yalong

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GMA Network's news pillars lead the *Eleksyon 2019* advocacy campaign, *Pusuan Ang Totoo.*

CORPORATE **PURPOSE**

We enrich the lives of Filipinos everywhere
with superior Entertainment and the responsible,
unbiased, and timely delivery
of accurate News and Information.

CORPORATE **VISION**

We are the most respected, undisputed leader
in the Philippine broadcast industry
and the recognized media innovator
and pacesetter in Asia.
We are the Filipinos' favorite network.
We are the advertisers' preferred partner.
We are the employer of choice in our industry.
We provide the best returns to our shareholders.
We are a key partner in promoting the best
in the Filipino.

CORPORATE **VALUES**

We place God above all.
We believe that the Viewer is Boss.
We value our People as our best assets.
We uphold Integrity and Transparency.
We are driven by our Passion for Excellence.
We strive for Efficiency in everything we do.
We pursue Creativity and Innovation.

CHAIRMAN'S MESSAGE

"For close to 70 years, we have created timely and timeless stories... These are the bedrock of our future – every journalist, every artist, everyone behind the camera, and you, our dear shareholders."

The year 2019 was a year of challenges and triumphs. We invested heavily in our digitization project, earned record-high engagement in social media, and grew our presence in emerging platforms. However, the way we experience content has changed rapidly. Global companies like Netflix and other technology companies are vying with us for talent and attention. In this digital space, we are competing not just with other Philippine television networks, but with everyone who publishes content.

Your Network is prepared to meet all these changes. In 2019, we partnered with PLDT-Smart to introduce innovative offerings that will cement our position as the country's leading broadcast network and revolutionize the TV viewing experience in the Philippines. The combination of our capabilities brings together great direct-to-consumer business with our world-class content creation expertise. Together, we aim to deliver the best products and experiences to our Kapuso viewers.

In setting the stage for new age television, we focused on commissioning our Digital Terrestrial Transmitters to provide superior digital TV signal reach in various areas in the country. We have improved our field production capabilities and implemented full equipment and software upgrades to process high-end video formats. Our news gathering capabilities were also upgraded to transmit remote live events to GMA Network's Technical Operations Center as they happen.

The past year was marked with transformative moments. One of which was our *Eleksyon 2019* coverage, the most watched coverage nationwide based on Nielsen TV Audience Measurement. Our news leadership had been demonstrated with the advocacy campaign *Pusuan ang Totoo,* which earned a Silver prize for "Best Marketing Campaign for News Brand" at the 2019 Asian Digital Media Awards, a testament to how we inspired Filipinos to stand for what is true, to fight disinformation, and to choose leaders who will truly serve the country. We elevated the news viewing experience with our P63-million state-of-the-art equipment and technology and pioneered augmented reality executions. All of these reaffirm our being the top news source on television and online.

We deepened our commitment to voter education by taking it to the regions. Our regional arm GMA Regional TV brought the *Kapuso Campus Tour: The Regional Masterclass Series* to various schools all over the Philippines, gathering respected names in the fields of media, academe, and community relations to engage in discussions on local and national issues.

Creatively, we continued to produce programs with critical acclaim and strong viewership. Among the many examples of our firsts is *Stand for Truth*, the pioneering millennial, digital newscast. This YouTube Innovation Grant winner has combined hits of one million a day on YouTube and Facebook.

In the international front, we have closely worked with our partner-carriers to make our programs available across all traditional and digital platforms, in both linear and non-linear formats. Our dramas have also proven their universal appeal as they continue to be popular among viewers in countries like Kenya and Dominican Republic. According to data from African surveying platform Geopoll, English-dubbed versions of several GMA programs airing in Kenya exceeded expected figures for primetime viewership. This only shows that our dramas' unique storylines, universal themes, and values make them relatable to foreign audience and help boost the ratings of broadcasters in different territories.

Ratings wise, competition is getting fiercer. While we remained strong in Mega Manila and Urban Luzon, we lost our lead in National Urban TV Audience Measurement or NUTAM. But we assure you, things got better. According to Nielsen, towards the end of 2019 we had already reduced the ratings gap and in early 2020, we have reclaimed the lead in NUTAM ratings.

Despite the challenges we encountered, we managed to increase our consolidated revenues by 8% or P1.257 billion from P15.236 billion to P16.493 billion; keep our costs to 6% or by P762.6 million hike from P11.998 billion; increased our net income before tax (NIBT) by 13% or by P434.4 million to P3.766 billion; and increased our net income after tax (NIAT) by 14% or by P315.3 million to P2.639 billion in 2019.

But what matters most to us is keeping true with our vision–enriching the lives of Filipinos everywhere with superior Entertainment and responsible delivery of News and Information.

For close to 70 years, we have created timely and timeless stories. Everyday, our journalists deliver news that Filipinos care about the most. Our artists capture the country's imagination with meaningful stories. These are the bedrock of our future–every journalist, every artist, everyone behind the camera, and you, our dear shareholders.

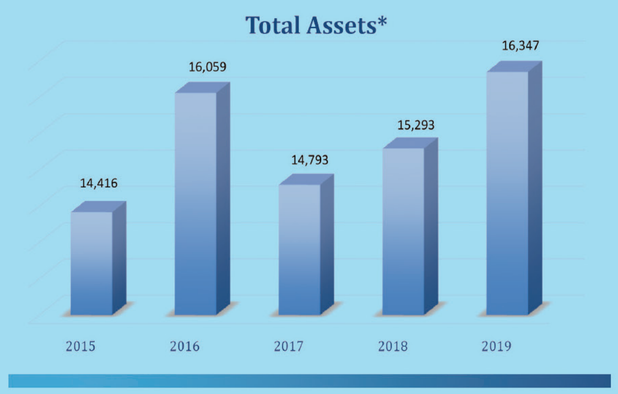
With your support, we are and always will be, excited and ready to face the future.

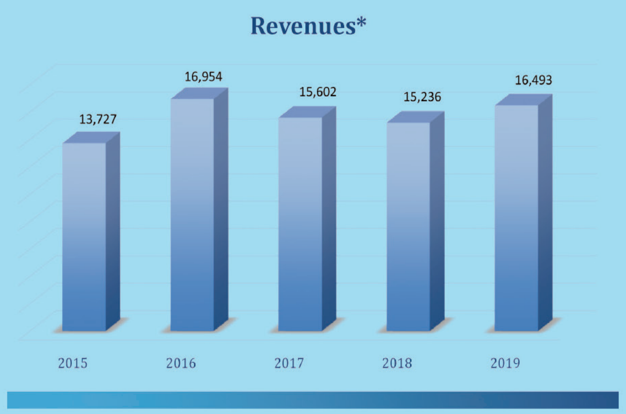
Salamat, mga Kapuso. We remain *Buong Puso Para sa Pilipino*.

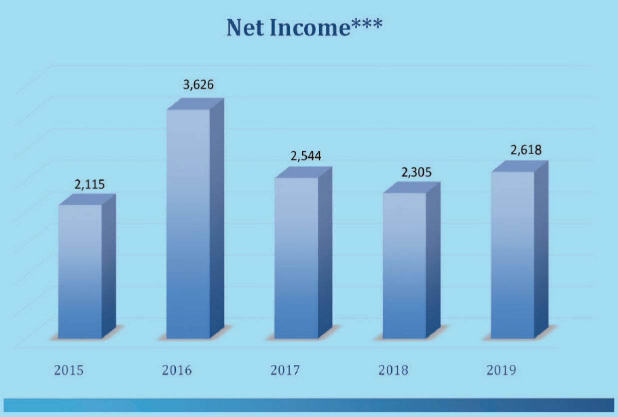
FELIPE L. GOZON
Chairman and CEO

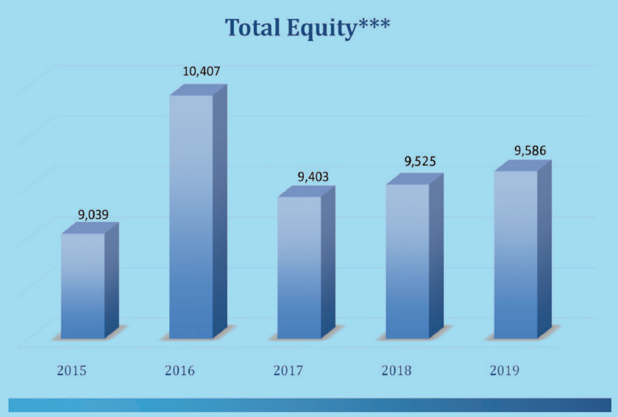
FINANCIAL HIGHLIGHTS

* Amounts in Million Pesos
** Amounts in Pesos
*** Amounts in Million Pesos and attributable to Equity holders of the Parent Company









PRESIDENT'S MESSAGE

"We remain focused on raising the bar of our content to international if not global standards as our business space and addressable markets evolve."

Our financial performance in 2019 was a marked improvement over that of the prior year; with consolidated revenue and net income growth settling at 8% and 14%, respectively.

While our main channel GMA-7 continued to dominate the Nielsen Urban ratings in Mega Manila and Total Luzon in the past year, erratic program ratings in identified time slots throughout the period resulted in a slight reduction in our NUTAM (National Urban) ratings. Subject of incessant corrective efforts, this unfavorable condition has been successfully reversed. Based on the Nielsen Urban ratings covering the first quarter of 2020, GMA-7 has not only regained leadership in the NUTAM ratings but has also taken the lead in Urban Visayas for the first time as it maintained its traditional superiority in both Mega Manila and Total Luzon.

On the other hand, our second channel GMA News TV suffered a reduction in FTA (Free to Air) audience reach in Metro Manila as a result of the necessary shift made to its analog broadcast platform; from the VHF to the UHF band starting June 5, 2019. Nevertheless, GMA News TV closed the year as the outright leader among all the news channels locally once again, bolstered by the inclusion of the Tele-Radio program *Dobol B sa News TV* in its program grid.

Regional TV (RTV) ended the year commendably; as its programs gained audiences outside Mega Manila alongside delivering revenue growth of 4%. It is heartening to note that as the RTV–produced newscast in North Central Luzon continued to lead against its key competitor, our local newscast covering Central and Eastern Visayas ended the year ahead of its counterpart in total year ratings. Also noteworthy is the performance of the newscast targeted at the Western Visayas area, which both narrowed the gap and occasionally beat its competing program within the period. Improvements were also realized in Mindanao, where our local newscast continues to reduce the ratings deficit against competition.

Our Radio business also performed well in the past year, with DZBB (AM) and DWLS FM consistently ranking among the top radio stations in Metro Manila in their respective bands. Closing 2019 with a revenue increase of 7%, we are optimistic that this business segment will continue to strengthen as we see even greater opportunities ahead resulting from broader synergies with other operating groups within the network and the unwavering relevance of the radio medium to a very large portion of the audience.

The anticipated decline in the traditional platform (DTH, Cable, IPTV), International subscription revenues of our linear channels GMA Pinoy TV, GMA Life TV and GMA News TV International settled at a reduction of 9% year-on-year; as the market continued to migrate towards VOD (Video on Demand) options and consumption. In relation to this, efforts of our NMI (GMA New Media) team in exploiting AVOD (Advertising VOD) opportunities via carefully curated content proved successful, generating compensating revenue (attributable to international viewers only) in 2019 which significantly exceeded the decline. While we have started to generate SVOD (Subscription VOD) revenue, much remains to be done and achieved but we are certainly on our way.

On a different note, the several initiatives directed at harnessing and realizing the diverse opportunities and benefits in the digital space progressed vigorously, with double digit growth attained in the referenced metrics and online platforms. By year end, the gains achieved in further expanding our digital audience together with the growth in the online consumption of our content resulted in a 78% year-on-year increase in digital (online) ad revenue; complemented by enhanced digital platform exclusive content and the advantages derived from the broadened promotion of our brands, programs, and talents online. We are positive that a meaningful, upward trajectory in this growing and vital area of our business will be maintained moving forward, as we relentlessly work to reinforce and diversify our content offerings, partnerships, and our relevance to the vast digital audience.

We remain focused on raising the bar of our content to international if not global standards as our business space and addressable markets evolve. While the technical requisites have been put in place, the ability to consistently create better produced as well as more cross-culturally appealing content is work in progress. Changes have been and will continue to be made towards achieving these goals; alongside those being undertaken to further enhance the value and broader appeal of our content to our Filipino audiences both here and abroad.

The onset of the COVID-19 pandemic in the first quarter of 2020 and its ensuing effects both locally and globally has brought on a new set of challenges for us to confront; and has caused us to temporarily suspend projects scheduled for completion or activation within the first half of the year. As we now aggressively work to meet and overcome these new challenges, we are encouraged by what we have been able to achieve and hurdle in the past through your continued trust and support, our invaluable stakeholders.

Maraming salamat sa patuloy nating pagkakaisa, mga Kapuso.

Manatili po kayong ligtas at nasa mabuting kalagayan.

GILBERTO R. DUAVIT, JR.
President and COO

OPERATIONAL HIGHLIGHTS

Depth, accuracy, and integrity are some of the things that GMA Network will be best remembered for in 2019. From an unparalleled election coverage to creative programs–GMA made sure to bring you superior Entertainment and the timely delivery of responsible, unbiased, and accurate News and Information.

Financials

Consolidated revenue grew to a record P16.49 billion, an 8% increase over last year. Higher airtime sales and online advertising revenues propelled the growth. This demonstrated the Network's efficiency, financial discipline, and strategic focus across traditional and emerging platforms.

Advertising revenues contributed 92% to the total revenue of the Network. Core channel GMA 7 posted a 9% climb in airtime sales while GMA News TV ended with a 14% decrease from the previous year.

GMA 7's revenues for this year contributed more than three-fourths of consolidated advertising revenues. Providing the growth impetus for the channel were political advocacies and advertisements. Minus this windfall, the Network still managed to outshine last year's recurring sales by 3%.

Radio operations nationwide bagged a 7% improvement in its top line inclusive of political advocacies and advertisements.

Regional TV (RTV) operations sealed the year with combined revenues from all stations up by 4%. National and local sales were almost equal in terms of revenue contribution for RTV.

Consolidated total operating expenses (OPEX) was at P12,761 million, climbing by P763 million or 6% compared to 2018. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was higher by P568.4 million at P5.392 billion, or up by 12% from previous year.

Ratings

We continued to be the viewers' station of choice in Urban Luzon and Mega Manila throughout 2019, leading across all day parts, including Primetime.

January to December Nielsen TV Audience Measurement data showed that GMA recorded 35.5% total day people audience share, outscoring ABS-CBN's 30.4% in Urban Luzon. The said viewer-rich area accounts for 72% of all urban viewers in the country.

Likewise in Mega Manila, which accounts for 60% of all urban viewers in the country, the Kapuso Network posted 36.6% total day people audience share compared to ABS-CBN's 28%.

While we lost the lead in the National Urban TV Audience Measurement for some parts of the year, our ratings have improved in December 2019.

Other Business Units

International

Airtime advertising abroad through GMA Pinoy TV platform, sealed the period 9% more than a year ago.

However, the business unit recorded a decline in subscriber count averaging by 9% among its three channels offered internationally, thus resulting in revenues from subscription also contracting by 9%. Revenues from non-linear sources abroad, albeit still at its starting stage has increased by more than three folds. Subscription income from international operations and other businesses concluded the year at P1,320 million, down 6% from a year ago.

New Media

Advertising revenues from online sales continued to be the catalyst for revenue growth. Online advertisements grew by 78% compared to a year ago, coming from the improvements in both direct sales and programmatic buys.

GMA Worldwide

GMA Worldwide recorded a 3% decrease in sales over last year.

GMA Music

GMA Music posted a 24% decline in revenues.

Alta Productions

Revenues from ALTA Productions went up by 13%.

Script2010

Revenues from Script2010 increased by 1%.

SUBSIDIARIES
JOINT VENTURES
AFFILIATES

SUBSIDIARIES
(100% Ownership)

GMA Network Films, Inc. - Film production

GMA New Media, Inc. (NMI) - Converging technology

GMA Worldwide (Philippines), Inc. - International marketing and syndication of the Parent Company's programs

RGMA Marketing and Productions, Inc. (GMA Music) - Music recording, publishing and video distribution

Alta Production Group, Inc. - Pre-and post-production services

GMA Marketing & Productions, Inc. (GMPI)* - Exclusive marketing and sales arm of GMA's airtime, events management, sales implementation, traffic services and monitoring

Citynet Network Marketing and Productions, Inc. - Television entertainment production

Scenarios, Inc.* - Design, construction and maintenance of sets for TV, stage plays and concerts, transportation services

Script2010, Inc. (Script2010)** - Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services

Mediamerge Corporation*** - Business development and operations for the Company's online publishing/advertising initiatives

Digify, Inc. (Digify)*** - Crafting, planning and handling advertising and other forms of promotion including multi-media productions

JOINT VENTURES
(50% Ownership)

INQ7 Interactive, Inc.* - Internet publishing

Philippine Entertainment Portal, Inc. (PEP)*** - Internet publishing

AFFILIATES
(49% Ownership)

Mont-Aire Realty and Development Corp. - Real estate

RGMA Network, Inc. - Radio broadcasting and management

Notes:
* Not operational
** Indirectly owned through Citynet Network Marketing and Productions, Inc.
*** Indirectly owned through GMA New Media, Inc.

CORPORATE
CITIZENSHIP

At GMA, *Serbisyong Totoo* is not only something we do in the newsrooms or on the air. It is made more alive in our external programs. This is the Kapuso way–empowering citizens with information that matters, going to affected areas to bring help, and forging partnerships to bring solutions that enrich the lives of Filipinos.

> Sa GMA, di lamang namin inaakong responsibilidad ang paghahatid ng balita at impormasyong walang kinikilingan, walang pinoprotektahan at walang kasinungalingan. Kami'y walang sawa ring naghahatid ng tulong, kaalaman at higit sa lahat, pag-asa sa ating mga kababayan. Ito ang tunay na Serbisyong Totoo.
>
> **Felipe L. Gozon**
> Chairman and CEO
> GMA Network, Inc.

EDUCATION

Empowerment through information is at the forefront of our goals as a television network. With this in mind, we create programs that advance journalism. In partnership with academic institutions, we use the expertise of our employees to create lasting impact.

GMA Network Excellence Award (GNEA)

GNEA is an annual nationwide search that recognizes outstanding graduating Filipino students of communication and technology-based courses. For 17 years, GNEA has conferred awards to the next generation of media practitioners who demonstrate leadership, academic performance, and social responsibility. Students undergo a rigorous screening and from an exceptional group of finalists, two of them (one from each category) are given the recognition of being the GMA Network Excellence Awardees of the year with a cash prize and an opportunity to be part of the Network's workforce.

The 2019 GMA Network Excellence Awardees: Ryan Delos Reyes Francisco–*Magna Cum Laude*, BS Computer Engineering, University of the East-Caloocan (Technology-Based Category) and Wenilyn Sabalo–*Magna Cum Laude*, Bachelor of Arts in Journalism, University of San Jose-Recoletos (Communication Category).

> Ito po ang magiging stepping stone para magpatuloy bilang isang advocate ng quality education. Gagamitin ko po ito para maging role model lalo na sa mga out-of-school youth na nangangailangan talaga. Sabi nga po ng mga magulang natin, edukasyon ang pinakamagandang yaman na maipapamana natin sa kahit na sino.
>
> **Ryan Delos Reyes Francisco**
> 2019 GMA Network Excellence Awardee

GMA College Scholarship Program

We provide financial assistance to deserving children of employees who have shown distinct academic performance but are financially constrained. The grant covers tuition fees, a monthly stipend, textbook allowance, school supplies, and clothing/uniform allowance. In 2019, six beneficiaries were granted with scholarships for four-year/five-year courses.

GMA Regional TV Kapuso Campus Tour: The Regional Masterclass Series

The Regional Masterclass Series is a major component of the Network's election advocacy, '*Pusuan ang Totoo*'–is a call to stand for what is true, to fight against corruption and disinformation, and to choose leaders who will truly serve the country. Through GMA Regional TV, The Regional

Masterclass Series was brought across seven key cities all over the country.

GMA News Pillar Howie Severino led the team of Kapuso award-winning broadcast journalists and public affairs personalities who went from one school to another in the span of four months. Joining him were Ivan Mayrina, Raffy Tima, Sandra Aguinaldo, Mariz Umali, Jun Veneracion, Nielsen Donato, and Atom Araullo. They shared insights on news reporting, documentary-making, spotting fake news, and mobile journalism.

Meanwhile, GMA Regional TV news anchors and personalities Cecille Quibod-Castro of *Balitang Bisdak*, Adrian Prietos of *One Western Visayas*, Joanne Ponsoy of *Balitang Amianan*, Real Sorroche and Sheillah Vergara-Rubio of *One Mindanao*, emphasized the importance of local news.

> Voting also means not taking for granted the sacrifices made in the past by our forefathers so we can exercise this right and privilege so that we may choose the best leaders for our country – hopefully, with informed, intelligent, and independent judgment.
>
> **Oliver Victor B. Amoroso**
> Vice President and Head
> GMA Regional TV

Public Information

For the Kapuso Network, providing timely, comprehensive, objective, and balanced news and information is our primary duty and obligation. Through the Run of Station or ROS plugs, we air advocacy plugs on things that matter most–education, environment, nationalism, safety, and health. We dedicate talent and a significant amount of airtime to broadcast vital information for free.

ENVIRONMENT

Our commitment to the environment is greater than ever. We broadcast programs and content that champion the planet, to keep viewers informed and inspired about local and global environmental challenges. Beyond programming, we institutionalized green advocacy through the *Kapuso ng Kalikasan*, our flagship program where we work with various institutions to protect our common home.

Mindful of the importance of energy and water, two critical resources for the planet, we partnered with World Wide Fund for Nature's Earth Hour and Maynilad's Plant for Life. By saving energy and reforesting watersheds, we help limit carbon emissions and protect water quality. Recognizing the importance of healthy oceans to the Philippines, we joined the International Coastal Clean Up, the largest volunteer effort for the marine environment.

Within our premises, we have implemented green practices which are integrated into our business operations–energy and water conservation and waste management.

Panata ng Kapuso ng Kalikasan

Dahil mahal natin ang kalikasan, siya ay pakaingatan at 'wag samantalahin

At nang maibahagi natin sa susunod na henerasyon

Ang handog niyang biyaya at pag-asa sa kinabukasan.

HEALTH

Safe blood for all. This is one of the commitments that GMA Network has supported for more than a decade. Through blood donation and raising awareness on its importance, we help save and sustain lives. In 2019, we turned over a total of 1,136 (511,200 cc) blood bags to the Philippine Red Cross during the nationwide Kapuso Bloodletting Day. Kapuso employees and talents, along with their families and friends donated a record high of 317 blood bags at the GMA headquarters in Quezon City. We added 819 more blood bags through bloodletting activities in Dagupan, Ilocos, Naga, Cebu, Bacolod, Iloilo, Davao, General Santos, and Cagayan de Oro.

Kapuso star Alden Richards, a second-time blood donor, participated in this year's bloodletting along with other GMA personalities.

> The Kapuso Bloodletting is our yearly project with the Philippine Red Cross and is very close to my heart. The selfless act of sharing one's blood to save another one's life is truly noble. We will continue this meaningful commitment to serve our Kapuso in the years to come.

Angela Javier Cruz
Vice President and Head
GMA Network Corporate Affairs and Communications

VOLUNTEERISM

Among the programs closest to our heart is our volunteerism program–GMA G.I.V.E.S (Guide, Interact, Volunteer, Educate, Serve)–powered by our employee-volunteers. Together, our employees and talents share their time and resources in giving back to the community. Through a wide range of programs such as Brigada Eskwela, Mangrove Tree Planting, Coast Clean-Ups, and Christmas Festivities, we enrich lives while connecting our employees with advocacies they care about the most.

Tahanang Walang Hagdanan children beneficiaries share a light moment with Starstruck Season 7 alumna Crystal Paras.

GMA G.I.V.E.S. employee-volunteers planted over a thousand propagules and cleaned up the areas along the coastal line of Kawit, Cavite in celebration of World Water Day.

FOUNDATIONS

Buong Puso Para Sa Pilipino is a commitment we have taken to heart not just on our anniversary year, but since the beginning. Through these foundations, we continue to be one in heart with the Filipino.

GMA Kapuso Foundation (GMAKF)

Poverty alleviation is the driving force behind GMAKF, the Network's corporate philanthropy arm. Through the help of its donors and partners, they have served a total of 383,066 Filipinos in 2019 through its Health, Disaster Relief, Education, and Values Formation programs.

Under its Kapuso Tulay Para sa Kaunlaran project, GMAKF built its first steel and concrete bridge in Mindanao with the help of multisectoral partners and donors. The 50-meter bridge at Barangay Mapula in Paquibato, Davao City connects remote communities to trade and learning centers. The bridge serves 4,520 residents who belong to the Ata Manobo tribe. This project was closely followed with a second Kapuso bridge in Naawan and Manticao in Misamis Oriental, through a joint project of Rotary-Araneta QC which benefits 50, 612 residents.

In the same year, GMAKF turned over to the community its third Kapuso school under the Rebuild Marawi Project in partnership with the Embassy of Japan in the Philippines and multisectoral partners. The Datu Saber Elementary School at Barangay Datu Saber in Marawi City, Lanao del Sur is a smart space building which stands on a 320-square meter lot. It has seven classrooms, segregated restrooms for boys and girls, handwash facilities and amenities such as library, canteen, stage, and vertical vegetable hanging garden. The new school was turned over to the community in December 2019 and the official inauguration will be in 2020.

GMAKF Paquibato Bridge Groundbreaking

Ang simbolo nito is hope. An indication that when we work together, anything is possible.

Lt. Gen. Noel Clemente
on GMAKF's Kapuso Tulay Para sa Kaunlaran
Chief of Staff, Armed Forces of the Philippines

Kapwa Ko Mahal Ko (KKMK)

For more than four decades, KKMK has been committed to uplift the well-being of indigent people through education and health care. In 2019, KKMK provided medical assistance to 1,141 less fortunate patients nationwide by giving medicines, laboratory and diagnostic procedures, and surgery assistance, among others. Through Gamot para sa Kapwa, a joint program with SM Foundation, 87 medical missions were held nationwide providing medical assistance to 79,738 Filipinos.

To further strengthen its medical assistance and medical information campaign, the foundation partnered with Rotary Club of Makati Uptown and Philippine College of Physicians. The Rotary Club of Makati Uptown provided financial assistance for the children with Acute Lymphocytic Leukemia who are beneficiaries of KKMK's Batang Kanser (BK) program. The Philippine College of Physicians served as resource persons to educate the general public on KKMK's public service TV show segment Sagot ni Dok.

The foundation also initiated events as part of its psychosocial support for its BK program beneficiaries through watching a live taping of MARS, GMA's talk show and an educational tour at Gardenia Bakeries Philippines in Laguna and AMSPEC (Crayola) in Muntinlupa.

From a television show to an institution, KKMK continues with its commitment to public service. As in the words of its president Orly Mercado, "We will never run out of poor people who need help. We have to be here for as long as it takes."

BOARD OF DIRECTORS

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FELIPE S. YALONG
Director

FELIPE L. GOZON
Chairman and CEO

GILBERTO R. DUAVIT, JR.
President and COO

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.

He is also a Director of GMA Worldwide, Inc., GMA Network Films, Inc., Antipolo Agri-Business & Land Development 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 Akademyang Filipino.

Atty. Gozon is a recipient of many 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), Business Excellence Award given by BizNews Asia (2009), 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 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), Platinum Business Icon Award given by BizNews Asia (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), 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), Visionary Management Excellence Award given by BizNews Asia (2015, 2016), Management Excellence Award given by BizNews Asia (2017, 2019), and Asia's Best Broadcast CEO given by BizNews Asia (2018). He is also listed among BizNews 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 Chairman and President/CEO 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.

Duavit holds a Bachelor of Arts degree in Philosophy from the University of the Philippines.

JOEL MARCELO G. JIMENEZ, Filipino, 56 years old, has been a Director of the Company since 2002. He is currently the Vice Chairman of the Executive Committee of GMA Network, Inc., President & CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions Group, Inc. He is a Director of RGMA Network, Inc., Executive Committee Chairman and Director of GMA New Media, Inc., Scenarios, Inc., GMA Worldwide, Inc., Citynet Network Marketing and Productions, Inc., Malayan Savings and Mortgage Bank, Unicapital Securities, Inc., and Nuvoland Philippines He is also a Trustee of GMA Kapuso Foundation, Inc.

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

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 and a Trustee of GMA Kapuso Foundation, Inc.

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

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

ANNA TERESA M. GOZON-VALDES, 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*, with a Bachelor of Science degree in Management Engineering from Ateneo de Manila University. She obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian and *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., the President of GMA Films, Inc. former GMA Worldwide, Inc. President, and Treasurer of Citynet Network Marketing & Productions, Inc. She is also a Trustee of GMA Kapuso Foundation.

JUDITH R. DUAVIT-VAZQUEZ, Filipino, 57 years old, has been a Director of the Company since 1988. She is a member of the following special committees: Audit & Risk Committee and Compensation & Remuneration Committee. Moreover, she sits on the boards of the following GMA7 subsidiaries: RGMA, Inc., GMA New Media, Inc., GMA Worldwide, Inc., and GMA Films, Inc. She is a member of the Board of Trustees of the GMA Kapuso Foundation, Inc.

Vazquez is an acknowledged visionary and industry mover in Philippine Information and Communication Technology space. In 1995, she laid the nation's first fiber in the Central Business District of Makati and developed the country's first ICT ready 24x7 intelligent skyscraper - 45-story 'The Peak Tower' and location of many 'Internet Firsts'.

She is the founder and chairman of PHCOLO, Inc. - the neutral interconnection site of telecommunications and Internet

Service Provider companies on four platforms: fixed-line fiber, cable, wireless and satellite; founder and chairman of Vigil Investments Inc. and 107 Leviste Inc.

Her successful and visionary efforts in the field of Information and Communications Technology, have earned her the moniker "Godmother of the Philippine Internet," a position in Computerworld's list of "Philippines' Most Powerful in ICT" and "IT Executive of the Year" by the Philippine Cyber Press.

Her philanthropic endeavors include Asian Institute of Management's first Professorial Chair for Entrepreneurship and a lecture room at the University of the Philippines' School of Economics, among others. When her schedule permits, she is Senior Lecturer for Entrepreneurship at the College of Business Administration, University of the Philippines. She serves Harvard University as a volunteer alumni-interviewer of incoming freshman applicants.

Her international organization memberships include the APNIC (Asia Pacific's IP Addressing Body), Pacific Telecommunications Council, IEEE, Young Presidents'/World Presidents' Organization (YPO), AFCEA, INSA, USGIF and Harvard HBS Alumni Association Washington DC. She has served on the boards of the Management Association of the Philippines (MAP), Financial Executives Association of the Philippines (FINEX) and YPO Gold Washington DC - Baltimore.

Vazquez is a respected personality in Global Internet Governance circles. She was the first female Asian elected to an independent board seat at the Internet Corporation for Assigned Names and Numbers (ICANN) and remains the only Asian female who has held this honor to this day.

She holds a Bachelor of Science degree in Business Economics from the University of the Philippines. She is an alumna of Harvard Business School, University of Michigan (Ann Arbor) and the Asian Institute of Management. She is a constant student and continuously grows her skills-base from TCP/IP networking, firewall/security architecture, to nascent and enterprise productivity technologies.

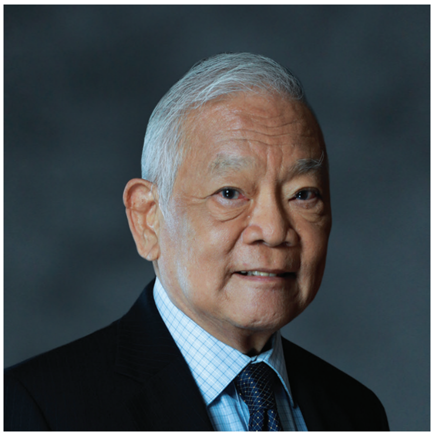
LAURA J. WESTFALL, Filipino, 52 years old, has been a Director of the Company since 2000. She held the following positions in the Company: Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman–Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, and Museo Pambata. She is also President of the Yale Club of the Philippines.

Westfall holds a Master of Science degree in Public and Private Management from Yale University and a Bachelor of Science degree in Accounting from the University of Southern California. She is a Certified Public Accountant in the State of California.

CHIEF JUSTICE ARTEMIO V. PANGANIBAN, Filipino, 83 years old, has been an Independent Director of the Company since 2007. In 1995, he was named 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.; PLDT, Inc.; Petron Corporation; Asian Terminals and a non-Executive Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank and Trust Company; Member, Advisory Council, Bank of the Philippine Islands; Chairman, Board of Advisers of Metrobank Foundation; Adviser of Double Dragon Properties; Chairman of the Board of the Foundation for Liberty and Prosperity; President of the Manila Cathedral Basilica Foundation; Chairman Emeritus of Philippine Dispute Resolution Center, Inc.; and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He is a Member of the Permanent Court of Arbitration based in The Hague, Netherlands, and 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, as *cum laude* and "Most Outstanding Student" 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.



JAIME C. LAYA, Filipino, 81 years old, has been an Independent Director of GMA Network, Inc. since 2007. He is the 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., Trustee of Escuela Taller de Filipinas Foundation, Inc., 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.

Laya earned his Bachelor of Science in Business Administration, *magna cum laude*, University of the Philippines, 1957; Master of Science in Industrial Management, Georgia Institute of Technology, 1960; Doctor of Philosophy in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.

ROBERTO RAFAEL V. LUCILA, Filipino, 64 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 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., Chairman of H&WB Asia Pacific (Pte. Ltd.) Corporation, and the President of Assetlex Development Corporation, Inc., and eMerchant Asia 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, Institute of Law. 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 Officer-in-Charge 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.

EXECUTIVE COMMITTEE

1 GILBERTO R. DUAVIT, JR.
Chairman

2 FELIPE L. GOZON
Member

3 JOEL MARCELO G. JIMENEZ
Vice Chairman

SENIOR EXECUTIVES

1 FELIPE S. YALONG
Executive Vice President and CFO

2 LIZELLE G. MARALAG
Chief Marketing Officer

3 MARISSA L. FLORES
Senior Vice President
News and Public Affairs

4 LILYBETH G. RASONABLE
Senior Vice President, Entertainment Group

5 ELVIS B. ANCHETA
Senior Vice President, Engineering

6 RONALDO P. MASTRILI
Senior Vice President, Finance and ICT

7 MIGUEL C. ENRIQUEZ
Consultant, Radio Operations

HEADS OF SUBSIDIARIES

1 FELIPE L. GOZON
Chairman and CEO of GMA New Media, Inc.; Chairman of Alta Productions, Inc., Citynet Network Marketing and Productions, Inc., RGMA Marketing and Productions, Inc., Script2010, Inc., Digify, Inc. and MediaMerge Corp.

2 GILBERTO R. DUAVIT, JR.
Chairman of GMA Network Films, Inc. and GMA Worldwide, Inc.; President/CEO of Script2010, Inc., RGMA Marketing and Productions, Inc.; President of Citynet Network Marketing and Productions, Inc. and MediaMerge Corp.

FIRST VICE PRESIDENTS

1 AYAHL ARI AUGUSTO P. CHIO
Investor Relations and Administration

2 PAUL HENDRIK P. TICZON
Post Production

3 MA. LEAH A. NUYDA
Sales and Marketing Group

4 JOSEPH JEROME T. FRANCIA
GMA International

5 SHEILA A. TAN
Research

6 LUZ ANNALEE ESCUDERO-CATIBOG
Public Service and Community Relations, GMAKF EVP and COO

3 DENNIS AUGUSTO L. CAHARIAN
President and COO, GMA New Media, Inc. and President, Digify, Inc.

4 ANNA TERESA M. GOZON-VALDES
President of GMA Worldwide, Inc. and GMA Network Films, Inc.

5 EDMUND A. ALCARAZ
President and COO,
Alta Productions, Inc.

7 JOSE MARI R. ABACAN
Program Management

8 REGIE C. BAUTISTA
Chief Risk Officer
Corporate Strategic Planning and Program Support

9 EDUARDO P. SANTOS
Consultant, Internal Audit
Data Privacy Officer

10 IANESSA S. VALDELLON
Public Affairs

11 JOSE SEVERINO V. FUENTES
Content Management and On-Air Systems

12 MARY GRACE D. REYES
News

13 RIZALINA D. GARDUQUE
Sales and Marketing Group

VICE PRESIDENTS

1 VICTORIA T. ARRADAZA
Supply and Asset Management

2 MA. NENITA E. CRUZ
Information and Communications Technology

3 OLIVER VICTOR B. AMOROSO
Regional TV

4 JANINE P. NACAR
Business Development Department II
Comedy/Infotainment/Game/Reality Productions

5 HORACIO G. SEVERINO
Professional Development
News and Public Affairs

6 ANGELA CARMELA J. CRUZ
Corporate Affairs and Communications

7 GLENN F. ALLONA
Radio Operations

ASSISTANT VICE PRESIDENTS & CONSULTANTS

INFORMATION & COMMUNICATIONS TECHNOLOGY DEPARTMENT

ANJANNETTE C. ENRIQUEZ
Broadcast Systems

EDWIN P. JIMENEZ
Infrastructure Systems

ADORACION S. LAPADA
Application Systems Division

REMEDIOS D. REYES
Central Library and Archives Management

ADMINISTRATION DEPARTMENT

ALFONSO C. CRUZ, JR.
Facilities Management

ENGINEERING GROUP

AMERIGO L. SANTOS
Senior AVP, Division Head, Broadcast Engineering Services Division, Concurrent Head, Engineering Administration Section

JEFFRY Q. EVANGELISTA
Division Head of Studio & Remote Operations, PED

ROBERTO B. NACAR
Technical Operations System Support Division, CMOSD

JAYSON E. DELA TORRE
Broadcast IT Division, CMOSD

ENTERTAINMENT GROUP

GIRLY SANTIAGO-LARA
Senior AVP, Alternative Productions

8 REYNALDO B. REYES
Production Engineering

9 MA. LUZ P. DELFIN
Legal Affairs

10 MA. REGINA A. MAGNO
Drama Productions

11 CORAZON D. BODEGON
Business Development Department III
Talk/Magazine/Musical/Variety/Specials
and Alternative Productions

12 RAFAEL MARTIN L. SAN AGUSTIN, JR.
Program Support Department

13 GERROME Y. APOLONA
Human Resources
Development Department

14 RJ ANTONIO S. SEVA
Sales & Marketing Group

CHERYL C. SY
Business Development I - Drama Productions

MA. EVA U. ARESPACOCHAGA
Business Development II - Comedy/Infotainment/Game/Reality
Productions

SUPPLY AND ASSET MANAGEMENT

JAVIER B. LAXINA
Consultant

FINANCE DEPARTMENT

MA. LUCILLE U. DELA CRUZ
Senior AVP, Treasury and Traffic Division

JOSE S. TOLEDO, JR.
Senior AVP, Budget & Payroll

ROLANDO G. SANICO, JR.
Senior AVP, Controllership and Systems Division

MERCEDES MACY T. SUEÑA
Senior AVP, Financial Management Systems Division

FARLEY D. AREOLA
Subsidiaries Financial Accounting Division

GMA INTERNATIONAL DEPARTMENT

MARIA ROSARIO C. DOMINGO
Programming Division

NEWS AND PUBLIC AFFAIRS GROUP

CLYDE ROLANDO A. MERCADO
Senior AVP, Public Affairs

ARLENE U. CARNAY
Senior AVP, Public Affairs

NEIL B. GUMBAN
Senior AVP, Public Affairs

MICHELLE RITA S. RECTO
Senior AVP, News Programs & Specials

JAILEEN F. JIMENO
Public Affairs

JOHN OLIVER T. MANALASTAS
News Production

JAEMARK S. TORDECILLA
News and Public Affairs Digital Media and
Concurrent Editor-in-Chief, Media Merge

RIZA D. LAURENTE
Systems & Budget

PROGRAM MANAGEMENT DEPARTMENT

MILDRED ZARAH D. GARCIA
Program Management

PROGRAM ANALYSIS DIVISION

RAFAEL P. MENDOZA
Program Analysis Division

JOSE MARIA F. BARTOLOME
Consultant

CORPORATE AFFAIRS AND COMMUNICATIONS

JOSELITO F. AQUIO
Corporate Communications Division

PROGRAM SUPPORT DEPARTMENT

LEO P. MATA
Senior AVP, Media and On-Air Continuity

HASMIN A. MARABLE
Marketing Communications

EDUARDO B. GARCIA
Creative Services Division

CORPORATE STRATEGIC PLANNING

MARIS L. ROMANO
Corporate Strategic Planning

POST PRODUCTION DEPARTMENT

ANTONINO MA. P. SANTOS
Technical and Media Server Support Division

VINCENT C. GEALOGO
Operations Division, Concurrent Head,
Digital Cinematography and Standards Section

RESEARCH DEPARTMENT

JEANETTE P. ABUAN
Marketing/Panel Monitoring/OTT Metrics & Corporate
Research Support Division

SALES AND MARKETING GROUP

JAY S. FOJA
Senior AVP, Sales Monitoring/Admin/Budget,
Sales & Marketing Group

RAMON V. BOLISAY
Sales & Marketing Group

SHERILYN ANN T. DIZON-ARCE
Sales & Marketing Group

JOHANNA PATRICIA C. JACINTO
Sales & Marketing Group

MARLON B. MAÑAOL
Sales & Marketing Group

MARIA PAULA THERESA C. ROSALES
Sales & Marketing Group

MARIA LOURDES F. REYES
Sales & Marketing Group

SERAFIN P. BAUTISTA
Consultant, Pinoy TV

VICKY R. PACIS
Consultant, Pinoy TV

LIRIO B. ESCAÑO
Consultant, Management Services

SUSAN B. FOZ
Consultant, Sales and Marketing Group

TALENT DEVELOPMENT & MANAGEMENT DEPARTMENT

JOSEPH SIMOUN S. FERRER
Talent Imaging and Marketing Division

VIEWER DIRECTED MARKETING DIVISION

ROSSETTE MARIE H. ROA
Senior AVP

GMA SUBSIDIARIES

RGMA NETWORK, INC.

EUGENE H. RAMOS
Vice President, Finance and Administration

MA. LOURDES D. ALONZO
Assistant Vice President, Finance

JACK DENNIS L. SERRANO
Assistant Vice President, Events and Creative Services

SCRIPT2010, INC.

ERNESTO R. BALLESER
Executive Vice President

GMA WORLDWIDE, INC.

ROXANNE J. BARCELONA
Vice President

GMA NEW MEDIA, INC.

RAYMUND C. SARMIENTO
Senior Vice President, Systems Technology; CTO

JOAN CHRISTINE BEVERLY B. GALLARES
Senior Vice President, Marketing & Content

MA. MARTHA MICHAELA E. AGCAOILI
Senior Vice President, Development & Operations

EVERT CHRIS R. MIRANDA
Senior Vice President, Sales & Linkages
General Manager for Digify

LIEZYL A. GARCIA
Vice President, General Support Services

MARILYN D. SEE
Vice President, Online Advertising

MA. SABRINA M. BELARDO
Vice President, Marketing

MARLON H. GAN
Vice President, Software & Creative Development

FERDINAND V. PERLAS
Vice President, Research & Development

RANDY NIVALES
Vice President, Web & Systems Development assigned to Digify

AARON MAGTIBAY
Senior Assistant Vice President, Multimedia & Tech Support

RUFINO RAMIL R. ESCARA, III
Senior Assistant Vice President, Techni-Creative Unit

EDILBERTO DONATO BALANAK
Senior Assistant Vice President, Process & Quality Assurance

LUCILLE U. ALADO
Assistant Vice President, HR and Office Admin

JERARD DOMNIC IRVING F. BELTRAN
Assistant Vice President, Research & Development

ROLANDO RAFAEL
Assistant Vice President, Legal, Compliance & Digital Rights Management

JOEL TAN
Assistant Vice President, Systems and Network Admin

LEONARDO ROSARIE
Assistant Vice President, Online Advertising Solutions

ROMMEL ROCCA
Assistant Vice President, Mobile App Development

MEDIA MERGE CORPORATION

MARISSA L. FLORES
Executive Vice President, Editorial

DENNIS AUGUSTO L. CAHARIAN
Executive Vice President, Business Operations

DIGIFY, INC.

RODELIO ARENAS
Assistant Vice President, Mobile Development

RGMA MARKETING & PRODUCTIONS, INC. (GMA MUSIC)

RENE A. SALTA
Managing Director

CORPORATE GOVERNANCE

GMA Network, Inc. is committed to the principles of good governance and recognizes their importance in safeguarding shareholders' interests and in enhancing shareholder value. The Company has adopted a Revised Manual on Corporate Governance to institutionalize the Company's adherence to these principles. This Revised Manual clearly sets out the principles of good management and defines the specific responsibilities of the Board, the Board Committees, and management within the overall governance framework.

The Revised Manual conforms to the requirements of the Philippine Securities and Exchange Commission and covers policies, among others:

(a) Independent directors
(b) Key board committees (e.g. Executive Committee, Nomination Committee, Audit and Risk Management Committee, Compensation and Remuneration Committee)
(c) Independent auditors
(d) Internal audit
(e) Disclosure system of company's governance policies
(f) Stockholder rights
(g) Monitoring and assessment
(h) Penalties for non-compliance

The Board of Directors, led by the Chairman, Atty. Felipe L. Gozon, strongly advocates accountability, transparency and integrity in all aspects of the business and commits themselves to the best practices of governance in the pursuit of the Company's Mission and Vision.

To ensure adherence to corporate governance, the Board designated a Compliance Officer. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Manual on Corporate Governance (attached to the Company's letter to the Securities and Exchange Commission dated May 22, 2017) as well as the Company's Integrated Annual Corporate Governance Report for year 2017 filed with the Securities and Exchange Commission on May 23, 2018, there have been no deviations from the Company's Manual as of date.

Board of Directors

Compliance with the principles of good governance starts with the Company's Board of Directors. The Board is responsible for oversight of the business, determination of the company's long-term strategy and objectives, and management of the company's risks by ensuring the company's internal controls and procedures are observed. The Board of Directors ensures a high standard of governance, and promotes and protects the interests of the Company, its stockholders and other stakeholders.

The Board consists of nine directors, two of whom are independent directors. All nine members of the Board have the expertise, professional experience and background that allow a thorough discussion and deliberation of issues and matters affecting the Company.

The two independent directors–former Chief Justice Artemio V. Panganiban and Dr. Jaime C. Laya–have no relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Board comprises the following members:

Name	Position
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Anna Teresa M. Gozon-Valdes	Director
Joel Marcelo G. Jimenez	Director
Judith R. Duavit-Vazquez	Director
Laura J. Westfall	Director
Felipe S. Yalong	Chief Financial Officer and Executive Vice-President
Artemio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met six (6) times in 2019. The attendance of the individual directors at these meetings is duly recorded as follows:

Director	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	6	0
Judith R. Duavit-Vazquez	6	0
Gilberto R. Duavit, Jr.	6	0
Joel Marcelo G. Jimenez	6	0
Felipe S. Yalong	6	0
Anna Teresa M. Gozon-Valdes	6	0
Laura J. Westfall	6	0
Artemio V. Panganiban	6	0
Jaime C. Laya	6	0

All directors have individually complied with the SEC's minimum attendance requirement of 50%.

The Chairman, Felipe L. Gozon, presided over all the Board meetings for the year. He likewise presided over the Annual Stockholders' Meeting, with all the members of the Board in attendance.

Board Remuneration

The amended by-laws of the Company provides that the Board of Directors shall be entitled to an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year and per diems for every board meeting attended. Of the said 2.5%, one percent (1%) shall be distributed equally among the members of the Board of Directors, while the remaining one and a half percent (1.5%) shall be distributed equally among the members of the Executive Committee.

Committees and Meetings of the Board of Directors

Four committees were established to aid in complying with the principles of good governance and address issues requiring the Board's attention:

Executive Committee

The Executive Committee (Excom) consists of three members which includes the Chairman of the Board and CEO Felipe L. Gozon, President and COO Gilberto R. Duavit, Jr. and Director Joel G. Jimenez. Mr. Gilberto R. Duavit, Jr. serves as Chairman of the Committee. It acts on matters delegated to it by the Board of Directors. The Excom acts by a majority vote and in accordance with the authority granted by the Board. All actions of the Excom are reported to the Board for ratification at the meeting immediately following such action.

The jurisdiction of the Executive Committee has been expanded to include the functions and responsibilities of the Corporate Governance Committee, except those pertaining to the nomination and election of directors and the procedure for determining the remuneration of directors and officers which remain vested in the Nomination Committee and the Compensation and Remuneration Committee, as well as the power to evaluate the performance of the Board of Directors as it pertains to the stockholders and the duly elected Board directors themselves.

Nomination Committee

The Nomination Committee is chaired by Felipe L. Gozon and composed of four members that include an independent director in the person of former Chief Justice Artemio V. Panganiban as Vice Chairman, with Gilberto R. Duavit, Jr. and Joel Marcelo G. Jimenez as members. The mission of the Nomination Committee is to provide the shareholders with an independent and objective evaluation and assurance that the membership of the Board of Directors is competent and will foster the long-term success of the Corporation and secure its competitiveness. The Nomination Committee assists the Board of Directors in ensuring that all nominees to the Board of Directors are competent and qualified to be nominated as Director based on internal guidelines. This is to ensure that: (a) there is a proper mix of competent directors that would continuously improve shareholder's value; and, (b) Directors will ensure a high standard of best practices for the Company and its stakeholders.

Compensation and Remuneration Committee

The members of the Compensation and Remuneration Committee are Felipe L. Gozon (Chairman), former Chief Justice Artemio V. Panganiban (Vice Chairman), with Gilberto R. Duavit, Jr. and Laura J. Westfall as members. The Committee recommends a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Company successfully.

Audit and Risk Management Committee

Audit

The Audit and Risk Management Committee is currently composed of the following members: Dr. Jaime C. Laya, (Chairman), former Chief Justice Artemio V. Panganiban (Vice Chairman), Judith R. Duavit-Vazquez, Anna Teresa M. Gozon-Valdes and Laura J. Westfall. The Audit and Risk Management Committee assists the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Company's management and stakeholders in the continuous improvement of risk management systems, business operations and proper safeguarding and use of the Corporation's resources and assets. The Audit and Risk Management Committee provides a general evaluation and gives assistance in the overall improvement of the risk management, control, and governance process of the Corporation as designed by Management and provides assurance that these are properly functioning.

The Committee conducts tenders for independent audit services, reviews audit fees and recommends the appointment and fees of the independent auditors to the Board. The Board, in turn, submits the appointment of the independent auditors for approval of the shareholders at the ASM.

The Audit and Risk Management Committee also approves the work plan of the Company's Internal Audit Group, as well as the overall scope and work plan of the independent auditors.

The jurisdiction of the Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Board and Risk Oversight Committee ("BROC") and the Related Party Transactions ("RPT") Committee.

The Audit and Risk Management Committee held four (4) meetings in 2019 wherein the Committee reviewed and approved, among others, the Company's 2018 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

Operating in a complex and dynamic business environment compounded by external disruptions such as the COVID-19 pandemic, GMA Network believes that an effective risk management is crucial in the attainment of the Company's operational and financial targets. In order to protect and enhance shareholder value, a comprehensive and integrated enterprise-wide risk management program is implemented, guided by internationally accepted standards, and closely monitored by the Company's executive management and Board of Directors. As a result of such program, GMA Network's risk exposure is managed at an acceptable level—effectively reducing threats, creating opportunities for continued growth, and strategically gaining competitive advantage.

Our commitment to effective risk management

All risk management-related activities within GMA Network are based on the International Organization for Standardization (ISO) 31000:2018 Risk management guidelines.

As mandated by executive management, it is the policy of the Company to:

- Integrate risk management into the culture and operations of GMA Network
- Incorporate risk management into strategic planning, activity planning, performance management, and resource allocation decisions
- Manage risk in accordance with the adopted standard
- Periodically revisit and re-asses GMA Network's risk profile and the effectiveness of risk treatments

The Head of Corporate Strategic Planning (CSP) Department functions as the Chief Risk Officer (CRO), and spearheads the risk management process in GMA. The CRO is part of the Audit and Risk Management Committee, which assists the Board in performing its oversight functions.

Major risks relating to our operations

Among the risks that may impact the sustained profitability and resilience of GMA Network, the most crucial are:

- Significant impact of the new normal presented as a result of COVID-19 on media and entertainment industry
- Intense industry competition amplified by globalization and rapid technological advancements
- Changing consumer habits driven primarily by innovations in content distribution platforms
- Failure to sustain lead in audience and market shares
- Decline in advertising revenues and loss of significant advertisers
- Damages and attacks to the GMA brand and its representing entities
- On-air and other operational disruptions brought about by equipment failures, natural disasters, cyberattacks, malicious parties, and other threats
- Loss of key personnel or failure to attract and retain highly qualified personnel
- Unfavorable political and economic conditions in the Philippines and in territories where GMA and its subsidiaries operate

With the coordinated efforts of the Company's risk management champions, risk owners, assurance providers, and support team, a systematic approach is in place to proactively respond to these risks. Mitigating controls are identified and periodically evaluated to ensure that they are operating satisfactorily to address the risks.

Management

The Chairman of the Board and Chief Executive Officer is Felipe L. Gozon, while Gilberto R. Duavit, Jr. holds the position of President and Chief Operating Officer.

The CEO is accountable to the Board for the development and recommendation of strategies and the execution of strategic directions set by the Board, while the COO is responsible for the day-to-day management of the Company and the implementation of the directives provided by the CEO and the Board's policies and decisions. Both the CEO and COO are guided by the Company's Mission, Vision, and Core Values.

Management regularly provides the Board with complete and accurate information on the operations and affairs of the Company.

Employee Relations

Employees are provided an employee handbook which contains the policies and guidelines for the duties and responsibilities of an employee of GMA Network, Inc. The handbook also details the benefits and privileges accruing to all regular employees.

The News and Public Affairs Ethics Manual, on the other hand, sets the standards and rules on how News and Public Affairs personnel should conduct themselves at work.

The employees are updated on material developments through the Network's Corporate Affairs Division. Its platforms for internal communications include online publications (intranet, monthly newsletter, e-mail announcements), multimedia (internal television), and the quarterly General Assemblies among others.

The Company also provides training programs and seminars for career advancement and development. The Company has also initiated activities centered on the safety, health and welfare of its employees.

Prompt Disclosures and Timely Reporting

GMA Network, Inc. adheres to a high level of corporate disclosure and transparency regarding the company's 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 Company's Investor Relations website www.gmanetwork.com/corporate/ir.

The Company, through the IRCD and Corporate Affairs and Communications Department, publishes press releases on the performance of the Company. Meetings with Fund Managers, Investment, Financial and Research Analysts are likewise handled by the IRCD.

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.

AWARDS

Passion for excellence is at the core of what we do. Through the years, our hardworking and talented people have been recognized by numerous international and local organizations. The following lists the awards, recognitions, and honors received by GMA Network in 2019.

NEW YORK FESTIVALS TV AND FILM AWARDS

- Silver World Medal for Documentary: **Heroes - Reel Time: Batang Maestro**
- Silver World Medal for Documentary: **Social Issues - The Atom Araullo Specials: No Leftovers**
- Bronze World Medal for Documentary: **Community Portraits - Kapuso Mo, Jessica Soho: Salay**
- Bronze World Medal for Documentary: **Health/Medical Information - I-Witness: Bilanggo ng Isipan**
- Finalist Certificate for Documentary: **Current Affairs - I-Witness: War Zone ER**

READER'S DIGEST AWARDS

- Platinum Award - **GMA Network**

CANNES CORPORATE MEDIA AND TV AWARDS

- Gold Dolphin for Current Affairs, Human Concerns & Social Issues - **Reel Time: Batang Maestro**
- Shortlist Nomination - **No Leftovers: A Food Waste Trail**

GOLDEN NYMPH AWARDS (MONTE CARLO TV FESTIVAL)

- Nominee for Best News Item - **GMA News' Justiis?: Condominium Behind Bars**

ASSOCIATION FOR INTERNATIONAL BROADCASTING AWARDS (The AIBs)

- Highly Commended for Investigative Documentary – **The Atom Araullo Specials: Babies4Sale.Ph**
- Highly Commended for Politics and Business – **Reporter's Notebook: Batas ng Karagatan**

ASIAN ACADEMY CREATIVE AWARDS

- Best Current Affairs Programme or Series - **I-Witness: Ang Islang Walang Lupa**
- Best Documentary Programme (one-off) - **The Atom Araullo Specials: Babies4Sale.Ph**
- Best Infotainment Programme – **Kapuso Mo, Jessica Soho: Iceland**
- Best News Programme - **24 Oras: Mid-term Elections Coverage**
- Best Single News Story/Report - **GMA News: Microplastics in Tahong**
- Best Documentary Series - **Investigative Documentaries: Piitan**
- Best Lifestyle Programme – **Biyahe ni Drew: Sustainable Tourism in Siargao**
- Best Lifestyle, Entertainment Presenter/ Host - **Drew Arellano for Biyahe ni Drew: Cagayan**
- Best Comedy Programme - **Pepito Manaloto**
- Best Comedy Performance - **Michael V.**

US INTERNATIONAL FILM AND VIDEO FESTIVAL

- Gold Camera (Investigative/Special Reports) and Best of Festival Nominee (Documentary Category) - **The Atom Araullo Specials: Babies4Sale.Ph**
- Gold Camera (Interview) and Best of Festival Nominee (Documentary Category) - **Bawal ang Pasaway kay Mareng Winnie: Nadenggoy ng Dengvaxia?**
- Gold Camera (Social Issues) - **The Atom Araullo Specials: No Leftovers**
- Silver Screen (Breaking News Stories) - **Saksi: Bagyong Ompong Coverage**
- Silver Screen (Social Issues) - **Kapuso Mo, Jessica Soho: Salay**
- Silver Screen (Environment, Ecology) - **I-Witness (Howie Severino): Ang Islang Walang Lupa**
- Silver Screen (Biography) - **Front Row: Pasan**
- Silver Screen (Political Campaigns) - **Debate 2019: The GMA Senatorial Face Off**
- Silver Screen (Social Issues) - **Investigative Documentaries: Piitan**
- Silver Screen - **Ibilib**
- Certificate for Creative Excellence (Public Relations) - **Pusuan ang Totoo**
- Certificate for Creative Excellence (Social Issues) - **Front Row: Nebulizer**
- Certificate for Creative Excellence (Continuing News Stories) - **24 Oras: Natonin Landslide**
- Certificate of Creative Excellence (Biography) - **Reel Time: Fearless**
- Certificate for Creative Excellence, Entertainment: Drama - **Onanay**
- Certificate for Creative Excellence, Entertainment: Cooking Show - **Idol Sa Kusina**

SEOUL INTERNATIONAL DRAMA AWARDS

- Asian Star Prize - **Alden Richards**

SOUTHEAST ASIA VIDEO FESTIVAL FOR CHILDREN

- Heart Award (Professional Category) - **Sahaya**

ASIAN DIGITAL MEDIA AWARDS

- Silver Medal for Best Marketing Campaign for News Brand - **Pusuan Ang Totoo digital campaign**

ASIA-PACIFIC TAMBULI AWARDS

- Silver, Health & Wellness - **Alaska-Puso**
- Silver, Branded Advocacy - **Alaska-Puso**

NATIONAL ASSOCIATION FOR MULTI-ETHNICITY IN COMMUNICATIONS (EMMA)

- 2nd Induction to the Excellence in Multicultural Marketing Awards (EMMA) Top 5 Wall of Distinction - **GMA Pinoy TV**

MIGRATION ADVOCACY AND MEDIA (MAM) AWARDS

- Best Episodic TV Program, Television Journalism Award - **I-Witness (Laban DH)**
- Best Episodic TV Program, Television Journalism Award - **Reporter's Notebook (Mga Nagkukubling Anghel)**
- Best TV Series, Television Journalism Award – **Tadhana**
- Best Regular TV Program, Television Journalism Award - **Pusong Pinoy sa Amerika, GMA Pinoy TV**
- Best TV Interstitial, Television Journalism Award - **Becoming Pinoy, GMA Pinoy TV**

GAWAD AMERIKA

- Most Outstanding Filipina Actress in Television – **Kris Bernal**

GAWAD FILIPINO AWARDS:

- Best News Program of the Year - **24 Oras**

- Journalist of the Year - **Joseph Morong**
- Media Icon Awardee - **Mike Enriquez**
- Best Magazine Show Host of the Year - **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best TV Host for Entertainment and Lifestyle - **Cata Tibayan (Balitanghali)**
- Best Program Host of The Year for Mobile Journalism - **Atom Araullo (Stand For Truth)**
- Best Documentary Host of the Year - **Malou Mangahas (Investigative Documentaries)**
- Best News Program - **Super Balita sa Umaga Nationwide**
- Journalist of the Year - **Rowena Salvacion**
- Best News Commentary Program - **Ano'ng Say N'yo**
- Best Program Host and News Anchor of the Year - **Susan Enriquez (Kay Susan Tayo sa Radyo)**
- Best Radio Program Host - **Ali Sotto**
- Outstanding Field Reporter of the Year for Television - **Oscar Oida**

9TH OFW GAWAD PARANGAL

- Best Documentary Show (for OFW Concern) - **Tadhana**
- Best Documentary Show - **Amazing Earth**
- Most Popular Love Team - **Rita Daniela and Ken Chan**
- Best Actor - **Derek Ramsay (The Better Woman)**
- Best Actress - **Andrea Torres (The Better Woman)**
- Most Promising Actress - **Kyline Alcantara**

PANATA MARKETING EFFECTIVENESS AWARDS

- Bronze, Excellence in Marketing Innovation – **Alaska-Puso**

54TH ANVIL AWARDS

- Silver Anvil Award, Public Relations Tools Multimedia/ Digital Category - **I-Witness: Bilanggo ng Isipan (Prisoners of the Mind)**
- Silver Anvil Award, Public Relations Tools Multimedia/Digital Category – **GMA Kapuso Foundation: "Kapuso Tulay Para Sa Kaunlaran" series**

YOUTUBE CREATOR AWARDS

- Diamond Content Creator Award – **GMA Entertainment Channel**
- Gold Award - **GMA News Channel**
- Gold Award – **Wowowin Channel**

TEN OUTSTANDING MOVERS OF THE PHILIPPINES (TOMP), CHAMPION OF LIFE AND HEROES OF THE ENVIRONMENT AWARD

- Awardee - **Jessica Soho**

ROTARY CLUB OF MANILA JOURNALISM AWARDS

- Radio Female Broadcaster of the Year - **Ali Sotto**
- Radio Male Broadcaster of the Year - **Joel Reyes Zobel**
- Television Female Broadcaster of the Year - **Susan Enriquez**
- Television Female Reporter of the Year - **Tina Panganiban-Perez**
- News Online of the Year - **GMA News Online**

ROTARY ANNUAL PEACE AWARD

- Awardee - **Mel Tiangco**

METROBANK FOUNDATION PARTNER IN EMPOWERMENT, ADVOCACY AND COMMITMENT TO EXCELLENCE (PEACE)

- Honoree - **GMA Network, Inc.**

METROBANK FOUNDATION'S AWARD FOR CONTINUING EXCELLENCE AND SERVICE (ACES)

- Journalist of the Year - **Malou Mangahas**

THE OUTSTANDING YOUNG MEN

2019 TOYM Awardee for Journalism and Mass Communication - **Atom Araullo**

SINEBATA

- Winner, Professional Non-Fiction (13-17) - **Reel Time: Fearless**

RAWR AWARDS 2019

- Awesome and Ambient or simply the AIR Award - **Rita Daniela and Ken Chan (My Special Tatay)**
- Magnum Man or simply the METAL Award - **Dingdong Dantes**

67TH FAMAS AWARDS

- Dr. Jose Perez Memorial Award - **Ali Sotto**
- German Moreno Memorial Youth Achievement Award - **Bianca Umali**
- Lifetime Achievement Award - **Laurice Guillen**

FILM AMBASSADORS' NIGHT - FILM DEVELOPMENT COUNCIL OF THE PHILIPPINES

- **Reporter's Notebook: Pasan-Pasang Pangarap**
- **Reel Time: Hawla (The Untold Story of the Village Monster)**
- **Reporter's Notebook: Yapak sa Pusod ng Dagat**
- **Reel Time: Gutom**
- **Alaala: A Martial Law Special**
- **I-Witness: Behind the Banquet**
- **Inside Marawi: A Report on 360 Video**
- **Reel Time: Batang Maestro**
- **Brigada: Combat Camera Team**
- **Philippine Seas**
- **Front Row: Batang Bomba**

50TH GMMSF BOX OFFICE ENTERTAINMENT AWARDS

- Phenomenal Stars of Philippine Cinema - **Dingdong Dantes**
- Box Office Kings - **Vic Sotto for Jack Em Popoy: The Puliscredibles**
- Box Office Queen - **Maine Mendoza for Jack Em Popoy: The Puliscredibles**
- Film Actor of the Year - **Dennis Trillo**
- TV Actor of the Year (Daytime Drama) - **Ken Chan**
- Movie Supporting Actress of the Year - **Nova Villa**
- Most Popular Loveteam for Television - **Bianca Umali & Miguel Tanfelix**
- Most Promising Female Star for Television - **Jo Berry**
- Most Popular Recording/Performing Group - **Ex-Batallion**
- Promising Female Concert Performer of the Year - **Kyline Alcantara**
- Most Popular Male Child Performer - **Baeby Baste**
- Golden Jury Award for All Time Favorite Actress - **Gloria Romero**
- Popular TV Program - News & Public Affairs - **Kapuso Mo, Jessica Soho**
- Popular TV Program - Daytime Drama - **My Special Tatay**
- Popular TV Program - Musical Variety/Noontime/ Primetime - **Sunday Pinasaya**
- Comedy Actors of the Year for Movies - **Jose Manalo/ Wally Bayola/Paolo Ballesteros (JoWaPao)**
- Comedy Actress for Television - **Eugene Domingo**

Special Awards:

- Bert Marcelo Lifetime Achievement Award - **Marian Rivera**
- Corazon Samaniego Lifetime Achievement Award - **Nora Aunor**

PPOP AWARDS FOR YOUNG ARTISTS

- Special Award Winner for Pop Youth Informative Program of the Year - **Kapuso Mo, Jessica Soho**
- Most Favorite Pop Female Artist of the Year - **Julie Anne San Jose**

3RD EDDYS

- Best Actor - **Dingdong Dantes**
- Best Supporting Actress - **Max Collins**
- Best Screenplay - **Sahaya by director Zig Dulay**

PISTA NG PELIKULANG PILIPINO

- Best Actor - **Martin del Rosario**

MEDIA CONGRESS ICON AWARDS

- Media Icon Awardee - **Mike Enriquez**

41ST CATHOLIC MASS MEDIA AWARDS

- Best News Program - **Super Balita sa Umaga Nationwide**
- Best News Commentary Program - **Ano'ng Say N'yo**
- Best Counselling Program - **Talk to Papa**
- Best Public Service Program - **Reporter's Notebook Silang Pinakamahirap**
- Best News Magazine - **Kapuso Mo, Jessica Soho**
- Best Special Event Coverage - **Unang Hirit sa Vatican at Italy**
- Best Drama Series - **Sahaya**
- Best Comedy Prorgram - **Daddy's Gurl**
- Best Children and Youth Program - **Toppstar TV**
- Best Adult Educational/Cultural Program - **Biyahe ni Drew: Sustainable Tourism in Zambales**
- Finalist, Best TV Ad Public Service - **#SpreadKindness**
- Finalist, Best Adult / Education Program – **Byaheng DO30**
- Finalist, Best Special Event Coverage – **Dinagyang Festival: Hala Bira! The GMA Regional TV One Western Visayas Special Live Coverage**

- Finalist, Best Special Event Coverage – **Pit Senyor: Sinulog Festival The GMA Regional TV Balitang Bisdak Special Live Coverage**
- Finalist, Best News Program – **GMA Regional TV One Western Visayas**
- Finalist, Best Drama Program – **Radyo Nobela**

ANAK TV AWARDS

Anak TV Hall of Famers:

- **Marian Rivera**
- **Dingdong Dantes**

Anak TV Seal:

- **24 Oras**
- **Aha!**
- **Amazing Earth**
- **Ang Pinaka**
- **Born To Be Wild**
- **Biyahe ni Drew**
- **Brigada**
- **Daig Kayo Ng Lola Ko**
- **Day Off**
- **Dear Uge**
- **Good News**
- **iBILIB**
- **Idol Sa Kusina**
- **Investigative Documentaries**
- **I Juander**
- **Kapuso Mo, Jessica Soho**
- **Mars**
- **News To Go**
- **Pepito Manaloto**
- **Pinoy MD**
- **Pop Talk**
- **Reporter's Notebook**
- **Sarap Di Ba**
- **Stories for the Soul**
- **Studio 7**
- **Toppstar TV**
- **Unang Hirit**
- **Wagas**
- **Wish Ko Lang**

Top Household Favorites:

- **Kapuso Mo, Jessica Soho**
- **Biyahe ni Drew**

Hall of Fame:

- **Kara David**

Makabata Stars:

- **Atom Araullo**
- **Drew Arellano**
- **Alden Richards**
- **Michael V**
- **Bianca Umali**

Awardees

- **Byaheng DO30**
- **GMA Regional TV Balitang Amianan**
- **GMA Regional TV One Mindanao**
- **GMA Regional TV One Western Visayas**
- **Hala Bira! The GMA Regional TV One Western Visayas Dinagyang Festival Special Live Coverage**
- **Kapuso sa Kadayawan: The GMA Regional TV One Mindanao Special Live Coverage**
- **Kapuso as Panagbenga: The GMA Regional TV Balitang Amianan Special Live Coverage**
- **Pit-Senyor: The GMA Regional TV Balitang Bisdak Special Live Coverage**

Anak TV Top Household Favorite:

- **Pepito Manaloto**

6TH INDING INDIE SHORT FILM FESTIVAL:

- Pinakamahusay na Mamamahayag ng Taon sa Radyo at Telebisyon - **Arnold Clavio**
- Most Trusted TV Personality for Documentary - **Malou Mangahas**
- Pinakamahusay na Mamamahayag ng Taon sa Radyo at Telebisyon - **Mel Tiangco**
- Pinakamahusay na Mamamahayag ng Taon sa Radyo at Telebisyon - **Mike Enriquez**
- Most Trusted TV News Personality - **Emil Sumangil**
- Huwarang Personalidad sa Pagkalinga at Pagbabalita - **Vicky Morales**
- Pinakamahusay na Mamamahayag ng Taon - **Kara David**
- Pinakamahusay na Mamamahayag ng Taon - **Mariz Umali**
- Pinakamahusay na Mamamahayag ng Taon - **Raffy Tima**
- Huwarang Mamamahayag Award - **Mav Gonzales**
- Dakilang Dedikasyon sa Kanyang Larangan - **Cesar Apolinario**
- Pinakamahusay na Programa sa Larangan ng Telebisyon 2019:
  - **o Reel Time**
  - **o Onanay**

- Pinakamahusay na Personalidad sa Larangan ng Telebisyon 2019:
    - o **Alden Richards**
    - o **Glydel Mercado**
    - o **Kris Bernal**
    - o **Lovely Abella**
- Huwarang Istasyon ng Radyo sa Larangan ng Pagbabalita - **Super Radyo DZBB 594**
- Pinakamahusay na Programa sa Radyo sa Showbiz - **Bidang-Bida sa Dobol B (DZBB)**
- Pinakamahusay na Personalidad sa Radyo sa Showbiz - **Janna, Tootie, Mega (DZBB)**

32ND AWIT AWARDS

- Best Collaboration - **For the World - Mikee Misalucha & Joe Ramos**
- Best Inspirational Recording - Ngayon - **Golden Cañedo**
- Best Inspirational Recording - **For the World - Mikee Misalucha & Joe Ramos**
- Best Christmas Recording - **Ipadama ang Puso ng Pasko - Various Artists**
- Best R&B Recording - **I Got You - Mikee Misalucha & Ephraim**
- Best Cover Art - **Paulit-ulit - BLKNINJA (Creative Artist and Graphic Designer) /Photography by Rene Salta**
- Music Video of the Year - **Fake Love - Kyline Alcantara - directed by Miggy Tanchanco**

1ST LUSTRE AWARDS

- Outstanding News Correspondent - **Athena Imperial**

MEDIA ICON AWARDS (MEDIA SPECIALISTS ASSOCIATION OF THE PHILIPPINES):

- Media Icon - **Mike Enriquez**

INTELL. VENTURES EDUCATORS ASSOCIATION INC.

- Outstanding Broadcast Journalist Choice for 2019 - **Ivan Mayrina**

19th CEBU ARCHDIOCESAN MASS MEDIA AWARDS

- Winner, TV News Program - **RTV Balitang Bisdak**

MULAT AWARDS

- Bravery in Journalism Awardee for the Marawi Siege Coverage - **Benjie Liwanag**

9TH PMAP MAKATAO AWARDS FOR MEDIA EXCELLENCE

- Best Public Affairs Program - **I-Witness (Labor of Love Episode)**
- Best Public Affairs Program Host - **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best News Program - **State of the Nation with Jessica Soho (Araw ng Paggawa Episode)**
- Best News Program Anchor - **Jessica Soho (State of the Nation with Jessica Soho)**
- TV Station of the Year - **GMA News TV**

MOST OUTSTANDING KAPAMPANGAN AWARDS:

- Most Outstanding Kapampangan for the Mass Media Category - **Ivan Mayrina**

AFP KAPAYAPAAN AWARD

- GMA Kapuso Foundation

ROTARY INTERNATIONAL DISTRICT 3780 GOLDEN WHEEL AWARDS AND QUEZON CITY GOVERNMENT:

- Outstanding Vocational Excellence Service in the category of Corporate Social Responsibility - **Rikki O. Escudero-Catibog**

WIND VANE AWARD

- Awardee - **Super Balita sa Umaga Nationwide**
- Awardee - **Nathaniel "Mang Tani" Cruz**

11TH ANI NG DANGAL OF THE NATIONAL COMMISSION FOR CULTURE AND THE ARTS

- Documentary Category - **Reel Time, Hawla "The Untold Story of the Village Monster"**

PHILIPPINE INFORMATION AGENCY

- Plaque and Certificate of Appreciation - **GMA News and Public Affairs**

DEPARTMENT OF LABOR AND EMPLOYMENT

- Gold Award - **JP Soriano**

PANATA KO SA BAYAN AWARDS (DEPARTMENT OF SOCIAL WELFARE AND DEVELOPMENT)

- Gawad Ulat Most DSWD-Supportive TV Station - **GMA 7**

3RD GEMS AWARDS

- Best TV Program Host - **Dingdong Dantes (Amazing Earth)**
- Best Supporting Actress - **Sunshine Dizon (Rainbow's Sunset)**
- Best Actress - **Glaiza de Castro (Liway)**
- Best Actor - **Mark Bautista (Eto Na! Musikal nAPO)**
- Natatanging Hiyas ng Sining sa Tanghalan (Highest Honors for Stage) - **Floy Quintos**
- Best News Program – **24 Oras (GMA)**
- Best Female News Program Anchor - **Jessica Soho – State of the Nation with Jessica Soho (GMA News TV)**
- Best TV Programs (Top 3 and in no particular order) – **I-Witness (GMA)**
- Best TV Program Host - **Howie Severino (I-Witness)**
- Best TV Special - **The Eat Bulaga Lenten Special**
- Natatanging Hiyas ng Sining sa Telebisyon (Highest Honors for Television) - **Eat Bulaga**

PHILIPPINE SOCIAL MEDIA WEEK AWARDS

- The Icon Award - **Jessica Soho**

YAEHADEMIC AWARDS

- Exemplar Innovative Digital Influencer/Digital Show (Non-Scripted Content) - **Atom Araullo**
- Exemplar Digital Content Reporter/Host - **Marisol Abdurahman**
- Exemplar Digital Influencer/Content (Sports and Adventure Video Blog) - **Drew Arellano**

GANDINGAN AWARDS

- Gandingan ng Agham at Teknolohiya - **Nathaniel "Mang Tani" Cruz (I M Ready sa Dobol B)**
- Best AM Radio Program Host - **Ali Sotto (Dobol A sa Dobol B)**
- Best FM Radio Program Host - **Papa Dudut (Barangay Love Stories)**
- Most Development-Oriented FM Program - **Barangay Love Stories**
- Gandingan Ng Kabataan – **Atom Araullo (The Atom Araullo Specials)**
- Gandingan Ng Kalikasan – **Dr. Nielsen Donato & Dr. Ferds Recio (Born To Be Wild)**
- Most Development-Oriented Children's Program – **AHA! (Animation Originals)**
- Most Development-Oriented Investigative Program – **Reporter's Notebook (Batas Ng Karagatan)**
- Most Development- Oriented Documentary – **Walang Unli Rice**
- Most Gender Transformative Program – **Asawa Ko, Karibal Ko**
- Most Development-Oriented Drama Program – **My Special Tatay**
- Most Development-Oriented Musical Program (Special Citation) – **The Clash**
- Best News Anchor - **Jessica Soho (State of the Nation with Jessica Soho)**
- Most Development Oriented Magazine Program - **I-Juander**
- Most Development-Oriented Science & Technology Program – **IM Ready sa Dobol B**
- Best Field Reporter - **Lou-Anne Mae Rondina (GMA Regional TV Balitang Bisdak)**
- Most Development-Oriented News Story – **GMA Regional TV One Western Visayas (RTV Presents: Modern Day Heroes)**
- Most Development-Oriented Feature Story – **GMA Regional TV One Western Visayas (Bigyan ng Halaga)**

17TH GAWAD TANGLAW

- Best TV Station - **GMA 7**
- Best TV Male Anchor - **Ivan Mayrina**
- Best Male Field Reporter - **Cesar Apolinario**
- Best Female Field Reporter - **Mariz Umali**
- Best Public Affairs Program - **Front Row**
- Best Documentary Program - **Reporter's Notebook**
- Best Educational Program - **The Atom Araullo Specials**
- Best News Program - **State of the Nation with Jessica Soho**
- Best Investigative Program - **Investigative Documentaries**
- Best Documentary Special - **Reel Time**
- Best Magazine Show - **I Juander**
- Best Drama Anthology - **Wagas**
- Best Comedy Show - **Dear Uge**
- Best Lead Performance in a TV Series - **Ken Chan and Rita Daniela of My Special Tatay**
- Best Supporting Actress - **Therese Malvar (School Service)**
- Best Supporting Actor - **Gabby Eigenmann (Citizen Jake)**

7TH KAGITINGAN AWARDS FOR TELEVISION (BATAAN PENINSULA STATE UNIVERSITY)

- Pinakamagiting na Himpilan ng Telebisyon – **GMA 7**
- Pinakamagiting na News Program - **24 Oras**
- Pinakamagiting na Public Service Program - **Alisto**
- Pinakamagiting na Personalidad ng Public Service Program - **Arnold Clavio (Alisto)**
- Pinakamagiting na Personalidad ng Investigative Program - **Maki Pulido (Reporter's Notebook)**
- Pinakamagiting na Investigative Program - **Investigative Documentaries**

- Pinakamagiting na Magazine Program - **Biyahe Ni Drew**
- Pinakamagiting na Documentary Program - **Reel Time**
- Pinakamagiting na Personalidad ng News Program - **Jessica Soho (State of the Nation with Jessica Soho)**
- Pinakamagiting na Personalidad ng Investigative Program - **Malou Mangahas (Investigative Documentaries)**
- Pinakamagiting na Personalidad ng Magazine Program - **Drew Arellano (Biyahe ni Drew)**
- Pinakamagiting na Programang Pantelebisyon - **Dear Uge**
- Pinakamagiting na Programang Pantelebisyon - **Magpakailanman**
- Pinakamagiting na Programang Pantelebisyon - **My Special Tatay**
- Pinakamagiting na Personalidad ng Telebisyon - **Ken Chan (My Special Tatay)**

2ND GAWAD LASALLIANETA (DE LA SALLE ARANETA UNIVERSITY)

- Most Outstanding News Show - **24 Oras**
- Most Outstanding Documentary / Magazine Show - **Kapuso Mo, Jessica Soho**
- Most Outstanding Public Affairs Show - **Imbestigador**
- Most Outstanding Male Documentarist - **Atom Araullo**
- Most Outstanding Radio Broadcaster - **Mike Enriquez**
- Most Outstanding Female Documentarist - **Kara David**
- Most Outstanding Male News Anchor - **Mike Enriquez (24 Oras)**
- Gawad Lasallianeta Zeal for Lasallian Excellence as Media Communicator - **Mike Enriquez**
- Most Outstanding Female News Anchor - **Jessica Soho (State of the Nation with Jessica Soho)**
- Most Influential Instagram Feed - **Heart Evangelista**

IKA-21 GAWAD PASADO (PAMPELIKULANG SAMAHAN NG MGA DALUBGURO)

- Pinakapasadong Mamamahayag sa Larangan ng Kamalayang Pilipino - **Arnold Clavio**

ANIMO MEDIA CHOICE AWARDS

- Best TV Male News Anchor - **Mike Enriquez (24 Oras)**
- Best AM Male News Anchor – **Mike Enriquez**
- Best TV Female News Anchor - **Jessica A. Soho (State of the Nation)**
- Best AM Male Anchor - **Mike Enriquez, Arnold Clavio, Joel Reyes Zobel**

15TH LASALLIAN SCHOLARUM AWARDS

Finalist for Outstanding Online Feature Story on Youth and Education **(GMA News Online)**

- Amina Evangelista Swanepoel has been empowering girls through health education by Lou Albano
- 93% of Grade 10 students transitioned to Grade 11, says DepEd by Rie Takumi
- PHL education system underperforms in East Asia Pacific - WB report by Ted Cordero

GAWAD MIDYA 2019 (DE LA SALLE UNIVERSITY MANILA – OFFICE OF THE STUDENT MEDIA OFFICE)

- Outstanding Lasallian Media Practitioner for Public Service **- Mel Tiangco**
- Outstanding Media Personality - **Atom Araullo**

2ND NCST DANGAL NG BAYAN MEDIA EXCELLENCE AWARDS (NATIONAL COLLEGE OF SCIENCE AND TECHNOLOGY)

- NCST Dangal ng Bayan Media Excellence Award for Engineering - **GMA Network**
- NCST Dangal ng Bayan Media Excellence Award for Online Journalism - **GMA News Online**
- NCST Dangal ng Bayan Media Excellence Award for Communication - **24 Oras**
- NCST Dangal ng Bayan Media Excellence Award for TV Broadcasting - **Jessica Soho**
- NCST Dangal ng Bayan Media Excellence Award for Tourism - **Biyahe ni Drew**
- NCST Dangal ng Bayan Media Excellence Award for Public Administration - **Bawal ang Pasaway kay Mareng Winnie**
- NCST Dangal ng Bayan Excellence Award for Music - **Christian Bautista**
- NCST Dangal ng Bayan Media Excellence Award for Hospitality Management - **Idol sa Kusina**
- NCST Dangal ng Bayan Media Excellence Award for Public Service – **GMA Kapuso Foundation**
- NCST Dangal ng Bayan Media Excellence Award for Architecture – **Master Builder**

9TH EDUKCIRCLE AWARDS

- Best Female News Anchor - **Vicky Morales**
- Best Documentary Journalist - **Atom Araullo**
- Hall of Fame for Best Health Show Host - **Connie Sison**
- Hall of Fame for Best Magazine Show Host - **Jessica Soho**
- Best Travel Show Host - **Drew Arellano**
- Best Public Affairs Talk Show Host - **Winnie Monsod**
- Best Educational Show Host - **Dingdong Dantes**
- Most Influential Female Endorser of the Year - **Marian Rivera**
- Most Influential Film Actress of the Year - **Maine Mendoza**
- Most Influential Female Endorser of the Year - **Maine Mendoza**

- Most Influential Male Endorser of the Year - **Alden Richards**
- Most Influential Film Actor of the Year - **Vic Sotto**
- Best TV Comedian - **Michael V**

13th HILDEGARDE AWARDS FOR WOMEN IN MEDIA AND COMMUNICATION (ST. SCHOLASTICA'S COLLEGE OF MANILA)

- Awardee under the field of Advertising – **Lizelle Maralag**

LETRAN ALUMNI AWARDS

- Grandes Figuras (Outstanding Alumnus) - **Emil Sumangil and Vic Sotto**

COMGUILD MEDIA AWARDS

- Best Magazine Program - **Kapuso Mo, Jessica Soho**
- Best Female Field Reporter - **Sandra Aguinaldo**
- Best Lifestyle Program - **Day Off**
- Most Popular Television Personality of the Year - **Alden Richards**
- Best FM Radio DJ – **Papa Dudut**

COMGUILD ACADEME'S AWARDS

- Advertisers' Friendly Host (Female) - **Jennylyn Mercado**
- Most Admired Comedian - **Michael V.**
- Most Admired Family Endorser - **Dantes Family**
- Most Admired Social Media Influencer of the Year - **Heart Evangelista-Escudero**
- Hall of Fame for the Most Admired Child Endorser – **Sebastian "Baste" Granfon**

TRINITY UNIVERSITY OF ASIA PLATINUM STALLION MEDIA AWARDS

- Best News Program – **24 Oras**
- Best Public Affairs Program – **Alisto**
- Best Educational Program – **Born to be Wild**
- Best Magazine Program – **Kapuso Mo, Jessica Soho**
- Best Documentary Show – **I-Witness**
- Best Male News Anchor – **Atom Araullo (24 Oras)**
- Most Trusted Male Broadcast Journalist – **Arnold Clavio**
- Most Trusted Female Broadcast Journalist – **Mel Tiangco**
- Best Female News Anchor - **Jessica Soho (State of the Nation)**
- Best Gag Show – **Bubble Gang**
- Best AM Radio Station - **Super Radyo DZBB 594**
- Best Female AM Broadcast Journalist - **Susan Enriquez**
- Best Male AM Broadcast Journalist - **Melo Del Prado**
- Best Radio Commentary Program - **Dobol A sa Dobol B**
- Citation for Culturally Relevant TV Series - **Sahaya**
- Female Social Media Influencer - **Heart Evangelista-Escudero**
- Best Regional TV Network - **GMA Regional TV**

ALTA MEDIA ICON AWARDS (UNIVERSITY OF PERPETUAL HELP SYSTEM DALTA LAS PIÑAS)

- Best AM Radio Female Personality - **Ali Sotto**
- Hall of Fame for Best Magazine Show Host - **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best Magazine Show - **Kapuso Mo, Jessica Soho (GMA)**
- Best Documentary Program - **I-Witness (GMA)**
- Best News Program - **24 Oras (GMA)**
- Best Educational Program - **Aha! (GMA)**
- Best Documentary Program Host - **Sandra Aguinaldo (I-Witness, GMA)**
- Best News Program Host - **Mel Tiangco (24 Oras, GMA)**
- Best Public Service Program Host - **Vicky Morales (Wish Ko Lang, GMA)**
- Best Travel Program - **Biyahe ni Drew**
- Best Lifestyle Program - **Ang Pinaka**
- Best Travel Program Host - **Drew Arellano (Biyahe ni Drew)**
- Best Celebrity Talk Show Host - **Arnold Clavio (Tonight with Arnold Clavio)**
- Best Lifestyle Show Host - **Solenn Heusaff (Taste Buddies, GMA News TV)**
- Best Drama Actress for TV - **Glaiza de Castro (Contessa, GMA)**
- Most Influential Male TV Personality - **Alden Richards**
- Best Comedy Actor for Television - **Michael V. (Pepito Manaloto, GMA)**

4TH GOLDEN LAUREL: LPU BATANGAS MEDIA AWARDS (LYCEUM OF THE PHILIPPINES UNIVERSITY – BATANGAS)

- Best Magazine Show - **Kapuso Mo, Jessica Soho**
- Best Magazine Show Host - **Jessica Soho**
- Best Educational Program - **Born to be Wild**
- Best Educational Program Host - **Doc Ferds Recio and Doc Nielsen Donato**
- Best Documentary Program - **I-Witness**

1ST MASS MEDIA CHOICE AWARDS (COLLEGE OF EDUCATION OF THE UNIVERSITY OF BATANGAS)

- Best Educational Magazine TV Show - **Kapuso Mo, Jessica Soho**

9TH NSM MEDIA AWARDS (NATIONAL STATISTICS MONTH)

- Best Statistical Reporting in Online Media
  Where the Votes Are: Taking a look at the vote-rich regions, provinces and cities ahead of Eleksyon 2019 by Brenda Barrientos - Vallarta GMA News Research

1ST BILIRAN PROVINCE STATE UNIVERSITY STUDENT CHOICE AWARDS FOR MEDIA

- Best Documentary Program - **I-Witness**
- Student Leaders' Choice Award for TV Personality - **Atom Araullo**
- Best Documentary Program Host - **Kara David**
- Media Persona of Excellence - **Mike Enriquez**
- Best Travel Magazine Show - **Biyahe ni Drew**
- Most Popular TV Personality of the Year – **Alden Richards**

13TH BRIGHT LEAF AGRICULTURE JOURNALISM AWARDS

- Best Agriculture TV Story of the Year -
  Drought in numbers: Farmers farming no more (Produced by: GMA News Special Assignments Team Reporter Tina Panganiban-Perez)
- Best Agriculture Online Story -
  A Very Long Summer By Jessica Bartolome and Donabel Magsino (GMA News Online)

GAWAD SINGKABAN

- Most Supportive Media Award on Television - **Biyahe ni Drew**
- Most Supportive Media Award on Television - **Pinas Sarap**

HOLY ANGEL UNIVERSITY'S PARAGALA: CENTRAL LUZON MEDIA AWARDS

News and Public Affairs Category
- Best Morning Show - **Unang Hirit**
- Best Magazine Show - **Kapuso Mo, Jessica Soho**
- Best Documentary Show - **Reel Time (Salat Episode)**
- Best News Program - **24 Oras**
- Best Male Field Reporter - **Raffy Tima (24 Oras)**
- Best Male Morning Show Host - **Ivan Mayrina (Unang Hirit)**
- Best Female News Anchor - **Vicky Morales (24 Oras)**

Digital Media Category

- Best Digital Content for Lifestyle – **GMA ONE Exclusives (Fact or Fake, Adulting & #Goals)**

Hall of Fame Awardee

- Best Magazine Program – **Kapuso Mo, Jessica Soho**

10TH NORTHWEST SAMAR STATE UNIVERSITY STUDENTS' CHOICE AWARDS FOR RADIO AND TELEVISION

- Best Magazine Show – **Kapuso mo, Jessica Soho**
- Best Public Service Program - **Wish Ko Lang**
- Best Documentary Program - **I-Witness**
- Best Investigative Journalism - **Imbestigador**
- Best News and Public Affairs Program - **24 Oras**

- Best News and Public Affairs Male Anchor - **Mike Enriquez**
- Best News and Public Affairs Female Anchor - **Mel Tiangco**

5th GAWAD RIZAL (LYCEUM OF THE PHILIPPINES UNIVERSITY)

- Awardee - **Ken Chan**

3RD ANNUAL ANINAW MEDIA AWARDS: THE SHAPING OF THE ZENTENNIAL'S MEDIA, UNIVERSITY OF PANGASINAN ASSOCIATION OF COMMUNICATION STUDENTS

- Best News Program – **GMA Regional TV Balitang Amianan**
- Most Outstanding News Presenter of the Year – **CJ Torida, GMA Regional TV Balitang Amianan**
- Most Popular TV Personality of the Year - **CJ Torida, GMA Regional TV Balitang Amianan**
- Most Outstanding News Presenter of the Year – **Jasmin Galban, GMA Regional TV Balitang Amianan**
- Best Field Reporter – **Russel Simorio, GMA Regional TV Balitang Amianan**

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2019 and 2018

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2019

Buoyed by this year's extra-ordinary inflow from the mid-term elections held in May, GMA Network and Subsidiaries (GMA/the Company) sealed twelve-month consolidated revenues ahead by 8% versus a year ago. In absolute terms, consolidated top line for the full year reached P16,493 million, up by P1,257 million from 2018's P15,236 million. Political advocacies and advertisements during the year amounted to about three fourths of a billion pesos. Nonetheless, discounting the impact of aforesaid windfall, recurring sales for 2019 still managed to overtake last year's peg by 4% or a little over half a billion pesos.

Income Data	**2019** *(in millions PhP)*	2018 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Advertising revenue	**15,173.9**	13,834.5	1,339.4	10%
Subscriptions and others	**1,319.5**	1,401.7	(82.1)	-6%
	16,493.5	15,236.2	1,257.3	8%
Total operating expenses	**12,760.6**	11,998.0	762.6	6%
EBITDA	**5,392.3**	4,823.9	568.4	12%
Net income	**2,639.3**	2,324.0	315.3	14%
Attributable to Equity Holders of Parent Co.	***2,618.5***	*2,304.8*	*313.7*	*14%*
Noncontrolling Interest	***20.8***	*19.2*	*1.6*	*8%*

For the year ended December 31, 2019, consolidated advertising revenues remained the lifeblood of the Company, wrapping up at P15,174 million and posting a double-digit growth compared to a year ago. Most airtime-revenue generating platforms surpassed prior year's top-line performance with the boost from this year's political advocacies and advertisements. Advertising revenues from online platforms also contributed to this year's incremental sales. Meanwhile, inflows from subscriptions, non-advertising operations and other businesses of P1,320 million, manifested a reduction of 6% versus a year ago.

Cost-wise, the Company continued to exercise prudent management of its operating costs. Total consolidated operating expenses (OPEX) for 2019 measured at P12,761 million from year ago's P11,998 million, translating into a single-digit hike of 6% -- or at a rate slower than the growth in its top line. Production and other direct costs in fact finished off at P6,435 million which was even a tad lower than prior year's P6,484 million by P49 million or 1%. This was nonetheless negated by the hike in the Company's general and administrative expenses (GAEX) by P811 million or 15%. Consolidated GAEX for the year 2019 stood at P6,325 million versus P5,514 million in the prior year.

With the sterling performance in this year' consolidated top line coupled with costs held at bay, consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) posted an improvement of more than half a billion ending at P5,392 million, or up by 12% from last year. Finally, consolidated Net Income after tax for the twelve-month period this 2019 settled at P2,639 million, P315 million or 14% better than 2018's bottom-line peg of P2,324 million.

Revenues

Consolidated revenues of the Company in 2019 aggregated to P16,493 million, manifesting a huge increase of P1,257 million or 8% from year ago's P15,236 million. Advertising revenues comprised the lion's share in the Company's consolidated revenue pie at 92%, inching up against last year's 91% share. In absolute terms, advertising revenues grew by 10% in between periods, with incremental sales amounting to P1,339 million. Without the non-recurring sales from political advocacies and advertisements, advertising revenues were still better off by 5% year-on-year. Airtime revenues from free-to-air platforms as well as online advertising sales primarily comprised this segment. Meanwhile, subscriptions revenues, sales of subsidiaries and other business concluded the past twelve months of 2019 at P1,320 million, down 6% from last year.

Revenues	**2019** *(in millions PhP)*	2018 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Advertising revenues	**15,173.9**	13,834.5	1,339.4	10%
Subscriptions and others	**1,319.5**	1,401.7	(82.1)	-6%
	16,493.5	15,236.2	1,257.3	8%

Further segmenting airtime sales -- GMA-7 revenues for this year contributed more than three-fourths of consolidated advertising revenues, sealing twelve-month results higher by 9% versus same period in 2018. Providing the growth impetus for the channel were the incremental advertising load from the 2019 mid-term elections. Minus the aforesaid influx, Ch-7 still managed to outshine last year's recurring sales by 3% propelled by the increase in effective rates per minute.

Ratings-wise, GMA recorded 35.5% total day people audience share, in Urban Luzon, which accounted for 72% of all urban viewers in the country -- outscoring ABS-CBN's 30.4%. Building the momentum in the morning slot with 28.1%, GMA won against rival network's 25.8%. This continued in the afternoon slot with GMA's 36.7 % versus ABS' 30.9%. GMA further toppled its competitor in the evening block with 37.7 % while ABS-CBN only got 31.9%. Likewise, in Mega Manila, which accounted for 60% of all urban viewers in the country, the Network posted 36.5% total day people audience share compared to ABS-CBN's 27.9% based on official data from January to December.

Radio operations came in second in terms of airtime sales generation. The business unit bagged a 7% improvement in its top line inclusive of political advocacies and advertisements. In terms of recurring revenue growth, Radio business likewise recorded a 4% upswing in its top line. DWLS-FM was the biggest top-line gainer both percentage-wise and in absolute terms, equivalent to a 15% hike. DZBB-AM and Cebu and Provincial operations also pitched in sales increases in between years by 9% apiece.

Meanwhile, GMA News TV's (GNTV) top line was barely affected by this year's national elections with very minimal contribution from political advocacies and advertisements during the period. Compared to prior year, GNTV finished off with revenues down by 14%. Lastly, Regional TV operations sealed the twelve-month period with combined revenues from all stations up by 4%. Without the election boost, sales from Regional operations finished a hairline higher than a year ago.

Meanwhile, Advertising revenues from online sales, particularly from the websites of GMA News Online and GMA Entertainment, continued to be the catalyst for the Company in terms of revenue growth. For 2019, online advertisements grew by 78% compared to a year ago, coming from the improvements seen in both direct sales and programmatic buys. Finally, airtime advertising abroad through the Company's GMA Pinoy TV platform, sealed the period 9% more than a year ago.

In other non-advertising revenue sources, subscriptions income from international operations and other businesses which were not affected by the extraordinary influx from election placements concluded the year at P1,320 million, down 6% from a year ago. Taking up the biggest portion in this revenue category was GMA Pinoy TV's operations abroad. However, in terms of subscriber take up, the business unit recorded a decline in subscriber count averaging by 9% between its three channels offered internationally, thus resulting in revenue contraction by also 9%. The appreciation of the PhP against the USD by an average of 2% also influenced the aforementioned decline in Pinoy TV's top line this year. Revenues from non-linear sources abroad, albeit still at its starting stage has increased by more than three folds.

Expenses

Consolidated Total operating expenses (OPEX) of the Company measured at P12,761 million in 2019, climbing by P763 million or 6% compared to full year of 2018. Cash OPEX sealed 2019 at P11,149 million escalating by P742 million or 7% while non-cash OPEX finished off at about the same level as last year, inching up by only 1%.

Comprising half of the Company's total OPEX, consolidated Production cost, talent fees and other direct expenses summed up to P6,435 million, ending a tad lower by P49 million or 1% than year ago. Cash Production cost dipped by P132 million or 2% arising from the reduction in Talent fees by P90 million or 3% and Rental and outside services by P84 million or 9%. However, this was partly offset by the climb in non-cash direct cost, mainly Program rights amortization by P117 million or 13% more than a year ago. The hike in the account was due to airing of more expensive foreign movies. This was partly offset by the 17% or P34 million contraction in Depreciation and amortization of assets related to production.

Production Costs	2019 (in millions PhP)	2018 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	**2,948.0**	3,038.3	(90.3)	-3%
Rentals and outside services	**812.0**	895.8	(83.8)	-9%
Other program expenses	**1,518.3**	1,475.8	42.5	3%
Sub-total - Cash Production Costs	**5,278.3**	5,409.9	(131.6)	-2%
Program rights amortization	**988.7**	871.5	117.3	13%
Depreciation and amortization	**168.2**	202.4	(34.2)	-17%
Sub-total - Non-cash Production Costs	**1,156.9**	1,073.8	83.1	8%
Total production costs	**6,435.2**	6,483.7	(48.5)	-1%

On the other hand, consolidated General and Administrative Expenses (GAEX) for the Company sealed the year 2019 at P6,325 million, higher by P811 million or 15% than last year. Personnel costs drove this year's growth, wrapping up at P4,127 million, up 26% and comprising 32% of total consolidated OPEX. The non-recurring/one-time signing and appreciation bonuses to rank and file and confidential employees this year significantly influenced the upturn in this expenditure. This year was also saddled by the surge in provisions for pension liabilities and long-term employee benefit (SL/VL), resulting from the latest actuarial valuations. The hike in the account was partly cushioned by the reduction in other GAEX accounts coming from Taxes and Licenses, which ended lower by P18 million or 10%. Non-cash GAEX netted a P62 million or 12% decline, mainly from the presence of some P110 million in Provision for Doubtful Accounts in 2018 versus only P18 million this year, resulting from the Estimated Credit Losses computation during the period. This was partly negated by the hike in Depreciation of GAEX-related assets by P25 million or 7% in between years.

General and Administrative Expenses	2019 (in millions PhP)	2018 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**4,127.1**	3,284.8	842.3	26%
Outside services	**459.9**	408.2	51.7	13%
Facilities costs	**490.8**	465.7	25.1	5%
Taxes and licenses	**174.4**	192.8	(18.5)	-10%
Others	**618.6**	645.9	(27.2)	-4%
Subtotal - Cash GAEX	**5,870.8**	4,997.5	873.4	17%
Depreciation and amortization	**409.3**	384.1	25.2	7%
Provision for doubtful accounts	**18.3**	109.6	(91.3)	-83%
Amortization of software costs	**27.1**	23.2	3.9	17%
Subtotal - Non-cash GAEX	**454.6**	516.9	(62.3)	-12%
Total GAEX	**6,325.5**	5,514.3	811.1	15%

EBITDA

As the top line during the year enjoyed the boost from the mid-term election placements as well as improvements in recurring sales from regular clients, coupled with cash operating costs climbing at a slower pace than the growth in revenues, the Company's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) this 2019 wrapped up at P5,392 million, P568 million or 12% better than a year ago.

Net Income

The Company's consolidated Net Income after Tax sealed the year ended 2019 at P2,639 million, recording a P315 million or 14% improvement vis-à-vis prior year's bottom line of P2,324 million.

Balance Sheet Accounts

The Company's total assets stood at P16,347 million as at end-2019, increasing by 6% from December 31, 2018's balance of P15,293 million.

Cash and cash equivalents of P2,255 million decreased by P304 million or 12% from 2018 balance of P2,559 million as cash generated from operations was lower than the cash needed for investing and financing activities such as cash dividends and loans payments. Trade and other receivables closed at P5,257 million, 9% higher than previous year.

Total liabilities also climbed by 15% or P855 million as at end-December this year to P6,690 million from P5,704 million in 2018 mainly due to the spike in Pension liability partly offset by the drop in short-term loans by P100 million.

Equity attributable to Parent Company stockholders amounting to P9,586 million as at December 31, 2019 increased by 1% or P61 million in between years, as a result of P2,618 million net income attributable to Parent Company earned in 2019, subsequently reduced by the dividends declared during the first half of 2019 amounting to P2,187 million.

Cash Flows	**2019** *(in millions PhP)*	2018 *(in millions PhP)*
Net cash provided by operating activities	**2,884.2**	3,155.6
Net cash used in investing activities	**(796.8)**	(405.9)
Net cash used in financing activities	**(2,365.5)**	(2,472.3)
Effect of exchange rate changes on cash and cash equivalents	**(26.0)**	1.8
Net increase (decrease) in cash and cash equivalents	**(304.1)**	279.3
Cash and cash equivalents at beginning of year	**2,559.1**	2,279.8
Cash and cash equivalents at end of the year	**2,255.0**	2,559.1

Operating Activities

Net cash from operations registered at P2,884 million in 2019. This stemmed from income before income tax of P3,766 million, adjusted mainly by Program rights usage of P989 million, Depreciation expense of P578 million, Pension expense of P402 million, Interest expense and financing charges of P56 million, Net unrealized foreign currency exchange gain of P30 million, Gain on sale of property and equipment of P21 million and Amortization of software costs of P27 million apart from the changes in working capital. The primary component of the changes in working capital included the P493 million and P274 million increase in Trade and other receivables and Prepaid and other current assets, respectively.
Investing Activities

Net cash used in investing activities amounted to P797 million, coming primarily from the acquisition of P673 million and P65 million worth of Property and equipment and Software costs, respectively. These were partially offset by the P26 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to P2,366 million due to payment of cash dividends and loans amounting to P2,198 million and P1,618 million, respectively, plus some P46 million in Interest expense netted by P1,518 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2018

Capping the twelve-month period in 2018, GMA Network and Subsidiaries (GMA/the Company) recorded consolidated sales of over P15.0 billion, ending shy by only 2% than a year ago -- despite the challenges during most part of the year brought about by the industry-wide contraction in advertising spending. Consolidated revenues of the Company sealed at P15,236 million, behind previous year's tally of P15,602 million, albeit by only a low single-digit percentage. The dramatic improvement in this year's fourth quarter sales was instrumental in bridging the gap in year-to-date topline.

Income Data	2018 (in millions PhP)	2017 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Advertising revenue	**13,834.5**	14,176.9	(342.3)	-2%
Subscriptions and others	**1,401.7**	1,425.4	(23.8)	-2%
	15,236.2	15,602.3	(366.1)	-2%
Total operating expenses	**11,998.0**	12,066.7	(68.7)	-1%
EBITDA	**4,823.9**	5,217.4	(393.5)	-8%
Net income	**2,324.0**	2,559.7	(235.7)	-9%
Attributable to Equity Holders of Parent Co.	***2,304.8***	*2,543.9*	*(239.1)*	*-9%*
Noncontrolling Interest	***19.2***	*15.8*	*3.4*	*21%*

For the year ended December 31, 2018, advertising sales sealed at P13,835 million, lower than last year by P342 million or 2%. Mixed results were seen in the various airtime-revenue generating platforms. Radio and Regional TV operations exhibited top-line improvements while Ch-7 and GMA News TV 11 finished with sales lower than prior year. On the other hand, other revenue sources, particularly from subsidiaries' operations and other businesses reflected a combined decrease of P24 million equivalent to 2%.

Meanwhile, the Company continued to put a tight rein on cost as total consolidated operating expenses (OPEX) for 2018 aggregating to P11,998 million manifested a reduction of P69 million or 1%. Production and other direct cost finished off at P6,484 million which was lower than year ago's P6,682 million by P199 million or 3%. This was partly offset by the hike in the Company's general and administrative expenses (GAEX) by P130 million or 2%. Consolidated GAEX stood at P5,514 million by the close of the twelve month period this 2018.

The drop in this year's top line drove consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) down to P4,824 million, lower than last year, albeit by still a single digit percentage of 8% or P393 million. Consolidated Net Income after tax for the twelve-month period this 2018 thus settled at P2,324 million, down by P236 million or 9% against last year's performance of P2,560 million.

Revenues

Consolidated revenues this 2018 cumulated to P15,236 million, sliding by P366 million or 2% from year ago's P15,602 million. The shortfall in advertising revenues of P342 million was moderately heightened by the cut in top-line contribution coming from subsidiaries and other businesses by P24 million.

Revenues	2018 (in millions PhP)	2017 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Advertising revenues	**13,834.5**	14,176.9	(342.3)	-2%
Subscriptions and others	**1,401.7**	1,425.4	(23.8)	-2%
	15,236.2	15,602.3	(366.1)	-2%

On a per platform basis, core channel, GMA-7 comprised the lion's share in the Company's revenue pie, pitching in more than three quarters of the consolidated top line. Compared to prior year's sales, the channel posted a reduction of 4% in airtime sales, arising from the contraction in advertising spending by major business partners. In the same manner, leading news channel GMA News TV 11 also wrapped up the year 2018 with sales lower by 6%.

On the other hand, these were partly mitigated by the boost in revenues generated by the Radio business, which bagged the second largest share in airtime revenues. Radio operations nationwide, pitched in revenues higher by 11% versus 2017. Lastly, Regional TV operations also proved its mettle sealing the year with sales up by 5% from a year ago. Both national and local sales posted revenues higher by 6% and 3%, respectively. Meanwhile, partially netting the drop in advertising topline sales was the growth in on-line advertising via the Company's websites, GMA News Online and GMA Entertainment Online by 30% year-on-year.

Ratings-wise, GMA continued to win against ABS-CBN in the nationwide urban TV ratings (NUTAM) in 2018 with 40.8% average people audience share versus its main competitor's 37.5%. Excluding specials, 19 out of the overall top 30 programs nationwide were from GMA. Moreover, GMA's 47.6% people audience share average in Mega Manila was way ahead of its rival's 28.6%. The Network likewise posted a double-digit margin in TV audience share over ABS-CBN in Urban Luzon.

In other revenue sources, the combined growth of P61 million or 4% was a result of the net improvements from subsidiaries operations by 14%, while subscriptions from the Company's international channels GMA Pinoy TV, Life TV and News TV stood flat in between periods. The 4% hike in foreign exchange due to the depreciation of the Peso against the US dollar was counterweighed by the contraction in subscriber count for the channels mentioned above. Revenues from film distribution abroad also recorded a cut-back from last year.

Expenses

Total consolidated operating expenses for the full year of 2018 amounted to P11,998 million, declining by P69 million or 1% compared to last year. The dip in total cash OPEX by P91 million or 1% was partly offset by the slight increase in non-cash OPEX by P22 million.

Production Costs	**2018** *(in millions PhP)*	2017 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**3,038.3**	3,113.6	(75.3)	-2%
Rentals and outside services	**895.8**	845.0	50.8	6%
Other program expenses	**1,475.8**	1,577.6	(101.8)	-6%
Sub-total - Cash Production Costs	**5,409.9**	5,536.1	(126.3)	-2%
Program rights amortization	**871.5**	905.3	(33.8)	-4%
Depreciation and amortization	**202.4**	240.9	(38.5)	-16%
Sub-total - Non-cash Production Costs	**1,073.8**	1,146.2	(72.3)	-6%
Total production costs	**6,483.7**	6,682.3	(198.6)	-3%

Production cost and talent fees which comprised 54% of total consolidated OPEX sealed the period at P6,484 million, even lower by 3% or P199 million than a year ago. Cash production cost ended at P5,410 million, down P126 million or 2% from last year's P5,536 million. Talent fees, which comprised the biggest chunk in this category contracted by P75 million or 2%. This was partly offset by the increase in Rentals and outside services which grew by P51 million or 6%. Other program expenses also registered a reduction by P102 million or 6% in between periods. Contributing to the decline were lower line-production fees paid this year as well as less spending on tapes, sets and production supplies. Non-cash production expenses also netted a P72 million or 6% dip from last year coming from Program rights amortization by 4% and Depreciation by 16%.

General and Administrative Expenses	**2018** *(in millions PhP)*	2017 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**3,284.8**	3,284.3	0.5	0.02%
Outside services	**408.2**	376.5	31.8	8%
Facilities costs	**465.7**	449.6	16.1	4%
Taxes and licenses	**192.8**	182.7	10.1	6%
Others	**645.9**	669.1	(23.2)	-3%
Subtotal - Cash GAEX	**4,997.5**	4,962.2	35.3	1%
Depreciation and amortization	**384.1**	390.6	(6.5)	-2%
Provision for doubtful accounts	**109.6**	8.3	101.4	1228%
Amortization of software costs	**23.2**	23.4	(0.2)	-1%
Subtotal - Non-cash GAEX	**516.9**	422.2	94.7	22%
Total GAEX	**5,514.3**	5,384.4	129.9	2%

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to P5,514 million during the year, slightly ahead of last year by 2% or P130 million. Personnel cost which comprised the biggest chunk of this category ended at P3,285 million, at par with last year. While salary increases were accorded to both Confidential and Rank & File employees for 2018, this was fairly equalized by the presence of the non-recurring CBA signing bonus and appreciation bonus in 2017. Outside services which included Advertising expenses and Professional fees grew by P32 million or 8%, while Facilities cost hiked by P16 million or 4%, mainly from the rise in utilities payments. Lastly, non-cash GAEX spiked by P95 million this year, up 22% from a year ago, mainly due to the recording of P110 million as additional provision for doubtful accounts this year.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2018 sealed at P4,824 million, lower by P393 million or 8% compared with prior year's P5,217 million. The drop in EBITDA was attuned to this year's top line ending shy against last year's showing.

Net Income

The Company wrapped up the twelve-month period this 2018 with consolidated net income after tax reaching P2,324 million, down by P236 million, though nevertheless only a single-digit percentage lower equivalent to 9%.

Balance Sheet Accounts

As at end-2018, the Company's total assets stood at P15,293 million, exhibiting an increase of 3% from December 31, 2017's P14,793 million.

Cash and cash equivalents of P2,559 million increased by P279 million or 12% from 2017 balance of P2,280 million as a result of higher operating income netted by the dividends declared during the year and various investing activities. Trade and other receivables closed at P4,812 million, 2% lower than previous year.

Total liabilities also grew by 7% or P361 million as at end-December this year to P5,704 million from P5,343 million in 2017 primarily due to hike in Pension liability as a result of latest actuarial valuation report partially netted by the drop in Trade payables and other current liabilities by P226 million.

Equity attributable to Parent Company stockholders of P9,525 million as at December 31, 2018 decreased by 1% or P122 million in between years, as a result of dividends declared during the first half of 2018 amounting to P2,430 million, subsequently counterbalanced by the P2,305 million net income attributable to Parent Company earned in 2018 and by increase in revaluation increment in land as of December 31, 2018 in the amount of P693 million, net of tax.

Cash Flows	**2018** *(in millions PhP)*	2017 *(in millions PhP)*
Net cash provided by operating activities	**3,155.6**	3,072.5
Net cash used in investing activities	**(405.9)**	(542.9)
Net cash used in financing activities	**(2,472.3)**	(3,733.5)
Effect of exchange rate changes on cash and cash equivalents	**1.8**	64.7
Net increase (decrease) in cash and cash equivalents	**279.3**	(1,139.2)
Cash and cash equivalents at beginning of year	**2,279.8**	3,419.0
Cash and cash equivalents at end of the year	**2,559.1**	2,279.8

Operating Activities

Net cash from operations registered at P3,156 million in 2018. This stemmed from income before income tax of P3,332 million, adjusted mainly by Program rights usage of P871 million, Depreciation expense of P586 million, Pension expense of P312 million, Provision for doubtful accounts of P110 million, Interest expense and financing charges of P36 million, Gain on sale of property and equipment of P20 million and Amortization of software costs of P23 million apart from the changes in working capital. The primary component of the changes in working capital included the P128 million increase in Trade and other receivables coupled by the P230 million decrease in Trade payables and other current liabilities.

Investing Activities

Net cash used in investing activities amounted to P406 million, coming primarily from the P519 million and P8 million net additions to Property and equipment and Software costs, respectively. These were partly offset by the increase in Other noncurrent assets by P88 million and by the P31 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to P2,472 million basically due to payment of cash dividends and loans amounting to P2,436 million P1,500 million, respectively, plus some P36 million in Interest expense netted by P1,000 million remaining proceeds from short-terms loans.

FINANCIAL STATEMENTS

GMA Network, Inc.

Report of the Audit and Risk Management Committee
For the Year Ended 31 December 2019
April 13, 2020

The Audit and Risk Management Committee's roles and responsibilities are defined in the Company's Manual on Corporate Governance, namely: to assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: (a) the financial reporting process; (b) system of internal controls; (c) risk management; (d) performance of internal and independent auditors; and (e) compliance with legal and regulatory requirements.

In fulfilling its responsibilities, the Committee wishes to report that:

1. An Independent Director chairs the Audit and Risk Management Committee. The Committee met four (4) times during the year, including an executive session with the internal auditors.

2. The Committee reviewed and discussed the 2019 Audited Financial Statements of GMA Network, Inc. and Subsidiaries (GMA Group), including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management, the company's Internal Auditors and SGV & Co., the independent auditor of the GMA Group. These activities were performed in the following context: (a) management has the primary responsibility for the financial statements and financial reporting process; and (b) SGV & Co. is responsible for expressing an opinion on the conformity of the GMA Group's consolidated audited financial statements with Philippine Financial Reporting Standards.

3. The Committee discussed and approved the respective scope and work plans of the internal and external auditors and subsequently discussed the results of their work and their assessments of the GMA Group's financial reports, internal controls and overall quality of the financial reporting process. As part of this activity, the Committee reviewed Internal Audit Reports and those of regulatory agencies where applicable, to ensure that management is taking appropriate corrective action in a timely manner on internal control and compliance issues.

4. The Committee reviewed the audit and audit-related services provided by SGV & Co. to the GMA Group, together with the fees charged for services rendered. No non-audit services were provided by SGV & Co. during the year.

5. As part of the Committee's ongoing mandate, the Committee oversaw and monitored the implementation of a systematic approach to proactively respond to GMA Group's key strategic, operational, financial, and compliance risks. Periodic reviews and updates involving appropriate stakeholders have been institutionalized to ensure that the assessment of GMA Group's risk profile remain current and relevant. Special discussions were held to timely and effectively address special circumstances, as part of the mitigating efforts to reduce unlikely impact toward GMA Group.

6. Based on reviews and discussions undertaken, the Committee recommends approval of the Audited Financial Statements for the year ended December 31, 2019, their inclusion in the Annual Report to Stockholders for the year ended December 31, 2019 and filing with the Securities and Exchange Commission.

7. The Committee finds that SGV & Co. has satisfactorily performed its work for the year 2019 and therefore recommends the re-appointment of SGV & Co. as the GMA Group's independent auditor for 2020, subject to further negotiation on audit fees and charges.

JAIME C. LAYA
Chairman, Audit and Risk Management Committee

ARTEMIO V. PANGANIBAN
Vice Chairman, Audit and Risk Management Committee

JUDITH R. DUAVIT-VAZQUEZ
Member, Audit and Risk Management Committee

ANNA TERESA M. GOZON-VALDES
Member, Audit and Risk Management Committee

LAURA J. WESTFALL
Member, Audit and Risk Management Committee

Countersigned by:

FELIPE L. GOZON
Chairman of the Board and Chief Executive Officer

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

April 13, 2020

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Metro Manila Philippines

The management of **GMA Network, Inc. and Subsidiaries** is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements including the schedules attached therein and submits the same to the stockholders.

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

(1) Revenue Recognition

The Group derives a significant portion of its revenue from advertising, which represents 92% of the consolidated revenue for the year ended December 31, 2019. Proper recognition of revenue from advertising is significant to our audit given the large volume of transactions processed daily and the highly automated airtime revenue process with multiple information technology (IT) interfaces from initiation to reporting. Further, there are different rates applicable depending on the time slot when the advertisements are aired which are adjusted by discounts granted by the Group on a case-by-case basis as indicated in the telecast orders. Lastly, there are variations in the timing of billings which are made depending on when the advertisements are aired.

Refer to Note 21 of the consolidated financial statements for the disclosure on details about the Group's revenues.

Audit Response

We obtained an understanding of the Group's advertising revenue process, tested the relevant internal controls and involved our internal specialists in testing the revenue-related IT controls. In addition, we selected samples of billing statements and performed recomputation. This was done by comparing the rates and billable airtime applied to the billing statements against the rates on the telecast orders and the billable airtime against the certificates of performance generated when the advertisements were aired. We also tested transactions taking place one month before and after year-end to obtain reasonable assurance that advertising revenues are recognized in the correct period.

(2) Adequacy of Allowance for Expected Credit Losses on Trade Receivables

The Group applies simplified approach in calculating expected credit losses (ECL) on trade receivables. Under this approach, the Group establishes a provision matrix that is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment. Allowance for ECL and the provision for ECL as of and for the year ended December 31, 2019 amounted to ₱549.64 million and ₱18.30 million, respectively. The use of ECL model is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information (called overlays) in calculating ECL.

Refer to Note 7 of the consolidated financial statements for the disclosure on the details of the allowance for credit losses using the ECL model.

Audit response

We obtained an understanding of the methodology and model used for the credit exposure on trade receivables and assessed whether these considered the requirements of PFRS 9, *Financial Instruments,* to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposure based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's trade receivables portfolios and industry practices.

Further, we checked the data used in the ECL model, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports. We also reconciled sample invoices to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis.

(3) Adoption of PFRS 16, Leases

Effective January 1, 2019, the Group adopted PFRS 16, *Leases*, under the modified retrospective approach which resulted in significant changes in the Group's accounting policy for leases. The Group's adoption of PFRS 16 is significant to our audit because the adoption involves application of significant judgment and estimation in determining the lease term, including evaluating whether the Group is reasonably certain to exercise options to extend or terminate the lease, and in determining the incremental borrowing rate. This resulted in the recognition of right-of-use assets, lease liability and dismantling provision amounting to ₱98.99 million, ₱66.54 million and ₱32.45 million, respectively, as at January 1, 2019, and the recognition of depreciation expense and interest expense of ₱30.66 million and ₱9.41 million, respectively, for the year ended December 31, 2019.

Refer to Notes 2 and 27 of the consolidated financial statements for the disclosures on the transition adjustments and details about the Group's leases, respectively.

Audit Response

We obtained an understanding of the Group's process in implementing the new standard on leases, including the determination of the population of the lease contracts covered by PFRS 16, the application of the short-term exemption, the selection of the transition approach and any election of available practical expedients.

We tested the population of lease agreements by comparing the number of lease agreements to the master lease schedule of the Group. On a test basis, we inspected lease agreements (i.e., lease agreements existing prior to the adoption of PFRS 16 and new lease agreements), identified their contractual terms and conditions, and traced these contractual terms and conditions to the lease calculation prepared by management, which covers the calculation of financial impact of PFRS 16, including the transition adjustments.

For selected lease contracts with renewal and/or termination option, we reviewed the management's assessment of whether it is reasonably certain that the Group will exercise the option to renew or not exercise the option to terminate.

We tested the parameters used in the determination of the incremental borrowing rate by reference to market data. We test computed the lease calculation prepared by management on a sample basis, including the transition adjustments.

We reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 16 and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

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 consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Belinda T. Beng Hui

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 NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	**₱2,254,971,656**	₱2,559,105,322
Trade and other receivables (Notes 7, 20, 30 and 31)	**5,257,147,953**	4,811,973,802
Program and other rights (Note 8)	**842,413,582**	736,461,608
Prepaid expenses and other current assets (Note 9)	**918,901,359**	644,937,919
Total Current Assets	**9,273,434,550**	8,752,478,651
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	**2,695,162,487**	2,642,298,449
At revalued amounts (Notes 13 and 31)	**2,803,196,184**	2,803,196,184
Right-of-use assets (Note 27)	**129,802,186**	–
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10, 30 and 31)	**243,433,060**	240,255,846
Investments and advances (Notes 11 and 20)	**179,766,749**	158,215,331
Program and other rights - net of current portion (Note 8)	**196,376,347**	200,772,808
Investment properties (Notes 14 and 31)	**36,252,221**	40,003,984
Deferred tax assets - net (Note 28)	**474,417,278**	242,939,864
Other noncurrent assets (Notes 15, 30 and 31)	**315,037,507**	212,372,345
Total Noncurrent Assets	**7,073,444,019**	6,540,054,811
TOTAL ASSETS	**₱16,346,878,569**	₱15,292,533,462
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 16, 30 and 31)	**₱2,406,724,759**	₱2,160,986,267
Short-term loans (Notes 17, 30 and 31)	**400,000,000**	500,000,000
Income tax payable	**512,384,161**	424,940,559
Current portion of lease liabilities (Notes 27, 30 and 31)	**18,268,746**	–
Obligations for program and other rights (Notes 18, 30 and 31)	**133,784,154**	119,646,269
Dividends payable (Notes 19, 30 and 31)	**18,734,008**	17,053,776
Total Current Liabilities	**3,489,895,828**	3,222,626,871
Noncurrent Liabilities		
Pension liability (Note 26)	**2,733,593,128**	2,182,994,135
Other long-term employee benefits (Note 26)	**336,401,040**	298,843,728
Lease liabilities - net of current portion (Notes 27, 30 and 31)	**87,519,369**	–
Dismantling provision (Note 27)	**42,392,195**	–
Total Noncurrent Liabilities	**3,199,905,732**	2,481,837,863
Total Liabilities	**6,689,801,560**	5,704,464,734

(Forward)

	December 31	
	2019	2018
Equity		
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196
Revaluation increment on land - net of tax (Note 13)	**1,710,505,188**	1,710,505,188
Remeasurement loss on retirement plans - net of tax (Note 26)	**(1,338,518,972)**	(1,038,041,118)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 10)	**(2,245,454)**	(5,051,345)
Retained earnings (Note 19)	**2,727,238,685**	2,368,404,468
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total equity attributable to equity holders of the Parent Company	**9,586,433,456**	9,525,271,202
Non-controlling interests (Note 2)	**70,643,553**	62,797,526
Total Equity	**9,657,077,009**	9,588,068,728
TOTAL LIABILITIES AND EQUITY	**₱16,346,878,569**	₱15,292,533,462

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2019	2018	2017
REVENUES (Note 21)	**₱16,493,452,212**	₱15,236,192,369	₱15,602,292,188
PRODUCTION COSTS (Note 22)	**6,435,153,765**	6,483,703,064	6,682,296,268
GROSS PROFIT	**10,058,298,447**	8,752,489,305	8,919,995,920
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**6,325,456,794**	5,514,342,920	5,384,409,786
OTHER INCOME (EXPENSE) - NET			
Interest expense (Notes 17 and 27)	**(55,595,345)**	(36,251,389)	(23,010,666)
Foreign currency exchange gain (loss)	**(34,892,931)**	19,221,001	2,300,851
Interest income (Note 6)	**22,906,786**	25,455,860	23,776,178
Equity in net earnings of joint ventures (Note 11)	**13,420,076**	6,351,690	329,580
Others - net (Note 25)	**87,766,566**	79,113,895	119,017,401
	33,605,152	93,891,057	122,413,344
INCOME BEFORE INCOME TAX	**3,766,446,805**	3,332,037,442	3,657,999,478
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	**1,200,778,143**	1,056,853,906	1,094,886,107
Deferred	**(73,607,958)**	(48,828,615)	3,383,736
	1,127,170,185	1,008,025,291	1,098,269,843
NET INCOME	**2,639,276,620**	2,324,012,151	2,559,729,635
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Items not to be reclassified to profit or loss in subsequent periods:			
Net changes in the fair market value of financial assets at FVOCI (Note 10)	**2,805,891**	(23,543,428)	–
Revaluation increment on land (Note 13)	**–**	693,258,159	–
Remeasurement loss on retirement plans (Note 26)	**(300,697,741)**	(367,199,765)	(2,182,309)
	(297,891,850)	302,514,966	(2,182,309)
Item to be reclassified to profit or loss in subsequent periods:			
Net changes in the fair market value of available-for-sale (AFS) financial assets	**–**	–	2,021,500
	–	–	2,021,500
TOTAL COMPREHENSIVE INCOME	**₱2,341,384,770**	₱2,626,527,117	₱2,559,568,826
Net income attributable to:			
Equity holders of the Parent Company	**₱2,618,460,706**	₱2,304,793,288	₱2,543,897,957
Non-controlling interests (Note 2)	**20,815,914**	19,218,863	15,831,678
	₱2,639,276,620	₱2,324,012,151	₱2,559,729,635
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱2,320,788,743**	₱2,602,691,328	₱2,543,737,148
Non-controlling interests (Note 2)	**20,596,027**	23,835,789	15,831,678
	₱2,341,384,770	₱2,626,527,117	₱2,559,568,826
Basic / Diluted Earnings Per Share (Note 29)	**₱0.539**	₱0.474	₱0.523

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land (Note 13)	Remeasurement Loss on Retirement Plans (Note 26)	Net Unrealized Loss on Financial Assets at FVOCI (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2019	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,038,041,118)	(₱5,051,345)	₱2,368,404,468	(₱28,483,171)	(₱5,790,016)	₱9,525,271,202	₱62,797,526	₱9,588,068,728
Effect of adoption of new accounting standard (Note 2)	–	–	–	–	–	(72,537,192)	–	–	(72,537,192)	–	(72,537,192)
Balances at January 1, 2019, as restated	4,864,692,000	1,659,035,196	1,710,505,188	(1,038,041,118)	(5,051,345)	2,295,867,276	(28,483,171)	(5,790,016)	9,452,734,010	62,797,526	9,515,531,536
Total comprehensive income:											
Net income	–	–	–	–	–	2,618,460,706	–	–	2,618,460,706	20,815,914	2,639,276,620
Other comprehensive income (loss)	–	–	–	(300,477,854)	2,805,891	–	–	–	(297,671,963)	(219,887)	(297,891,850)
Cash dividends - ₱0.45 a share (Note 19)	–	–	–	–	–	(2,187,089,297)	–	–	(2,187,089,297)	–	(2,187,089,297)
Cash dividends to non-controlling interest (Note 2)	–	–	–	–	–	–	–	–	–	(12,750,000)	(12,750,000)
Balances at December 31, 2019	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,338,518,972)	(₱2,245,454)	₱2,727,238,685	(₱28,483,171)	(₱5,790,016)	₱9,586,433,456	₱70,643,553	₱9,657,077,009

	Equity Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land (Note 13)	Remeasurement Loss on Retirement Plans (Note 26)	Net Unrealized Loss on AFS Financial Assets	Net Unrealized Loss on Financial Assets at FVOCI (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2018	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱666,224,427)	₱–	₱18,492,083	₱2,493,710,400	(₱28,483,171)	(₱5,790,016)	₱9,352,679,094	₱46,611,737	₱9,399,290,831
Total comprehensive income:												
Net income	–	–	–	–	–	–	2,304,793,288	–	–	2,304,793,288	19,218,863	2,324,012,151
Other comprehensive income (loss)	–	–	693,258,159	(371,816,691)	–	(23,543,428)	–	–	–	297,898,040	4,616,926	302,514,966
Cash dividends - ₱0.50 a share (Note 19)	–	–	–	–	–	–	(2,430,099,220)	–	–	(2,430,099,220)	–	(2,430,099,220)
Cash dividends to non-controlling interest (Note 2)	–	–	–	–	–	–	–	–	–	–	(7,650,000)	(7,650,000)
Balances at December 31, 2018	₱4,864,692,000	₱1,659,035,196	₱1,710,505,188	(₱1,038,041,118)	₱–	(₱5,051,345)	₱2,368,404,468	(₱28,483,171)	(₱5,790,016)	₱9,525,271,202	₱62,797,526	₱9,588,068,728

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land (Note 13)	Remeasurement Loss on Retirement Plans (Note 26)	Net Unrealized Loss on AFS Financial Assets	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2017	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱664,042,118)	(₱10,113,681)	₱3,574,757,302	(₱28,483,171)	(₱5,790,016)	₱10,407,302,541	₱48,630,059	₱10,455,932,600
Total comprehensive income:											
Net income	–	–	–	–	–	2,543,897,957	–	–	2,543,897,957	15,831,678	2,559,729,635
Other comprehensive income (loss)	–	–	–	(2,182,309)	2,021,500	–	–	–	(160,809)	–	(160,809)
Cash dividends - ₱0.73 a share (Note 19)	–	–	–	–	–	(3,547,944,859)	–	–	(3,547,944,859)	–	(3,547,944,859)
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	(17,850,000)	(17,850,000)
Balances at December 31, 2017	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱666,224,427)	(₱8,092,181)	₱2,570,710,400	(₱28,483,171)	(₱5,790,016)	₱9,403,094,830	₱46,611,737	₱9,449,706,567

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,766,446,805**	₱3,332,037,442	₱3,657,999,478
Adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 22)	**988,703,737**	871,451,221	905,254,190
Depreciation (Notes 12, 14, 22, 23 and 27)	**577,704,447**	586,448,899	631,515,648
Pension expense (Note 26)	**402,209,767**	312,489,341	289,541,781
Contributions to retirement plan assets (Note 26)	**(266,448,811)**	(279,003,770)	(259,000,000)
Interest expense (Notes 17 and 27)	**55,595,345**	36,251,389	23,010,666
Net unrealized foreign currency exchange loss (gain)	**30,284,446**	5,185,384	(59,133,380)
Amortization of software costs (Notes 15 and 23)	**26,788,389**	23,173,007	23,362,883
Interest income (Note 6)	**(22,906,786)**	(25,455,860)	(23,776,178)
Net gain on sale of property and equipment and investment properties (Notes 12, 14 and 25)	**(21,368,209)**	(19,829,189)	(27,060,463)
Provision for ECL (Notes 7 and 23)	**18,297,347**	109,631,061	8,253,285
Equity in net earnings of joint ventures (Note 11)	**(13,420,076)**	(6,351,690)	(329,580)
Dividend income (Notes 10 and 25)	**–**	(2,499,895)	(132,811)
Provision for impairment of investment properties (Note 14)	**–**	2,048,592	–
Reversal of long-outstanding payables (Note 25)	–	–	(32,999,414)
Working capital changes:			
Decreases (increases) in:			
Trade and other receivables	**(492,922,233)**	(128,392,550)	346,895,501
Program and other rights	**(1,090,259,250)**	(462,548,125)	(1,197,820,078)
Prepaid expenses and other current assets	**(273,963,440)**	41,054,711	(34,932,681)
Increases (decreases) in:			
Trade payables and other current liabilities	**239,761,995**	(230,194,344)	(24,478,909)
Obligations for program and other rights	**18,449,846**	(21,536,158)	75,197,668
Other long-term employee benefits	**37,557,312**	14,189,700	97,513
Benefits paid out of Group's own funds (Note 26)	**(7,955,884)**	(48,311,185)	(7,825,922)
Cash flows provided by operations	**3,972,554,747**	4,109,837,981	4,293,639,197
Income taxes paid	**(1,113,334,541)**	(978,599,651)	(1,244,304,104)
Interest received	**24,981,846**	24,382,746	23,158,153
Net cash flows from operating activities	**2,884,202,052**	3,155,621,076	3,072,493,246

(Forward)

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(₱673,419,792)**	(₱519,420,168)	(₱523,727,612)
Software costs (Note 15)	**(65,484,770)**	(3,504,612)	(41,661,384)
Land at revalued amount (Note 13)	**–**	(7,593,293)	(1,364,718)
Proceeds from:			
Sale of property and equipment (Note 12)	**21,186,426**	26,774,646	29,578,768
Sale of investment properties (Note 14)	**4,910,714**	4,104,000	–
Decreases (increases) in other noncurrent assets	**(75,898,945)**	87,562,847	(5,824,646)
Advances to an associate and joint ventures (Notes 11 and 20)	**(8,131,342)**	(1,162,148)	–
Return of investment in financial asset at FVOCI (Note 10)	**–**	6,089,790	–
Cash dividends received	**–**	883,221	132,811
Collection from an associate and joint ventures (Notes 11 and 20)	**–**	401,778	–
Net cash flows used in investing activities	**(796,837,709)**	(405,863,939)	(542,866,781)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17 and 32)	**1,517,500,000**	1,500,000,000	1,500,000,000
Payments of:			
Cash dividends (Notes 2, 19 and 32)	**(2,198,159,065)**	(2,436,132,546)	(3,563,062,816)
Short-term loans (Notes 17 and 32)	**(1,617,500,000)**	(1,500,000,000)	(1,647,452,000)
Principal portion of lease liability (Notes 27 and 32)	**(21,694,663)**	–	–
Interest expense (Note 32)	**(45,663,399)**	(36,125,000)	(22,967,610)
Net cash flows used in financing activities	**(2,365,517,127)**	(2,472,257,546)	(3,733,482,426)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(278,152,784)**	277,499,591	(1,203,855,961)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(25,980,882)**	1,767,236	64,680,251
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,559,105,322**	2,279,838,495	3,419,014,205
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,254,971,656**	₱2,559,105,322	₱2,279,838,495

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

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

The registered office address of the Parent Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City.

The accompanying consolidated financial statements of the Group were approved and authorized for issuance by the BOD on April 13, 2020.

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

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019. The Group controls an investee if, and only if, the Group has:

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

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

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

NCI represents the portion of profit or loss and the net assets not held by owners of the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the non-controlling equity interest in the subsidiary. NCI represents the equity interest in RGMA Network, Inc. (RGMA Network), a subsidiary incorporated in the Philippines with principal place of business at GMA Network Center, Timog Avenue corner EDSA Quezon City.

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

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

	2019	2018
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱70,643,553**	₱62,797,526
Net income allocated to material NCI	**20,815,914**	19,218,863

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2019	2018	2017
Revenues	**₱265,084,575**	₱230,920,784	₱218,504,662
Expenses	**(202,103,725)**	(173,163,510)	(171,962,237)
Provision for income tax	**(22,165,333)**	(20,073,228)	(15,499,920)
Net income	**40,815,517**	37,684,046	31,042,505
Other comprehensive income (loss)	**(431,151)**	9,052,796	–
Total comprehensive income	**₱40,384,366**	₱46,736,842	₱31,042,505
Net income attributable to:			
NCI	**₱20,815,914**	₱19,218,863	₱15,831,678
Parent Company	**19,999,603**	18,465,183	15,210,827
Total comprehensive income attributable to:			
NCI	**₱20,596,027**	₱23,835,789	₱15,831,678
Parent Company	**19,788,339**	22,901,053	15,210,827

Summarized Statements of Financial Position

	2019	2018
Total current assets	**₱200,412,398**	₱186,618,880
Total noncurrent assets	**26,175,579**	27,870,302
Total current liabilities	**24,643,602**	19,569,026
Total noncurrent liabilities	**63,427,604**	71,787,752
Total equity	**138,516,771**	123,132,404
Attributable to NCI	**₱70,643,553**	₱62,797,526
Attributable to equity holders of the Parent Company	**₱67,873,218**	₱60,334,878

Summarized Cash Flows Information

	2019	2018	2017
Operating	**₱68,068,256**	₱15,115,095	₱20,793,197
Investing	**(838,659)**	(97,865)	(200,564)
Financing	**(25,000,000)**	15,000,000	(35,000,000)
Net increase (decrease) in cash and cash equivalents	**₱42,229,597**	₱30,017,230	(₱14,407,367)

In 2019 and 2018, RGMA declared and paid dividends amounting to ₱12.75 million and ₱7.65 million, respectively, to NCI.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2019 and 2018:

	Principal Activities	Percentage of Ownership Direct	Indirect
Entertainment Business:			
Alta Productions Group, Inc. (Alta)	Pre and post-production services	100	–
Citynet Network Marketing and Productions, Inc. (Citynet)	Television entertainment production	100	–
GMA Network Films, Inc.	Film production	100	–
GMA New Media, Inc. (GNMI)	Converging technology	100	–
GMA Worldwide (Philippines), Inc.	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100	–
Scenarios, Inc.*	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100	–
RGMA Marketing and Productions, Inc.	Music recording, publishing and video distribution	100	–
RGMA Network	Radio broadcasting and management	49	–
Script2010, Inc.**	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	–	100
Advertising Business:			
GMA Marketing & Productions, Inc. (GMPI)***	Exclusive marketing and sales arm of Parent Company's airtime, events management, sales implementation, traffic services and monitoring	100	–
Digify, Inc.****	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	–	100
Others:			
Media Merge Corporation****	Business development and operations for the Parent Company's online publishing and advertising intiatives	–	100
Ninja Graphics, Inc.*****	Ceased commercial operations in 2004.	–	51

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new pronouncements starting January 1, 2019. Except for the adoption of PFRS 16, *Leases*, the adoption of these new standards and amendments did not have any significant impact on the consolidated financial statements.

- 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 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 the 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 Group is the lessor.

The Group adopted PFRS 16 using the modified retrospective approach and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC-4. The Group therefore did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC-4.

The effect of adoption PFRS 16 as at January 1, 2019 is as follows:

Consolidated Statement of Financial Position:	**Increase (decrease)**
Assets	
Right-of-use assets (see Note 27)	₱98,988,352
Property and equipment (see Note 12)	(72,537,192)
Deferred tax asset	29,696,506
Liabilities	
Lease liability (see Note 27)	66,535,587
Dismantling provision	32,452,765
Deferred tax liability	29,696,506
Equity	
Retained earnings	(72,537,192)

The Group has lease contracts for land, building, studio and office spaces. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as operating lease. Refer to Note 3 for the accounting policy prior to January 1, 2019.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term lease. Refer to Note 3 for the accounting policy beginning January 1, 2019.

Leases previously accounted for as operating leases
The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized and dismantling provision. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at January 1, 2019:

- Right-of-use assets of ₱98.99 million were recognized and presented separately in the consolidated statement of financial position.
- Additional lease liability and dismantling provision of ₱66.54 million and ₱32.45 million, respectively were recognized.
- Additional accumulated depreciation of leasehold improvements recorded as a reduction in retained earnings amounting to ₱72.54 million. This relates to leases with renewal options that cannot be unilaterally exercised by the Group and are not included as part of the lease term resulting to accelerated amortization of the related leasehold improvements.

The lease liability as at January 1, 2019 as can be reconciled to the operating lease commitments as at December 31, 2018 follows:

Operating lease commitments as at December 31, 2018	₱100,691,244
Additional operating lease commitments	84,811,171
Total operating lease commitments	185,502,415
Weighted average incremental borrowing rates	6.00% - 8.87%
Lease liability as at January 1, 2019	₱66,535,587

Due to the adoption of PFRS 16, the Group's operating profit in 2019 improved, while its interest expense increased. This is due to the change in the accounting for rent expense related to leases that were previously classified as operating leases under PAS 17.

Except for the additional accumulated depreciation of leasehold improvements, the adoption of PFRS 16 did not have an impact on equity as at January 1, 2019 since the Group elected to measure the right-of-use assets at an amount equal to the lease liability.

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

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

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

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

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

- *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*

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

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

New Accounting Standards, Interpretations and Amendments to Existing Standards
<u>Effective Subsequent to December 31, 2019</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they 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 will apply on future business combinations of the Group.

- 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. These 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. Early application is permitted.

  PFRS 17 is not applicable to the Group 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, *Business Combinations*. 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 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Current versus Noncurrent Classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

The Group also modifies classification of prior year amounts to conform to current year's presentation.

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

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

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 31
- Land, see Note 13
- Investment properties, see Note 14
- Financial instruments (including those carried at amortized cost), see Note 31

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments – Beginning January 1, 2018

Financial Instruments
A financial instrument is any contract that give 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 (FVPL).

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, 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 Group'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 Group commits to purchase or sell the asset.

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 FVPL

The Group does not have debt instruments at FVOCI and financial assets at FVPL as at December 31, 2019 and 2018.

Financial Assets at Amortized Cost (Debt Instruments). The Group 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 SPPI 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 the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables and refundable deposits (included under "Other noncurrent assets" account in the consolidated statement of financial position) as at December 31, 2019 and 2018 (see Notes 6, 7, 15 and 30).

Financial Assets Designated at FVOCI (Equity Instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as "Dividend income" included under "Others - Net" account in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably under this category its listed and non-listed equity instruments and investment in quoted club shares as at December 31, 2019 and 2018 (see Notes 10 and 30).

<u>Derecognition of Financial Assets</u>
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. 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, the Group applies a general approach which measures ECL on either a 12-month or lifetime basis depending on whether a significant increase in credit risks has occurred once initial recognition on whether an asset is considered to be credit-impaired, adjusted for the effects of collateral, forward-looking factors and time value of money.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience for trade and other receivables, and external-credit mapping for other debt instruments at amortized cost to calculate ECLs, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group, in general, considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off, in whole or in part, when the asset is considered uncollectible, the Group has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

For other debt assets, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument or comparable instruments. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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

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

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

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

Financial Liabilities at FVPL. Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL as at December 31, 2019 and 2018.

Loans and Borrowings. After initial recognition, interest-bearing loans and borrowings and other 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 consolidated statement of comprehensive income.

This category generally applies to trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and contract liabilities), short-term loans, obligations for program and other rights, dividends payable and lease liabilities (see Notes 16, 17, 18, 27 and 30).

<u>Derecognition of Financial Liabilities</u>
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 consolidated statement of comprehensive income.

Financial Instruments – Prior to January 1, 2018

<u>Financial Instrument</u>
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.

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

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

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

Subsequent Measurement. The Group has no financial assets at FVPL and HTM investments as at December 31, 2017.

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 is included in interest income in profit or loss. The losses arising from impairment are recognized under "General and administrative expenses" account in the consolidated statement of comprehensive income.

As at December 31, 2017, the Group's cash and cash equivalents, trade and other receivables and refundable deposits (included under "Other noncurrent assets" account) are classified as loans and receivables.

b. *AFS financial assets*

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

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

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

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

As at December 31, 2017, the Group's investments in equity securities in listed and non-listed entities and quoted club shares are classified as noncurrent AFS financial assets.

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

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

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

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

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

Financial Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in the consolidated 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.

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

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

Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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

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

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

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

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

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

Financial Liabilities

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

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

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

Subsequent Measurement

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

a. *Financial liabilities at FVPL*

   The Group has not designated any financial liabilities at FVPL or derivatives designated as hedging instruments in an effective hedge as at December 31, 2017.

b. *Loans and borrowings*

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

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

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

Derecognition

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

Classification of Financial Instruments Between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

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

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

Program and Other Rights
Program and other rights with finite lives are stated at cost less amortization and impairment in value. The estimated useful lives and the amortization method used depend on the manner and pattern of usage of the acquired rights. The cost of program and other rights with multiple number of runs within a specified term is amortized using straight line method up to the date of expiry.

From September 1, 2019, the Group changed its accounting policy for amortizing the cost of program and other rights with no definite expiration from accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost to straight-line method over ten years based on the current book values so as to allow recognition of amortization equally and to be consistent with the method of amortizing program rights with multiple number of runs within a specified term. Management takes the view that this policy provides reliable and more relevant information because it is reflective of the pattern of consumption of program rights. The effect on the current year and future periods is to decrease the carrying amount of program and other rights by ₱199.08 million and increase amortization expense by ₱197.62 million with its corresponding tax impact.

Amortization expense is shown as "Program and other rights usage" included under "Production costs" account in the consolidated statement of comprehensive income.

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

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

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

Materials and Supplies Inventory
Materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the current replacement cost.

Tax Credits

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

As at December 31, 2019 and 2018, the Group's tax credits are classified as current under "Prepaid expenses and other current assets" account in the consolidated statement of financial position.

Advances to Suppliers

Advances to suppliers, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, are noninterest-bearing and are generally applied to acquisition of inventories, programs and other rights, availments of services and others.

Property and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets
The carrying values of program and other rights, prepaid production costs, deferred production costs, tax credits, investments and advances, property and equipment, right-of-use assets, investment properties, software costs and investment in artworks are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets are considered impaired and are written down to their recoverable amount. The recoverable amount of these nonfinancial assets is the greater of an asset's or cash-generating unit's fair value less cost to sell or value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and

the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. Impairment losses, if any, are recognized in profit or loss in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

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

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

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

Retained earnings include all current and prior period results of operations as reported in the consolidated statement of comprehensive income, net of any dividend declaration, adjusted for the effects of changes in accounting policies as may be required by PFRS' transitional provisions.

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

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

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

Revenue Recognition

a. Revenue Recognition Prior to Adoption of PFRS 15

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

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

Advertising Revenue. Revenue is recognized in the period the advertisements are aired.

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

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

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

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

Production Revenue. Production revenue is recognized when project-related services are rendered.

Revenue from Distribution and Content Provisioning. Revenue is recognized on an accrual basis in accordance with the terms of the agreement.

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

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

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

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

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

b. 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 Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group 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 Group 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:

Advertising Revenue. Revenue is recognized in the period the advertisements are aired.

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

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

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

Subscription Revenue. Subscription fees are recognized over the subscription period in accordance with the terms of the subscription agreements.

Production Revenue. Production revenue is recognized at a point in time when project-related services are rendered.

Revenue from Distribution and Content Provisioning. Revenue is recognized upon delivery of the licensed content to customers.

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

c. Revenue Recognition Outside the Scope of PFRS 15

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

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

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

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

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

Contract Balances

Trade Receivables. A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to the accounting policies of Financial Instruments section.

Contract Assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract Liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognized as revenue when the Group performs under the contract.

Incremental Costs to Obtain a Contract
The Group pays sales commissions to its account executives for each contract that they obtain for advertising agreements with customers. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (presented under "General and administrative expenses" account in the consolidated statement of comprehensive income) because the amortization period of the asset that the Group otherwise would have used is less than one year.

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

<u>Expenses</u>
Expenses, presented as "Production costs" and "General and administrative expenses" in the consolidated statement of comprehensive income, are recognized as incurred.

Pension and Other Long-Term Employee Benefits
The Parent Company has a funded, noncontributory defined benefit retirement plan covering permanent employees. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive an amount equivalent to a certain percentage of monthly salary at normal retirement age. In addition, the Group has agreed to pay the cash equivalent of the accumulated unused vacation leave of the employees upon separation from the Group.

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

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

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

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

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

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

<u>Leases starting January 1, 2019 - Upon Adoption of PFRS 16</u>

Leases. The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- *Right-of-use Assets*. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follow:

Land	2 to 12 years
Buildings, studio and office spaces	2 to 6 years

  Right-of-use assets are subject to impairment.

- *Lease Liabilities.* At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- *Short-term Leases.* The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date or initial application of PFRS 16 and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

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

Leases before January 1, 2019 - Prior to Adoption of PFRS 16

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

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

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

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

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

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

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting period. All differences are taken to profit or loss in the consolidated statements of comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. For income tax purposes, foreign exchange gains and losses are treated as taxable income or deductible expenses when realized.

Taxes

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

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

- where the deferred 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; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

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

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, 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 consolidated 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 consolidated 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 included as part of "Prepaid expenses and other current assets" or "Trade payables and other current liabilities" accounts in the consolidated statement of financial position.

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

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

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

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

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

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

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

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

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

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at December 31, 2019 and 2018 are ₱70.64 million and ₱62.80 million, respectively.

Assessment of Significant Influence over the Investee. The Parent Company holds 25% ownership interest in Optima Digital, Inc. as at December 31, 2019 and 2018. Even with more than 20% voting rights, management assessed that the Parent Company does not have the power to participate in the policy-making processes, including decisions to affect its returns in the form of dividends. Further, the Parent Company does not have the ability to participate in the financial and operational policies decision-making of the investee to affect its relevant activities.

Determination of Lease Term of Contracts with Renewal and Termination Options – Group as a Lessee (Starting January 1, 2019 - Upon Adoption of PFRS 16). The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period as part of the lease term for its leases as these are subject to mutual agreement and are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term because they are reasonably certain not to be exercised.

Operating Leases - Group as Lessor. The Group has entered into various lease agreements as lessor. The Group had determined that the risks and rewards of ownership of the underlying property were retained by the Group. Accordingly, the leases are classified as an operating lease.

Total rental income amounted to ₱8.56 million, ₱8.27 million and ₱8.18 million in 2019, 2018 and 2017, respectively (see Note 25).

Operating Leases - Group as Lessee (Prior to January 1, 2019 - Prior to Adoption of PFRS 16). The Group has entered into various lease agreements as a lessee. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessors retain all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases.

Rental expense charged to operations amounted to ₱927.34 million and ₱873.91 million in 2018 and 2017 respectively (see Notes 22, 23 and 27).

Estimates and Assumptions

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

Estimating the Incremental Borrowing Rate (Starting January 1, 2019 - Upon Adoption of PFRS 16). The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the counterparty's stand-alone credit rating).

The Group's lease liability amounted to ₱105.79 million as at December 31, 2019 (see Note 27).

Estimating Allowance for ECL (applicable starting January 1, 2018 upon adoption of PFRS 9). The following information explains the inputs, assumptions and techniques used by the Group in estimating ECL for trade receivables:

- Simplified approach for trade receivables

  The Group uses a simplified approach for calculating ECL on trade receivables through the use of provision matrix to calculate ECLs. The provision rates are based on days past due for groupings of customer segment that have similar loss patterns (i.e., by customer type).

  The provision matrix is initially based on the Group's historical observed default rates. The Group then calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (e.g., gross domestic product, inflation rate, unemployment rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the Group's operating segments, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

- Definition of default for trade receivables

  The Group defines a trade receivable as in default, when it meets one or more of the following criteria:

  - The counterparty is experiencing financial difficulty or is insolvent
  - The receivable is more than 360 days past due. The determination of the period is based on the Group's practice and agreement with their customers within the industry.

- Incorporation of forward-looking information

  The Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments that support the calculation of ECLs. A broad range of forward-looking information are considered as economic inputs such as the gross domestic product, inflation rate, unemployment rates and other economic indicators.

  The macroeconomic factors are aligned with information used by the Group for other purposes such as strategic planning and budgeting.

The Group identifies and documents key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key macro-economic indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

- Grouping of instruments for losses measured on collective basis

  For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a segmentation are homogeneous. The Group segmentized its receivables based on the type of customer (e.g., corporate and individuals).

  The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

  Provision for ECL amounted to ₱18.30 million and ₱109.63 million in 2019 and 2018, respectively (see Notes 7 and 23). The allowance for ECL amounted to ₱549.64 million and ₱531.34 million as at December 31, 2019 and 2018, respectively. The carrying amounts of trade and other receivables amounted to ₱5,257.15 million and ₱4,811.97 million as at December 31, 2019 and 2018, respectively (see Note 7).

Estimating Allowance for Doubtful Accounts (applicable until December 31, 2017 prior to the adoption of PFRS 9). Provisions are made for specific and groups of billed accounts where objective evidence of impairment exists. The Group determines the allowance for doubtful accounts based on impairment assessments of individual advertiser balances. Individual balances for which there is no objective evidence of impairment are assessed collectively by applying a loss rate determined based on a five-year average of historical losses. The individual impairment assessment is an inherently uncertain process involving various assumptions and factors about the financial condition of the advertiser, estimates of amounts still collectible and, for the collective assessment, the loss rate used. These assumptions could be significantly different from actual credit losses.

Provision for doubtful accounts amounted to ₱8.25 million in 2017 (see Note 23).

Classification and Amortization of Program and Other Rights. Portions of program and other rights are classified as current and noncurrent assets. Current portion represents those expected to be aired any time within its normal operating cycle, whereas the noncurrent portion represents those without definite expiration.

From September 1, 2019, the Group changed its accounting policy for amortizing the cost of program and other rights with no definite expiration date from accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost to straight-line method over ten years based on the current book values so as to allow recognition of amortization equally and to be consistent with the method of amortizing program rights with multiple number of runs within a specified term. Management takes the view that this policy provides reliable and more relevant information because it is reflective of the pattern of consumption of the program rights. The effect on the current year and future periods is to decrease the carrying amount of program and other rights by ₱199.08 million and increase amortization expense by ₱197.62 million with its corresponding tax impact.

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights. In addition, estimation of the amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱988.70 million, ₱871.45 million and ₱905.25 million in 2019, 2018 and 2017, respectively (see Notes 8 and 22). Program and other rights, net of accumulated impairment in value of ₱2.70 million, amounted to ₱1,038.79 million and ₱937.23 million as at December 31, 2019 and 2018, respectively (see Note 8).

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

The carrying value of materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, amounted to ₱12.76 million and ₱13.42 million as at December 31, 2019 and 2018, respectively (see Note 9). There were no provisions for inventory losses in 2019, 2018 and 2017.

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in 2019 and 2018.

Total depreciation and amortization expense for the years ended December 31, 2019, 2018 and 2017, amounted to ₱604.49 million, ₱609.62 million and ₱654.88 million, respectively (see Notes 12, 14, 15, 22, 23 and 27).

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

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

In 2019, there is no additional revaluation increment on land due to insignificant movements in the fair value of the land. There is a revaluation increment on land in 2018 amounting to ₱990.37 million. The revalued amount of land, which is classified under "Property and equipment" account in the statement of financial position, amounted to ₱2,803.20 million as at December 31, 2019 and 2018 (see Notes 13 and 31).

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

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

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

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

As at December 31, 2019 and 2018, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

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

	2019	2018
Land at revalued amounts (see Note 13)	**₱2,803,196,184**	₱2,803,196,184
Property and equipment - at cost (see Note 12)	**2,695,162,487**	2,642,298,449
Program and other rights (see Note 8)	**1,038,789,929**	937,234,416
Prepaid production costs (see Note 9)	**282,840,960**	84,473,811
Investments and advances (see Note 11)	**179,766,749**	158,215,331
Right-of-use assets (see Note 27)	**129,802,186**	–
Software costs (see Note 15)	**120,396,750**	81,548,369
Tax credits (see Note 9)	**58,699,529**	59,969,477
Investment properties (see Note 14)	**36,252,221**	40,003,984
Investment in artworks (see Note 15)	**10,186,136**	10,186,136
Deferred production costs (see Note 15)	**1,088,162**	797,800

Estimating Realizability of Deferred Tax Assets. The Group reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary difference and carryforward benefits of NOLCO and excess MCIT over RCIT is based on the projected taxable income in the following periods.

Recognized deferred tax assets amounted to ₱1,246.43 million and ₱976.62 million as at December 31, 2019 and 2018, respectively, while unrecognized deferred tax assets amounted to ₱4.95 million and ₱4.80 million as at December 31, 2019 and 2018, respectively (see Note 28).

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

Pension liability amounted to ₱2,733.59 million and ₱2,182.99 million as at December 31, 2019 and 2018, respectively (see Note 26).

Determination of Fair Value of Financial Assets at FVOCI. Financial assets at FVOCI are carried and disclosed at fair value, which requires extensive use of accounting estimates and judgments. When the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The fair value of financial assets at FVOCI are enumerated in Note 31.

Determination of Fair Value of Investment Properties. PFRS requires disclosure of fair value of investment properties when measured at cost.

The appraisers conducted an actual inspection of the property and considered the following in the study and analyses in arriving at the estimate of fair value: (a) extent, character and utility of the land; (b) sales and holding prices of similar properties; and (c) highest and best use of the property.

The description of valuation techniques used and key inputs to fair valuation of investment properties are enumerated in Note 14 of the consolidated financial statements.

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

5. Segment Information

Business Segments

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

- The television and radio segment, which engages in television and radio broadcasting activities and which generates revenue from sale of national and regional advertising time.

- The international subscription segment which engages in subscription arrangements with international cable companies.
- Other businesses which include movie production, consumer products and other services.

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

Geographical Segments
The Group operates in two major geographical segments - local and international. Local refers to revenues earned in the Philippines, the home country. Significant portion of the revenues earned locally pertain to television and radio airtime. International refers to revenues earned in United States and in other locations (which include Middle East, Europe, Australia, Canada, Guam, Singapore, Hongkong and Japan). The Group ties up with cable providers to bring local television programming outside the Philippines.

The Group's revenues are mostly generated in the Philippines, which is the Group's country of domicile.

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

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

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

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

Geographical	Local						International								
Business Segment	Television and radio airtime			Other businesses			International subscription			Eliminations			Consolidated		
	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017	2019	2018	2017
REVENUES															
External sales	₱15,101,963,669	₱13,768,391,670	₱14,106,884,749	₱186,329,988	₱166,044,122	₱134,279,806	₱1,205,158,555	₱1,301,756,577	₱1,361,127,633	₱–	₱–	₱–	₱16,493,452,212	₱15,236,192,369	₱15,602,292,188
Inter-segment sales	–	–	–	536,119,799	596,056,036	416,723,790	–	–	–	(536,119,799)	(596,056,036)	(416,723,790)	–	–	–
	₱15,101,963,669	₱13,768,391,670	₱14,106,884,749	₱722,449,787	₱762,100,158	₱551,003,596	₱1,205,158,555	₱1,301,756,577	₱1,361,127,633	(₱536,119,799)	(₱596,054,018)	(₱416,723,790)	₱16,493,452,212	₱15,236,192,369	₱15,602,292,188
NET INCOME															
Segment results	₱2,583,871,724	₱2,029,449,877	₱2,327,287,494	₱211,455,580	₱200,819,048	₱155,027,164	₱909,748,278	₱984,355,287	₱1,038,271,476	₱27,766,071	₱23,522,173	₱15,000,000	₱3,732,841,653	₱3,238,146,385	₱3,535,586,134
Interest expense	(54,935,964)	(36,251,389)	(23,010,666)	(659,381)	–	–	–	–	–	–		–	(55,595,345)	(36,251,389)	(23,010,666)
Foreign exchange gain (loss)	(13,903,776)	17,034,936	1,460,046	(2,401,508)	1,628,409	840,354	(18,587,647)	557,656	451	–		–	(34,892,931)	19,221,001	2,300,851
Interest income	20,503,610	23,676,444	22,582,724	2,403,176	1,779,416	1,193,454	–	–	–	–		–	22,906,786	25,455,860	23,776,178
Equity in net earnings of joint ventures	–	–	–	13,420,076	6,351,690	329,580	–	–	–	–		–	13,420,076	6,351,690	329,580
Other income (expenses)	161,322,563	89,725,112	198,527,049	44,260,074	36,010,956	12,197,845	–	–	–	(117,816,071)	(46,622,173)	(91,707,493)	87,766,566	79,113,895	119,017,401
Income tax	(782,251,861)	(632,518,193)	(726,742,308)	(73,070,135)	(75,533,215)	(55,545,957)	(267,348,189)	(295,473,883)	(311,481,578)	(4,500,000)	(4,500,000)	(4,500,000)	(1,127,170,185)	(1,008,025,291)	(1,098,269,843)
	₱1,914,606,296	₱1,491,116,787	₱1,800,104,339	₱195,407,882	₱171,056,304	₱114,042,440	₱623,812,442	₱689,439,060	₱726,790,349	(₱94,550,000)	(₱27,600,000)	(₱81,207,493)	₱2,639,276,620	₱2,324,012,151	₱2,559,729,635
ASSETS AND LIABILITIES															
Assets															
Segment assets	₱15,111,267,351	₱14,159,482,812	₱13,576,095,160	₱1,324,408,671	₱1,163,427,015	₱999,067,187	₱747,452,665	₱945,621,759	₱1,176,546,383	(₱1,390,741,230)	(₱1,285,591,746)	(₱1,310,065,905)	₱15,792,387,457	₱14,982,939,840	₱14,441,642,825
Investment in associates - at equity	38,350,619	54,593,624	38,350,619	41,723,215	12,060,134	21,951,449	–	–	–	–	–	–	80,073,834	66,653,758	60,302,068
Deferred tax assets	295,060,775	102,485,454	144,828,605	52,600,016	42,971,403	47,477,395	–	–	–	126,756,487	97,483,007	98,863,389	474,417,278	242,939,864	291,169,389
	₱15,444,678,745	₱14,316,561,890	₱13,759,274,384	₱1,418,731,902	₱1,218,458,552	₱1,068,496,031	₱747,452,665	₱945,621,759	₱1,176,546,383	(₱1,263,984,743)	(₱1,188,108,739)	(₱1,211,202,516)	₱16,346,878,569	₱15,292,533,462	₱14,793,114,282
Liabilities															
Segment liabilities	₱6,180,282,349	₱5,374,409,333	₱4,897,143,505	₱698,179,912	₱600,445,444	₱571,391,857	₱526,202,498	₱382,639,036	₱505,353,822	(₱715,217,311)	(₱653,029,079)	(₱630,481,469)	₱6,689,801,560	₱5,704,464,734	₱5,343,407,715
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	₱1,141,571,861	₱473,050,515	₱1,210,748,319	₱–	₱–	₱15,216	₱14,172,159	₱105,263	₱21,658,042	₱–	₱–	₱–	₱1,155,744,020	₱473,155,778	₱1,232,421,577
Property and equipment	641,812,018	564,881,013	508,362,648	31,292,071	–	13,909,070	315,703	301,779	1,455,894	–	–	–	673,419,792	519,420,168	523,727,612
Land at revalued amount	–	7,593,293	1,364,718	–	–	–	–	–	–	–	–	–	–	7,593,293	1,364,718
Investment properties	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Depreciation and amortization	1,565,298,847	1,471,527,586	1,545,612,737	22,388,187	17,094,805	14,399,966	20,509,539	7,450,737	15,120,018	(15,000,000)	(15,000,000)	(15,000,000)	1,593,196,573	1,481,073,128	1,560,132,721

6. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	**₱1,852,507,801**	₱1,943,590,994
Short-term deposits	**402,463,855**	615,514,328
	₱2,254,971,656	₱2,559,105,322

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

Interest income earned from bank deposits and short-term deposits amounted to ₱22.91 million, ₱25.46 million and ₱23.78 million in 2019, 2018 and 2017, respectively.

7. Trade and Other Receivables

	2019	2018
Trade:		
Television and radio airtime	**₱5,227,766,620**	₱4,943,909,836
Subscriptions	**386,954,129**	206,855,121
Others	**183,958,408**	173,557,400
Nontrade:		
Advances to officers and employees	**5,913,890**	2,354,227
Others (see Note 20)	**2,194,508**	16,639,473
	5,806,787,555	5,343,316,057
Less allowance for ECL	**549,639,602**	531,342,255
	₱5,257,147,953	₱4,811,973,802

<u>Trade Receivables</u>

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

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

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

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

<u>Nontrade Receivables</u>

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

Allowance for ECL on Trade Receivables
The movements in the allowance for ECLs are as follows:

	2019		
	Corporate	**Individual**	**Total**
Balance at beginning of year	**₱517,554,094**	**₱13,788,161**	**₱531,342,255**
Provision (reversal) for the year (see Note 23)	**21,630,411**	**(3,333,064)**	**18,297,347**
Balance at end of year	**₱539,184,505**	**₱10,455,097**	**₱549,639,602**

	2018		
	Corporate	Individual	Total
Balance at beginning of year	₱407,923,033	₱13,788,161	₱421,711,194
Provision for the year (see Note 23)	109,631,061	–	109,631,061
Balance at end of year	₱517,554,094	₱13,788,161	₱531,342,255

8. **Program and Other Rights**

Details and movement in this account are as follows:

	2019			
	Program Rights	**Story/Format Rights**	**Program Rights - Incidentals**	**Total**
Cost:				
Balance at beginning of year	**₱917,873,774**	**₱5,219,240**	**₱16,843,662**	**₱939,936,676**
Additions	**985,927,729**	**25,480,067**	**78,851,454**	**1,090,259,250**
Program and other rights usage (see Note 22)	**(919,804,912)**	**–**	**(68,898,825)**	**(988,703,737)**
Balance at end of year	**983,996,591**	**30,699,307**	**26,796,291**	**1,041,492,189**
Accumulated impairment in value	**(2,702,260)**	**–**	**–**	**(2,702,260)**
	981,294,331	**30,699,307**	**26,796,291**	**1,038,789,929**
Less noncurrent portion	**196,376,347**	**–**	**–**	**196,376,347**
Current portion	**₱784,917,984**	**₱30,699,307**	**₱26,796,291**	**₱842,413,582**

	2018			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of year	₱1,329,239,538	₱9,690,475	₱9,909,759	₱1,348,839,772
Additions	399,602,489	–	62,945,636	462,548,125
Program and other rights usage (see Note 22)	(810,968,253)	(4,471,235)	(56,011,733)	(871,451,221)
Balance at end of year	917,873,774	5,219,240	16,843,662	939,936,676
Accumulated impairment in value	(2,702,260)	–	–	(2,702,260)
	915,171,514	5,219,240	16,843,662	937,234,416
Less noncurrent portion	200,772,808	–	–	200,772,808
Current Portion	₱714,398,706	₱5,219,240	₱16,843,662	₱736,461,608

9. **Prepaid Expenses and Other Current Assets**

	2019	2018
Prepaid production costs	**₱282,840,960**	₱84,473,811
Advances to suppliers	**266,638,047**	199,967,534
Input VAT	**134,200,895**	141,295,086
Prepaid expenses	**99,951,719**	81,735,886
Creditable withholding taxes	**61,906,171**	61,673,964
Tax credits	**58,699,529**	59,969,477
Materials and supplies inventory	**12,756,017**	13,421,134
Others	**1,908,021**	2,401,027
	₱918,901,359	₱644,937,919

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

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

Input VAT pertains to value-added tax on purchase or importation of goods and services which are to be claimed and credited in the succeeding month's filing of VAT return.

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

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

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

Materials and supplies inventory includes the Group's office supplies, spare parts and production materials.

10. **Financial Assets at Fair Value Through Other Comprehensive Income**

This account consists of the following:

	2019	2018
Listed equity instruments	**₱175,669,513**	₱173,005,514
Non-listed equity instruments	**67,763,547**	67,250,332
	₱243,433,060	₱240,255,846

Investment in equity instruments pertains to shares of stock and club shares which are not held for trading. The Group assessed the equity instruments to be strategic in nature.

The movement of financial assets at FVOCI are as follows:

	2019	2018
Balance at beginning of year	**₱240,255,846**	₱272,127,293
Return of investment	**–**	(6,089,790)
Unrealized gain (loss) on fair value changes during the year	**3,177,214**	(25,781,657)
Balance at end of year	**₱243,433,060**	₱240,255,846

The return of investment amounting to ₱6.09 million in 2018 represents the reduction surplus of the Parent Company's investment in Mabuhay Investments Corporation (Mabuhay) as a result of the decrease in the latter's par value of common shares of stock. The return of investment did not result to a change in the Parent Company's ownership interest in Mabuhay.

Dividend income earned from financial assets at FVOCI amounted to nil in 2019 and ₱2.50 million in 2018 (see Note 25).

The movements in net unrealized loss on financial assets at FVOCI are as follows:

	2019	2018
Balance at beginning of year - net of tax	**(₱5,051,345)**	18,492,083
Net unrealized gain (loss) on fair value changes during the year	**3,177,214**	(25,781,657)
Tax effect of the changes in fair market values	**(371,323)**	2,238,229
Balance at end of year	**(₱2,245,454)**	(₱5,051,345)

<u>IP E-Games</u>
In 2015, IP E-Games Ventures, Inc. (IPE) issued 13,000.00 million of its own common shares to the Group in exchange of the Group's investment in X-Play Online Games Incorporated (X-Play) and in settlement of ₱30.00 million advances and ₱50.00 million airtime credits granted by the Group to X-Play. At initial recognition, the Group recognized at fair value the IPE shares as AFS financial assets amounting to ₱130.00 million.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at the date of exchange and therefore was recognized by the Group as unearned revenue presented as "Contract liabilities", included as part of trade payables and other current liabilities in 2019 and 2018 (see Note 16).

11. Investments and Advances

The following are the details of this account:

	2019	2018
Investment in an associate and interests in joint ventures	**₱80,073,834**	₱66,653,758
Advances to an associate and joint ventures (see Note 20)	**99,692,915**	91,561,573
	₱179,766,749	₱158,215,331

The movements in the account are as follows:

	2019	2018
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	**₱131,722,056**	₱131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(65,068,298)**	(71,419,988)
Equity in net earnings during the year	**13,420,076**	6,351,690
Balance at end of year	**(51,648,222)**	(65,068,298)
	80,073,834	66,653,758
Advances to an associate:		
Balance at beginning of year	**89,017,031**	88,231,235
Advances during the year (see Note 20)	**8,104,799**	785,796
Balance at end of year	**97,121,830**	89,017,031
Advances to joint ventures:		
Balance at beginning of year	**2,544,542**	2,569,968
Advances during the year (see Note 20)	**26,543**	376,352
Collections	**–**	(401,778)
Balance at end of year	**2,571,085**	2,544,542
Total investments and advances	**₱179,766,749**	₱158,215,331

The ownership interests in joint ventures and an associate, which were all incorporated in the Philippines, and are accounted for under the equity method, as at December 31, 2019 and 2018 follows:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Associate -			
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	49	–
Joint Ventures:			
INQ7 Interactive, Inc. (INQ7)*	Internet Publishing	50	–
Philippine Entertainment Portal (PEP)**	Internet Publishing	–	50
Gamespan, Inc. (Gamespan)**	Betting Games	–	50

**Not operational.*
***Indirect investment through GNMI.*

The carrying values of investments and the related advances are as follows:

	2019		
	Investments	**Advances** (Note 20)	**Total**
Associate -			
Mont-Aire	**₱38,350,619**	**₱97,121,830**	**₱135,472,449**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**32,775,249**	**611,415**	**33,386,664**
	41,723,215	**2,571,085**	**44,294,300**
	₱80,073,834	**₱99,692,915**	**₱179,766,749**

	2018		
	Investments	Advances (Note 20)	Total
Associate - Mont-Aire	₱38,350,619	₱89,017,031	₱127,367,650
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	19,355,173	584,872	19,940,045
	28,303,139	2,544,542	30,847,681
	₱66,653,758	₱91,561,573	₱158,215,331

The associate and joint ventures are not listed in any public stock exchanges.

PEP
On April 16, 2007, the Group and Summit Publishing, Co. entered into a shareholder's agreement for the establishment of PEP. The joint venture was organized to design, conceptualize, operate and maintain websites that make available all kinds of show business, entertainment and celebrity information, video or pictures in the internet worldwide web or other forms of seamless communication.

The Group recognized its share in net earnings of PEP amounting to ₱13.42 million, ₱6.35 million and ₱0.33 million in 2019, 2018 and 2017, respectively.

Gamespan
On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club (MJC) for the establishment of Gamespan, a joint venture corporation. The joint venture was organized to operate and manage the hardware and software owned by MJC, set-up new media infrastructure for offering and taking bets in horse racing and other sports.

Gamespan has not started its commercial operations since its establishment. In 2014, the Group and MJC agreed to terminate its shareholder's agreement and to close Gamespan. As at December 31, 2019, the process of cessation of Gamespan is ongoing. Since Gamespan already ceased its operations, the Group did not recognize any share in net earnings in 2019, 2018 and 2017.

INQ7
Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2019 and 2018. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at December 31, 2019.

The Group believes that its interests in joint ventures are not individually material. Aggregate information of joint ventures that are not individually material are as follows:

	2019	2018	2017
The Group's share in income / total comprehensive income	**₱13,420,076**	₱6,351,690	₱329,580
Aggregate carrying value of the Group's interests and advances	**44,294,300**	30,847,681	24,521,417

Mont-Aire

The table below shows the condensed financial information of Mont-Aire as at December 31, 2019 and 2018:

Current assets	₱53,469,276
Noncurrent assets	120,275,583
	173,744,859
Current liabilities	1,269,154
Noncurrent liabilities	94,209,136
	95,478,290
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	₱38,350,619

Mont-Aire ceased its commercial operations in 2009. Assets include real estate and parcels of land with an aggregate cost of ₱157.09 million and fair market value of ₱210.64 million, as determined by an accredited appraiser as at March 14, 2017, enough to cover for the carrying amount of the Group's investment in Mont-Aire. Management believes that there are no events or changes in circumstances indicating a significant unfavorable change in the fair value of the abovementioned properties from the last appraisal made.

12. Property and Equipment at Cost

	2019						
	Land, buildings, towers and improvements	**Antenna and transmitter systems and broadcast equipment**	**Communication and mechanical equipment**	**Transportation equipment**	**Furniture, fixtures and equipment**	**Construction in progress and equipment for installation**	**Total**
Cost							
At January 1, 2019	₱2,976,038,170	₱6,651,250,485	₱1,295,090,101	₱524,079,954	₱156,564,463	₱758,210,045	₱12,361,233,218
Additions	8,547,473	131,847,693	80,417,787	65,488,110	10,805,776	376,628,471	673,735,310
Disposals	(806,024)	(27,581,904)	(8,511,310)	(39,010,564)	(152,417)	–	(76,062,219)
Reclassifications (Note 15)	52,475,965	170,140,420	28,708,452	132,512,184	(2,898,330)	(385,491,784)	(4,553,093)
At December 31, 2019	3,036,255,584	6,925,656,694	1,395,705,030	683,069,684	164,319,492	749,346,732	12,954,353,216
Accumulated Depreciation							
At January 1, 2019, as previously reported	2,052,649,619	6,007,674,130	1,132,840,858	375,125,442	150,644,720	–	9,718,934,769
Effect of PFRS 16 adoption (see Note 2)	72,537,192	–	–	–	–	–	72,537,192
At January 1, 2019, as adjusted	2,125,186,811	6,007,674,130	1,132,840,858	375,125,442	150,644,720	–	9,791,471,961
Depreciation (see Notes 22 and 23)	172,537,433	226,838,357	75,702,132	66,954,764	3,586,831	–	545,619,517
Disposals	(806,024)	(27,581,904)	(8,511,310)	(36,611,519)	(152,417)	–	(73,663,174)
Reclassifications	927,840	(140,022,813)	(2,983,827)	137,592,550	248,675	–	(4,237,575)
At December 31, 2019	2,297,846,060	6,066,907,770	1,197,047,853	543,061,237	154,327,809	–	10,259,190,729
Net Book Value	₱738,409,524	₱858,748,924	₱198,657,177	₱140,008,447	₱9,991,683	₱749,346,732	₱2,695,162,487

	2018						
	Land, buildings, towers and improvements	Antenna and transmitter systems and broadcast equipment	Communication and mechanical equipment	Transportation equipment	Furniture, fixtures and equipment	Construction in progress and equipment for installation	Total
Cost							
At January 1, 2018	₱2,930,048,452	₱6,470,175,940	₱1,220,148,947	₱499,631,390	₱153,908,972	₱585,271,649	₱11,859,185,350
Additions	3,179,466	69,398,131	48,906,363	71,609,275	3,305,429	376,118,387	572,517,051
Disposals	(946,735)	–	(14,394,474)	(47,160,711)	(621,724)	–	(63,123,644)
Reclassifications (Note 15)	43,756,987	111,676,414	40,429,265	–	(28,214)	(203,179,991)	(7,345,539)
At December 31, 2018	2,976,038,170	6,651,250,485	1,295,090,101	524,079,954	156,564,463	758,210,045	12,361,233,218
Accumulated Depreciation							
At January 1, 2018	1,905,248,383	5,720,869,471	1,071,490,247	349,164,873	146,794,301	–	9,193,567,275
Depreciation (see Notes 22 and 23)	148,347,971	286,804,659	73,434,340	71,122,626	4,483,423	–	584,193,019
Disposals	(946,735)	–	(12,083,729)	(45,162,057)	(621,724)	–	(58,814,245)
Reclassifications	–	–	–	–	(11,280)	–	(11,280)
At December 31, 2018	2,052,649,619	6,007,674,130	1,132,840,858	375,125,442	150,644,720	–	9,718,934,769
Net Book Value	₱923,388,551	₱643,576,355	₱923,388,551	₱148,954,512	₱5,919,743	₱758,210,045	₱2,642,298,449

Construction in progress pertains to costs incurred for installation of equipment, signal strengthening of transmitters nationwide and construction/improvement of studios and stations in the regions.

The reclassification relates to the cost of low-value assets amounting to ₱0.16 million and ₱0.23 million in 2019 and 2018 and software that were transferred to other noncurrent assets amounting to ₱0.15 million and ₱7.10 million in 2019 and 2018, respectively (see Note 15).

The Group leases out a portion of its property and equipment at cost. Total rental income recognized for the leased portion amounted to ₱4.11 million, ₱3.03 million and ₱3.26 million in 2019, 2018 and 2017, respectively (see Note 25).

The Group disposed various property and equipment in 2019, 2018 and 2017 resulting to the recognition of gain on sale amounting to ₱18.79 million, ₱22.47 million and ₱27.06 million, respectively (see Note 25).

As at December 31, 2019 and 2018, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. Land at Revalued Amounts

	2019	2018
Cost	**₱359,617,345**	₱352,024,052
Additions	–	7,593,293
	359,617,345	359,617,345
Revaluation increment	**2,443,578,839**	2,443,578,839
	₱2,803,196,184	₱2,803,196,184

Land used in operations was last appraised on November 19, 2018 by an accredited firm of appraisers and is valued in terms of its highest and best use. While the fair value of the land was not determined as at December 31, 2019, the Group's management believes that the fair values as of December 31, 2018 approximate the fair values as at December 31, 2019.

The fair value was determined using the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation. The description of valuation techniques used and key inputs to fair valuation are as follows:

	Valuation Technique	Significant Unobservable Inputs	Range
Land	Market comparable assets	Price per square metre	₱200-₱97,000

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

As at December 31, 2019 and 2018, no land has been pledged as collateral or security for any of the Group's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

14. **Investment Properties**

	2019		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning of year	**₱23,761,823**	**₱77,028,321**	**₱100,790,144**
Disposals	**–**	**(4,751,637)**	**(4,751,637)**
Balance at end of year	**23,761,823**	**72,276,684**	**96,038,507**
Accumulated depreciation:			
Balance at beginning of year	**–**	**56,933,519**	**56,933,519**
Depreciation during the year (see Note 23)	**–**	**1,421,877**	**1,421,877**
Disposals	**–**	**(2,421,751)**	**(2,421,751)**
Balance at end of year	**–**	**55,933,645**	**55,933,645**
Accumulated impairment:			
Balance at beginning and end of year	**–**	**3,852,641**	**3,852,641**
	₱23,761,823	**₱12,490,398**	**₱36,252,221**

	2018		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱30,501,881	₱77,028,321	₱107,530,202
Disposals	(6,740,058)	–	(6,740,058)
Balance at end of year	23,761,823	77,028,321	100,790,144
Accumulated depreciation:			
Balance at beginning of year	–	54,677,639	54,677,639
Depreciation during the year (see Note 23)	–	2,255,880	2,255,880
Balance at end of year	–	56,933,519	56,933,519
Accumulated impairment:			
Balance at beginning of year	–	1,804,049	1,804,049
Provision during the year	–	2,048,592	2,048,592
Balance at end of year	–	3,852,641	3,852,641
	₱23,761,823	₱16,242,161	₱40,003,984

The Group disposed investment properties in 2019 resulting to the recognition of gain and loss on sale amounting to ₱2.58 million and ₱2.64 million, respectively (see Note 25).

The Group recognized provision for impairment in value of certain investment properties amounting to ₱2.05 million in 2018. Management believes that the carrying values after impairment approximate its recoverable values.

The fair value of investment properties owned by the Group amounted to ₱203.90 million and ₱209.58 million as at December 31, 2019 and 2018, respectively. The land was last appraised on November 19, 2018 by an accredited appraiser and was valued in terms of its highest and best use. The fair value of the land was not determined as at December 31, 2019. While the fair value of the land was not determined as at December 31, 2019, the Group's management believes that the fair values as of December 31, 2018 approximate the fair values as at December 31, 2019.

The fair value was determined using the "Market Data Approach". The fair value represents the amount that would be received to sell the property in an orderly transaction between market participants at the date of valuation.

The description of the valuation techniques used and key inputs to fair valuation are as follows:

	Valuation Technique	Significant Unobservable Inputs	Range
Land	Market comparable assets	Price per square metre	₱1,400-₱3,500
Buildings for lease	Market comparable assets	Price per square metre	₱22,000-₱117,000

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Rental income and the directly related expense arising from these investment properties follow:

	2019	2018	2017
Rental income (see Note 25)	**₱4,450,061**	₱5,243,247	₱4,925,603
Depreciation expense (see Note 23)	**(1,421,877)**	(2,255,880)	(2,265,597)
	₱3,028,184	₱2,987,367	₱2,660,006

As at December 31, 2019 and 2018, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. Other Noncurrent Assets

	2019	2018
Software costs	**₱120,396,750**	₱81,548,369
Advances to contractors	**65,237,688**	45,762,624
Restricted cash	**42,445,046**	–
Deferred input VAT	**34,785,450**	33,281,960
Refundable deposits	**19,235,359**	14,174,904
Investment in artworks	**10,186,136**	10,186,136
Guarantee deposits	**9,486,557**	14,031,849
Development costs	**5,767,800**	5,767,800
Facilities	**2,732,089**	2,164,041
Deferred production costs	**1,088,162**	797,800
Others	**3,676,470**	4,656,862
	₱315,037,507	₱212,372,345

Software costs relate to software applications and website development costs which provide an edge on the Group's online presence and other software issues.

Advances to contractors pertain to advance payments made by the Parent Company for the construction of assets to be classified as property and equipment.

Restricted cash pertains to time deposits under the custody of the courts as a collateral for pending litigation.

Deferred input VAT pertains to the VAT on the Group's acquisitions of capital goods exceeding ₱1.00 million in any given month which are to be amortized over the 60 months or the life of the asset, whichever is shorter.

Investment in artworks are paintings and other works of art usually displayed in the Parent Company's hallways.

Guarantee and other deposits consist of the Meralco refund and refundable rental deposits used for Parent Company's programs.

Deferred production costs pertain to the costs incurred in relation to the production of music compact discs and are measured at cost upon recognition. Deferred production costs are being amortized as the related compact discs are sold.

The movements in software costs follows:

	2019	2018
Cost:		
Balance at beginning of year	**₱386,132,486**	₱375,524,834
Additions during the year	**65,484,770**	3,504,612
Reclassifications during the year (see Note 12)	**152,000**	7,103,040
Balance at end of year	**451,769,256**	386,132,486
Accumulated amortization:		
Balance at beginning of year	**304,584,117**	281,411,110
Amortization during the year (see Note 23)	**26,788,389**	23,173,007
Balance at end of year	**331,372,506**	304,584,117
	₱120,396,750	₱81,548,369

16. Trade Payables and Other Current Liabilities

	2019	2018
Payable to government agencies	**₱979,415,546**	₱713,762,142
Trade payables	**531,035,796**	678,867,935
Contract liabilities (see Note 10)	**127,281,915**	22,040,292
Customers' deposits	**53,328,199**	63,666,744
Accrued expenses:		
Utilities and other expenses	**248,948,047**	260,679,160
Payroll and talent fees (see Note 26)	**202,685,388**	169,079,170
Production costs	**168,964,614**	141,318,241
Commission	**38,736,098**	59,267,945
Others	**56,329,156**	52,304,638
	₱2,406,724,759	₱2,160,986,267

Payable to government agencies is composed of the Group's statutory compensation-related contributions to government agencies and net VAT and withholding taxes payable to the Bureau of Internal Revenue (BIR). The difference between the accrual accounting under the accounting standards and cash-basis accounting as prescribed by the BIR for service-related companies caused the Group to normally incur deferred output VAT which forms a substantial part of the Group's payable to government agencies. These payables are remitted within 30 days after reporting period.

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from seven to 60 days.

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services. These are recognized as revenue when the Group performs the obligation under the contract. This account also includes contract liabilities of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015 (see Note 10).

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are noninterest-bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

Accrued expenses and other payables are noninterest-bearing and are generally settled within the next financial year.

Others include unpaid subscriptions and retention payables. These are noninterest-bearing and are normally settled within one year.

17. Short-term Loans

The Parent Company obtained unsecured short-term peso and US dollar denominated loans from local banks in 2019 and 2018. Details and movements of the short-term loans are as follows:

	2019	2018
Balance at beginning of year	**₱500,000,000**	₱500,000,000
Availments	**1,517,500,000**	1,500,000,000
Payments	**(1,617,500,000)**	(1,500,000,000)
Balance at end of year	**₱400,000,000**	₱500,000,000

The outstanding loans as of December 31, 2019 and 2018 consist of fixed rate notes with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	**2019**	2018
UBP	Peso	₱400,000,000	6.00%	Availed in 2019; payable in 300 days	**₱400,000,000**	₱–
BPI	Peso	₱500,000,000	4.25%	Availed in 2018; payable in one year	–	₱500,000,000

Interest expense on peso denominated loans amounted to ₱46.18 million, ₱36.25 million and ₱23.01 million in 2019, 2018 and 2017, respectively. Interest expense on US dollar denominated loans amounted to ₱10.78 million in 2019 and nil in 2018 and 2017, respectively.

18. Obligations for Program and Other Rights

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. Outstanding unpaid balance as at December 31, 2019 and 2018 amounted to ₱133.78 million and ₱119.65 million, respectively. Obligations for program and other rights are generally payable in equal monthly or quarterly installments.

19. **Equity**

a. Capital Stock

Details of capital stock as at December 31, 2019 and 2018:

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - ₱0.20 par value per preferred share/₱1.00 par value per common share	7,500,000,000	₱1,500,000,000	5,000,000,000	₱5,000,000,000
Subscribed and issued	7,500,000,000	₱1,500,000,000	3,364,692,000	₱3,364,692,000
Treasury shares	492,816	₱98,563	3,645,000	₱3,645,000
Underlying shares of the acquired PDRs	–	₱–	750,000	₱750,000

The cumulative preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the dividends paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

Preferred shares enjoy priority over common shares in the distribution of assets of the Parent Company in the event of dissolution and liquidation, at such rates, terms and conditions as the BOD may determine. Each preferred share is entitled to one vote and shall have the same voting rights as the common shares.

The Parent Company's BOD may specify other terms and conditions, qualifications, restrictions and privileges of the preferred shares or series/classes thereof, insofar as such terms, conditions, qualifications, restrictions and privileges are not inconsistent with the articles of incorporation and any applicable law or regulation.

The following summarizes the information on the Parent Company's registration of securities with the SEC which was approved on June 20, 2007, as required by Revised Securities Regulation Code (SRC) Rule 68:

Securities	Authorized and issued shares	Issue/Offer Price
Initial public offering	91,346,000	₱8.50
Underlying common shares of PDRs	945,432,000	8.50
Over-allotment common shares	13,701,000	8.50
Common shares covering employee stock option plan	57,000,000	8.50

In prior years, the Parent Company has acquired 750,000 PDRs issued by GMA Holdings, Inc. at acquisition cost of ₱5.79 million. In as much as each PDR share grants the holder, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) Parent

Company share or the sale and delivery of the proceeds of such sale of Parent Company share, such PDRs held by the Parent Company is being treated similar to a treasury shares.

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2019 and 2018, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively.

The Parent Company's BOD approved the declaration of the following cash dividends:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2019	**March 29, 2019**	**April 22, 2019**	**₱0.45**	**₱2,187,089,297**
2018	April 5, 2018	April 23, 2018	₱0.50	₱2,430,099,220
2017	March 27, 2017	April 20, 2017	₱0.73	₱3,547,944,859

The Parent Company's outstanding dividends payable amounts to ₱18.73 million and ₱17.05 million as at December 31, 2019 and 2018, respectively.

20. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

The Parent Company has an approval requirement such that material related party transactions (RPTs) shall be reviewed by the Audit and Risk Management Committee (the Committee) and submitted to the BOD for approval. Material RPTs are those transactions that meet the threshold value amounting to ten percent (10%) or higher of the Company's total consolidated assets based on its latest audited financial statements either individually, or in aggregate over a twelve (12)-month period with the same related party.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2019 and 2018, the Group has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group transacts with associate, affiliates, joint venture and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the years ended December 31, 2019 and 2018 with related parties are as follows:

Account Name and Category	Related Party	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Advances (see Note 11)	**Associate:**					
	Mont-Aire	**2019**	**₱8,104,799**	**₱97,121,830**	Noninterest-	Unsecured;
		2018	785,796	89,017,031	bearing	not impaired
	Joint ventures:					
	Gamespan	**2019**	**–**	**1,959,670**	Noninterest-	Unsecured;
		2018	–	1,959,670	bearing	not impaired
	PEP	**2019**	**26,543**	**611,415**	Noninterest-	Unsecured;
		2018	376,352	584,872	bearing	not impaired
	INQ7	**2019**	**–**	**11,544,000**	Noninterest-	Unsecured;
		2018	–	11,544,000	bearing	fully impaired
	Total	**2019**	**₱8,131,342**	**₱111,236,915**		
		2018	₱1,162,148	₱103,105,573		
Nontrade Receivables						
Reimbursable charges (see Note 7)	**Common stockholders:**					
	GMA Kapuso Foundation Inc.	**2019**	**₱2,000,000**	**₱2,194,508**	On demand, noninterest-bearing	Unsecured; not impaired
		2018	2,478,333	–		
Legal, consulting and retainers' fees	Belo, Gozon, Elma Law	**2019**	**14,017,565**	**–**	On demand, noninterest-bearing	Unsecured; not impaired
		2018	9,586,300	–		
	Total	**2019**	**₱16,017,565**	**₱2,194,508**		
		2018	₱12,064,633	₱–		

The advances made by the Parent Company to Mont-Aire and PEP are intended for future capital subscription. On the other hand, the advances to INQ7 were fully impaired as a result of the application of the Group's share in the losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment.

Compensation of Key Management Personnel

The compensation of key management personnel of the Group, by benefit type, are as follows:

	2019	2018	2017
Salaries and other long-term benefits (see Notes 23 and 24)	**₱711,908,901**	₱568,481,703	₱444,995,586
Pension benefits (see Notes 23 and 24)	**267,444,789**	253,271,403	167,153,219
	₱979,353,690	₱821,753,106	₱612,148,805

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱37.12 million and ₱295.19 million in 2019, respectively, and ₱37.88 million and ₱272.45 million in 2018, respectively (see Note 26).

21. Revenues

Set out below is the disaggregation of the Group's revenues from contract with customers for the year ended December 31:

	2019	2018	2017
Type of service			
Sale of service			
Advertising revenue	**₱15,173,925,007**	₱13,834,535,108	₱14,176,872,108
Subscription revenue (see Note 27)	**1,056,700,874**	1,160,342,535	1,154,838,009
Production revenue	**173,475,621**	131,857,044	90,210,317
Revenue from distribution and content provisioning	**89,350,710**	109,457,682	180,371,754
Total revenue from contracts with customers	**₱16,493,452,212**	₱15,236,192,369	₱15,602,292,188
Geographical markets			
Local	**₱15,288,293,657**	₱13,934,435,792	₱14,241,164,555
International	**1,205,158,555**	1,301,756,577	1,361,127,633
Total revenue from contracts with customers	**₱16,493,452,212**	₱15,236,192,369	₱15,602,292,188
Timing of revenue recognition			
Services transferred at a point in time	**₱15,436,751,338**	₱14,075,849,834	₱14,447,454,179
Services transferred over time	**1,056,700,874**	1,160,342,535	1,154,838,009
Total revenue from contracts with customers	**₱16,493,452,212**	₱15,236,192,369	₱15,602,292,188

22. Production Costs

	2019	2018	2017
Talent fees and production personnel costs (see Note 24)	**₱2,947,995,874**	₱2,992,043,969	₱3,113,585,509
Program and other rights usage (see Note 8)	**988,703,737**	871,451,221	905,254,190
Facilities and amortization of production services	**818,967,334**	826,000,103	781,523,282
Rental (see Note 27)	**812,006,080**	895,795,347	845,002,050
Tapes, sets and production supplies	**533,463,632**	539,520,779	622,487,377
Depreciation (see Notes 12 and 23)	**168,170,547**	202,361,442	240,899,214
Transportation and communication	**165,846,561**	156,530,203	173,544,646
	₱6,435,153,765	₱6,483,703,064	₱6,682,296,268

23. General and Administrative Expenses

	2019	2018	2017
Personnel costs (see Note 24)	**₱4,127,118,304**	₱3,284,815,334	₱3,282,897,875
Depreciation (see Notes 12, 14 and 27)	**409,533,900**	384,087,457	390,616,434
Communication, light and water	**317,381,955**	340,696,239	289,288,398
Advertising	**257,877,219**	223,861,267	177,910,388

(Forward)

	2019	2018	2017
Professional fees	**₱202,048,149**	₱184,332,966	₱197,920,814
Taxes and licenses	**174,361,923**	192,819,834	182,742,107
Repairs and maintenance	**173,414,414**	125,012,025	160,322,397
Marketing expense	**87,255,502**	99,870,405	142,229,650
Software maintenance	**78,875,726**	60,315,430	66,895,171
Security services	**69,686,464**	68,412,361	62,836,643
Research and surveys	**66,103,888**	81,418,243	86,854,160
Facilities related expenses	**64,498,251**	65,317,563	62,490,009
Transportation and travel	**57,432,446**	58,150,821	57,081,350
Insurance	**31,241,255**	29,254,674	29,628,102
Amortization of software costs (see Note 15)	**26,788,389**	23,173,007	23,362,883
Janitorial services	**25,805,533**	22,612,232	22,633,153
Provision for ECL/doubtful accounts (see Note 7)	**18,297,347**	109,631,061	8,253,285
Materials and supplies	**17,505,157**	19,815,582	18,116,056
Entertainment, amusement and recreation	**13,195,672**	13,454,014	12,329,587
Rental (see Note 27)	**11,967,504**	31,547,081	28,908,638
Dues and subscriptions	**8,382,407**	7,534,012	7,137,566
Freight and handling	**6,415,072**	7,691,224	6,736,657
Others	**80,270,317**	80,520,088	67,218,463
	₱6,325,456,794	₱5,514,342,920	₱5,384,409,786

Others include expenses incurred for messengerial services, other manpower, donations and other miscellaneous expenses.

Depreciation

	2019	2018	2017
Property and equipment (see Note 12)			
Production costs	**₱168,170,547**	₱202,361,442	₱240,899,214
General and administrative expenses	**377,448,970**	381,831,577	388,350,837
	545,619,517	584,193,019	629,250,051
Right-of-use assets			
General and administrative expenses (see Note 27)	**30,663,053**	–	–
Investment properties			
General and administrative expenses (see Note 14)	**1,421,877**	2,255,880	2,265,597
	₱577,704,447	₱586,448,899	₱631,515,648

24. Personnel Costs

	2019	2018	2017
Talent fees	**₱2,862,447,231**	₱2,922,326,940	₱3,045,140,935
Salaries and wages	**2,305,819,824**	1,993,485,463	1,803,593,788
Employee benefits and allowances	**1,346,669,079**	932,500,288	1,161,561,467
Pension expense (see Note 26)	**402,209,767**	312,489,341	289,541,781
Sick and vacation leaves expense	**157,968,277**	116,057,271	96,645,413
	₱7,075,114,178	₱6,276,859,303	₱6,396,483,384

The above amounts were distributed as follows:

	2019	2018	2017
Production costs (see Note 22)	**₱2,947,995,874**	₱2,992,043,969	₱3,113,585,509
General and administrative expenses (see Note 23)	**4,127,118,304**	3,284,815,334	3,282,897,875
	₱7,075,114,178	₱6,276,859,303	₱6,396,483,384

25. Others - Net

	2019	2018	2017
Commission from Artist Center	**₱41,633,736**	₱37,094,499	₱42,587,971
Net gain on sale of property and equipment and investment properties (see Notes 12 and 14)	**21,368,209**	19,829,189	27,060,463
Merchandising license fees and others	**10,109,663**	8,052,792	4,373,351
Rental income (see Notes 12, 14 and 27)	**8,561,148**	8,269,926	8,183,881
Income from mall shows	**5,202,320**	1,950,226	1,201,057
Bank charges	**(2,281,842)**	(1,940,697)	(3,268,288)
Sales of DVDs and integrated receiver-decoders	**40,508**	49,283	172,029
Dividend income (see Note 10)	**–**	2,499,895	132,811
Reversal of long-outstanding payables	**–**	–	32,999,414
Others	**3,132,824**	3,308,782	5,574,712
	₱87,766,566	₱79,113,895	₱119,017,401

26. Pension and Other Employee Benefits

As at December 31, pension and other employee benefits consist of:

	2019	2018
Pension liability	**₱2,733,593,128**	₱2,182,994,135
Vacation and sick leave accrual	**341,479,883**	303,666,555
	3,075,073,011	2,486,660,690
Less current portion of vacation and sick leave accrual*	**5,078,843**	4,822,827
Pension and other long-term employee benefits	**₱3,069,994,168**	₱2,481,837,863

**Included in "Accrued expenses" under Trade payables and other current liabilities (see Note 16).*

Pension Benefits
The Group operates non-contributory defined benefit retirement plans.

Under the existing regulatory framework, R.A. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Pension benefits recognized in the statements of comprehensive income are as follows (see Note 24):

	2019	2018	2017
Current service cost	**₱234,746,730**	₱216,272,094	₱202,107,964
Past service cost	**–**	8,713,551	–
Net interest cost	**167,463,037**	87,503,696	87,433,817
	₱402,209,767	₱312,489,341	₱289,541,781

Net pension liability recognized in the consolidated statements of financial position is as follows:

	2019	2018	2017
Present value of defined benefit obligation	**₱3,984,474,739**	₱3,180,957,326	₱2,531,456,676
Fair value of plan assets	**1,250,881,611**	997,963,191	861,299,486
Pension liability	**₱2,733,593,128**	₱2,182,994,135	₱1,670,157,190

The changes in the present value of the defined benefit obligation are as follows:

	2019	2018	2017
Balance at beginning of year	**₱3,180,957,326**	₱2,531,456,676	₱2,319,848,369
Current service cost	**234,746,730**	216,272,094	202,107,964
Interest cost	**242,805,975**	136,667,808	123,844,594
Past service cost	**–**	8,713,551	–
Benefits paid:			
From plan assets	**(110,958,955)**	(148,327,656)	(106,518,329)
From Group's own funds	**(7,955,884)**	(48,311,185)	(7,825,922)
Remeasurement losses (gains):			
Changes in financial assumptions	**778,107,846**	(448,513,200)	–
Changes in demographic assumptions	**–**	19,038,199	–
Experience adjustment	**(333,228,299)**	913,961,039	–
Balance at end of year	**₱3,984,474,739**	₱3,180,957,326	₱2,531,456,676

The changes in the fair value of plan assets are as follows:

	2019	2018	2017
Balance at beginning of year	**₱997,963,191**	₱861,299,486	₱675,524,622
Contribution during the year	**266,448,811**	279,003,770	259,000,000
Interest income	**75,342,938**	49,164,112	36,410,777
Benefits paid	**(110,958,955)**	(148,327,656)	(106,518,329)
Remeasurement gain (loss) - return on plan assets	**22,085,626**	(43,176,521)	(3,117,584)
Balance at end of year	**₱1,250,881,611**	₱997,963,191	₱861,299,486

Remeasurement loss on retirement plans amounting to ₱300.70 million, ₱367.20 million and ₱2.18 million reported under the consolidated statement of comprehensive income in 2019, 2018 and 2017 is presented net of deferred tax.

At each reporting period, the Group determines its contribution based on the performance of its retirement fund.

The Group expects to contribute ₱250.0 million to the fund in 2020.

The funds are managed and supervised by trustee banks for the benefits of the members. However, the general administration of the funds is vested in a Retirement Committee.

The following table presents the carrying amounts and estimated fair values of the plan assets:

	2019	2018
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	**₱197,432,706**	₱234,580,745
Equity instruments (see Note 20):		
GMA PDRs	**295,185,620**	272,445,584
GMA Network, Inc.	**37,118,120**	37,884,160
Debt instruments -		
Government securities	**719,479,460**	423,187,875
Others	**1,665,705**	29,864,827
	₱1,250,881,611	₱997,963,191

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value of these investments resulted to a loss of ₱16.91 million in 2019, ₱44.23 million in 2018 and gain of ₱6.27 million in 2017, respectively.
- Investments in debt instruments bear interest ranging from 3.00% to 7.38% and have maturities from April 2020 to January 2029. Equity and debt instruments held have quoted prices in an active market.
- Others consist of loans and receivables which are collectible within the next twelve months.

The person who exercises voting rights over shares is within the powers of the Trustee, who do not have any relationship with the directors or officers of the Group.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Board of Trustees invests at least the equivalent amount of actuarially computed expected compulsory retirement benefit payments for the year to liquid/semi-liquid assets such as treasury notes, treasury bills, and savings and time deposits with commercial banks.

The Group performs an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the Philippine Stock Exchange. In order to effectively manage price risk, the Board of Trustees continuously assesses these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

However, in the event a benefit claim arises under the retirement plan and the retirement fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable to the retirement fund from the Group.

The principal assumptions used in determining pension liability for the Group's plans are shown below:

	2019	2018	2017
Discount rate	**4.13-7.70%**	7.09-7.70%	4.70-5.90%
Expected rate of salary increase	**1.44-5.00%**	2.5-5.00%	4.00%
Turn-over rates:			
19-24 years old	**4.00-36.00%**	7.26-32.00%	7.5-9.54%
25-29 years old	**6.00-70.00%**	5.56-25.50%	6.00-7.26%
30-34 years old	**4.40-24.00%**	3.25-20.00%	3.79-4.50%
35-39 years old	**2.00-12.00%**	0.00-8.00%	3.00-3.20%
40-44 years old	**2.00-10.00%**	0.00-6.50%	2.00-2.31%
≥45 years old	**1.30-2.00%**	0.00-8.25%	0.00-1.96%

The sensitivity analysis below has been determined by remeasuring the defined benefit obligation at the reporting period after first adjusting one of the current assumption that were reasonably possible at the valuation date while all other assumptions remained unchanged. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation		
		2019	2018	2017
Discount rate	50	**(₱190,958,480)**	(₱151,033,648)	(₱147,053,322)
	(50)	**202,730,781**	163,215,384	160,848,171
Future salary increases	50	**210,769,378**	166,759,223	154,891,568
	(50)	**(194,862,800)**	(155,480,126)	(142,790,665)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2019:

Less than one year	₱222,539,433
More than 1 year to 3 years	1,602,190,718
More than 3 years to 7 years	2,732,693,608
More than 7 years to 15 years	5,215,966,759
More than 15 years to 20 years	7,266,326,086
More than 20 years	15,098,307,009

Other Long-Term Employee Benefits

Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱336.40 million and ₱298.84 million as at December 31, 2019 and 2018, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included under "Trade and other current liabilities" account amounted to ₱5.08 million and ₱4.82 million as at December 31, 2019 and 2018, respectively (see Note 16).

27. **Agreements**

Lease Agreements

Starting January 1, 2019 - Upon adoption of PFRS 16

Group as a Lessee

The Group entered into various lease agreements for land, building, studio and office spaces that it presently occupies and uses for periods ranging from two to 12 years. The lease agreements can be renewed subject to mutual agreement. Most of the lease agreements can be terminated at the option of the Group while the termination option in the lease agreements of NMI, a subsidiary is subject to mutual agreement. Previously, these leases were classified as operating leases under PAS 17.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the "short-term lease" recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	2019		
	Right-of-use: Land	**Right-of-use: Buildings, studio and office spaces**	**Right-of-use: Total**
Cost			
At January 1, 2019, as previously reported	**₱–**	**₱–**	**₱–**
Effect of adoption of PFRS 16 (see Note 2)	**70,667,431**	**28,320,921**	**98,988,352**
At January 1, 2019, as restated	**70,667,431**	**28,320,921**	**98,988,352**
Additions	**23,886,045**	**37,590,842**	**61,476,887**
At December 31, 2019	**94,553,476**	**65,911,763**	**160,465,239**
Accumulated Depreciation			
At January 1, 2019, as previously presented	**–**	**–**	**–**
Depreciation (see Note 23)	**16,797,383**	**13,865,670**	**30,663,053**
At December 31, 2019	**16,797,383**	**13,865,670**	**30,663,053**
Net Book Value	**₱77,756,093**	**₱52,046,093**	**₱129,802,186**

The rollforward analysis of lease liabilities follows:

	2019
As at January 1, 2019, as previously reported	₱–
Effect of adoption of PFRS 16 (see Note 2)	66,535,587
At January 1, 2019, as restated	66,535,587
Additions	53,959,212
Accretion of interest	6,987,979
Payments	(21,694,663)
As at December 31, 2019	₱105,788,115

The following are the amounts recognized in the consolidated statement of comprehensive income:

	2019
Depreciation expense of right-of-use assets (see Note 23)	₱30,663,053
Interest expense on lease liabilities	6,987,979
Interest expense on dismantling provision	2,421,745
Expense relating to short-term leases (included in production costs) (see Note 22)	812,006,880
Expense relating to short-term leases (included in general and administrative expenses) (see Note 23)	11,967,504

Shown below is the maturity analysis of the undiscounted lease payments:

	2019
1 year	₱17,387,545
more than 1 year to 2 years	13,989,811
more than 2 years to 3 years	13,760,554
more than 3 years to 4 years	50,831,950
More than 5 years	77,864,795

Also, in June 2012, the Parent Company agreed to extend its non-cancellable Co-production/ Blocktime Rental Agreement with ZOE Broadcasting Network, Inc. (ZBN) for another seven (7) years from June 2012 to May 2019. On the first year of the contract renewal, the Parent Company shall pay ZBN an amount equivalent to total payments from June 2011 to May 2012, subject to yearly escalation of 10.00%. The agreement has ended in May 2019. The future minimum rental payable within one year under the non-cancellable operating lease with ZBN amounted to ₱100.69 million as at December 31, 2018.

Total rental expense amounted to ₱823.97 million, ₱927.34 million and ₱873.91 million in 2019, 2018, and 2017, respectively (see Notes 22 and 23).

Group as Lessor. The Group leases out certain properties for a period of one year, renewable annually. The leased-out properties include investment properties, and broadcasting equipment. Total rental income amounted to ₱8.56 million, ₱8.27 million and ₱8.18 million in 2019, 2018 and 2017, respectively (see Note 25).

Subscription Agreements

The Parent Company entered into various subscription agreements with international cable providers for the airing of its programs and shows abroad. The agreements generally have terms of three to five years and are based on certain agreed service package rates.

Total subscription income amounted to ₱1,056.70 million, ₱1,160.34 million and ₱1,154.84 million in 2019, 2018 and 2017, respectively (see Note 21).

28. **Income Taxes**

Current Income Tax
The current income tax consists of the following:

	2019	2018	2017
RCIT	**₱1,200,771,887**	₱1,056,837,806	₱1,094,393,014
MCIT	**6,256**	16,100	493,093
	₱1,200,778,143	₱1,056,853,906	₱1,094,886,107

The reconciliation between the statutory income tax rates and effective income tax rates are shown below:

	2019	2018	2017
Statutory income tax	**30.00%**	30.00%	30.00%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	**(0.18)**	(0.19)	(0.24)
Nondeductible interest expense	**0.05**	0.07	0.09
Nondeductible tax deficiency payment	**0.06**	0.37	0.01
Others – net	**–**	–	0.16
Effective income tax	**29.93%**	30.25%	30.02%

Deferred Taxes
The components of the Group’s net deferred tax assets and liabilities are as follows:

	2019	2018
Deferred tax assets:		
Pension liability	**₱819,935,351**	₱654,385,915
Allowance for ECL	**164,181,742**	157,327,702
Other long-term employee benefits	**100,860,733**	89,653,118
Contract liabilities	**38,172,487**	6,600,000
Accrued expenses	**33,314,129**	27,405,542
Lease liability	**31,736,435**	–
Intercompany sale of intangible assets	**22,500,000**	27,000,000
Dismantling provision	**12,717,658**	–
Unrealized foreign exchange loss	**9,085,334**	–
Allowance for probable losses in advances	**8,161,268**	7,044,910
Unamortized past service cost	**3,126,052**	4,110,253
Unrealized loss on financial assets at FVOCI	**2,599,211**	2,396,535
Excess MCIT over RCIT	**41,186**	700,684
	1,246,431,586	976,624,659
Deferred tax liabilities:		
Revaluation increment on land	**(733,073,652)**	(733,073,652)
Right-of-use assets	**(38,940,656)**	–
Others	**–**	(611,143)
	(772,014,308)	(733,684,795)
	₱474,417,278	₱242,939,864

The components of deferred tax assets (liabilities) pertaining to accounts presented under equity in the consolidated statements of financial position are as follows:

	2019	2018
Revaluation increment on land	**(₱733,073,652)**	(₱733,073,652)
Pension liability - remeasurement loss on retirement plan	**128,870,460**	446,690,600
Revaluation of financial assets at FVOCI	**2,599,211**	2,396,535
	(₱601,603,981)	(₱283,986,517)

The components of the subsidiaries' deductible temporary differences and carryforward benefits of NOLCO and MCIT, for which no deferred tax assets have been recognized in the Group's consolidated statements of financial position, are as follows:

	2019	2018
Allowance for ECL	**₱2,367,129**	₱6,916,582
Allowance for inventory stock	**6,978,286**	6,978,286
Pension liability	**475,291**	1,707,752
NOLCO	**6,131,646**	–
Other long-term employee benefits	**198,597**	–
Unamortized past service cost	**92,404**	346,513
Others	**37,362**	40,293
Excess MCIT over RCIT	**67,295**	–
	₱16,348,010	₱15,989,428

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱4.95 million and ₱4.80 million as at December 31, 2019 and 2018, respectively.

The deferred tax assets were not recognized as management believes that future taxable income against which the deferred tax assets can be used for these entities may not be available.

As at December 31, 2019, the Group's MCIT and NOLCO are as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT	NOLCO
2017	2020	₱16,220	₱776,438
2018	2021	86,005	3,616,859
2019	2022	6,256	1,738,349
		₱108,481	₱6,131,646

The movements in MCIT and NOLCO in 2019 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱700,684	₱7,960,670
Additions	6,256	1,738,349
Applications	(580,070)	(165,782)
Expirations	(18,389)	(3,401,591)
	₱108,481	₱6,131,646

The movements in MCIT and NOLCO in 2018 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱4,009,863	₱4,568,684
Additions	86,009	3,626,616
Applications	(448,077)	–
Expirations	(2,947,111)	(234,630)
	₱700,684	₱7,960,670

29. **EPS Computation**

The computation of basic and diluted EPS follows:

	2019	2018	2017
Net income attributable to equity holders of the Parent Company (a)	**₱2,618,460,706**	₱2,304,793,288	₱2,543,897,957
Less attributable to preferred shareholders	**808,080,787**	711,280,168	785,070,044
Net income attributable to common equity holders of the Parent Company (b)	**1,810,379,919**	1,593,513,119	1,758,827,913
Common shares issued at the beginning of year (Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱0.539**	₱0.474	₱0.523
Diluted EPS (a/d)	**₱0.539**	₱0.474	₱0.523

30. **Financial Risk Management Objectives and Policies**

The Group’s principal financial instruments include cash and cash equivalents. The main purpose of these financial instruments include raising financing for the Group’s operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and other receivables, refundable deposits, trade payables and other current liabilities (excluding payable to government agencies, customers’ deposits, contract liabilities, and advances from customers), short-term loans, obligations for program and other rights, dividends payable, other long-term employee benefits and lease liabilities, which arise directly from its operations, and financial assets at FVOCI. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk and credit risk. The Group is not exposed to interest rate risk as most of its financial assets and financial liabilities have fixed rates.

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

Liquidity Risk. The Group is exposed to the possibility that adverse changes in the business environment and/or its operations would result in substantially higher working capital requirements and subsequently pose difficulty in financing the additional working capital.

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

The tables below summarize the maturity profile of the Group's financial assets and financial liabilities based on contractual undiscounted payments as at December 31:

		2019			
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Financial assets at amortized cost:					
Cash and cash equivalents	**₱1,852,507,801**	**₱402,463,855**	**₱–**	**₱–**	**₱2,254,971,656**
Trade receivables:					
Television and radio airtime	**1,084,175,736**	**3,664,972,758**	**–**	**–**	**4,749,148,494**
Subscriptions	**233,691,355**	**96,532,218**	**–**	**–**	**330,223,573**
Others	**110,679,514**	**58,987,974**	**–**	**–**	**169,667,488**
Nontrade receivables:					
Advances to officers and employees	**–**	**–**	**5,913,890**	**–**	**5,913,890**
Others	**2,003,237**	**191,271**	**–**	**–**	**2,194,508**
Refundable deposits*	**–**	**–**	**–**	**19,235,359**	**19,235,359**
Financial assets at FVOCI	**–**	**–**	**–**	**243,433,060**	**243,433,060**
	3,283,057,643	**4,223,148,076**	**5,913,890**	**262,668,419**	**7,774,788,028**
Loans and borrowings:					
Trade payables and other current liabilities**	**560,644,264**	**664,935,106**	**21,119,729**	**–**	**1,246,699,099**
Short-term loans***	**–**	**404,333,333**	**–**	**–**	**404,333,333**
Obligations for program and other rights	**–**	**133,784,154**	**–**	**–**	**133,784,154**
Lease liabilities	**–**	**1,268,251**	**22,002,611**	**112,631,542**	**135,902,404**
Dividends payable	**18,734,008**	**–**	**–**	**–**	**18,734,008**
	579,378,272	**1,204,320,844**	**43,122,340**	**112,631,542**	**1,939,452,998**
Liquidity Portion (Gap)	**₱2,703,679,371**	**₱3,018,827,232**	**(₱37,208,450)**	**₱150,036,877**	**₱5,835,335,030**

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱979.42 million, ₱127.28 million and ₱53.33 million, respectively (see Note 16).*
****Gross contractual payments.*

		2018			
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial assets at amortized cost:					
Cash and cash equivalents	₱1,943,590,994	₱615,514,328	₱–	₱–	₱2,559,105,322
Trade receivables:					
Television and radio airtime	2,119,976,245	2,338,252,278	–	–	4,458,228,523
Subscriptions	19,120,372	157,039,179	–	–	176,159,551
Others	32,604,820	125,987,208	–	–	158,592,028

(Forward)

	2018				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Nontrade receivables:					
Advances to officers and employees	₱–	₱–	₱2,354,227	₱–	₱2,354,227
Others	8,207,806	–	8,431,667	–	16,639,473
Refundable deposits*	–	–	–	14,174,904	14,174,904
Financial assets at FVOCI	–	–	–	240,255,846	240,255,846
	4,123,500,237	3,236,792,993	10,785,894	254,430,750	7,625,509,874
Loans and borrowings:					
Trade payables and other current liabilities**	₱404,510,362	₱940,245,180	₱16,761,547	₱–	₱1,361,517,089
Short-term loans***	–	6,986,301	500,582,192	–	507,568,493
Obligations for program and other rights	–	119,646,269	–	–	119,646,269
Dividends payable	17,053,776	–	–	–	17,053,776
	421,564,138	1,066,877,750	517,343,739	–	2,005,785,627
Liquidity Portion (Gap)	₱3,701,936,099	₱2,169,915,243	(₱506,557,845)	₱254,430,750	₱5,619,724,247

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*
***Excluding payable to government agencies, contract liabilities and customer deposits amounting to ₱713.76 million, ₱22.04 million and ₱63.67 million, respectively (see Note 16).*
****Gross contractual payments.*

Foreign Currency Exchange Risk. Foreign currency exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to foreign currency exchange risk results from certain business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

The Group's foreign currency-denominated monetary assets and liabilities are as follows:

	2019		2018	
Assets				
Cash and cash equivalents	**$7,179,428**	**₱363,530,337**	$19,661,959	₱1,033,825,779
	C$596,756	**23,103,528**	C$1,951,866	75,602,601
Trade receivables	**$1,823,154**	**92,315,394**	$2,995,217	157,488,524
	C$7,233,455	**280,044,657**	C$1,041,796	40,352,392
	S$16,936	**634,931**	S$145,148	5,583,556
	¥10,738,238	**4,970,730**	¥3,659,217	1,738,494
	A$202,851	**7,152,526**	A$26,529	983,424
	DH132,843	**1,835,890**	DH49,371	708,731
		₱773,587,993		₱1,316,283,501
Liabilities				
Trade payables	**$1,083,401**	**₱54,858,010**	$1,286,974	₱67,669,073
Obligations for program and other rights	**2,171,343**	**109,945,953**	1,966,624	103,405,104
		₱164,803,963		₱171,074,177
		₱607,779,044		₱1,145,209,324

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱50.74 to US$1.00 and ₱52.58 to US$1.00, the Philippine peso to U.S. dollar exchange rate, as at December 31, 2019 and 2018, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱38.72 to CAD$1.00 as at December 31, 2019. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham and Japanese Yen are ₱37.49, ₱35.26 and ₱13.82 and ₱0.46, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's income before income tax from reporting period up to next reporting period (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity other than those already affecting profit or loss.

	Appreciation/ (Depreciation) of Peso	Effect on Income before Income Tax						
		USD	**CAD**	**SGD**	**AUD**	**AED**	**JPY**	Total
2019	**0.50**	**(₱2,863,995)**	**(₱3,915,106)**	**(₱8,468)**	**(₱101,426)**	**(₱66,422)**	**(₱5,369,119)**	**(₱12,324,536)**
	(0.50)	**2,863,995**	**3,915,106**	**8,468**	**101,426**	**66,422**	**5,369,119**	**12,324,536**
2018	0.50	(₱9,701,789)	(₱1,496,831)	(₱72,569)	(₱13,264)	(₱24,685)	(₱1,829,608)	(₱13,138,746)
	(0.50)	9,701,789	1,496,831	72,569	13,264	24,685	1,829,608	13,138,746

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Group ensures that sales of products and services are made to customers with appropriate credit history. The Group has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended. The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. The Group does not require any collateral for its financial assets, thus, maximum exposure to credit risk is equal to the carrying value of the financial instruments.

The table below shows the maximum exposure to credit risk for the components of the consolidated financial position as at December 31:

	2019	2018
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱1,988,824,410**	₱2,331,066,120
Trade receivables:		
Television and radio airtime	**4,749,148,494**	4,458,228,523
Subscriptions	**330,223,573**	176,159,551
Others	**169,667,488**	158,592,028
Nontrade receivables:		
Advances to officers and employees	**5,913,890**	2,354,227
Others	**2,194,508**	16,639,473
Refundable deposits**	**19,235,359**	14,174,904
	7,265,207,722	7,157,214,826
Financial assets at FVOCI	**243,433,060**	240,255,846
	₱7,508,640,782	₱7,397,470,672

**Excluding cash on hand amounting to ₱244.75 million and ₱206.51 million as at December 31, 2019 and 2018, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

The maximum exposure for cash and cash equivalents (excluding cash on hand) is the carrying amount less insured amount by the Philippine Deposit Insurance Corporation equivalent to the actual cash balance to a maximum of ₱0.50 million per depositor per bank. The maximum exposure of trade and non-trade receivables and refundable deposits is equal to its carrying amount.

Credit Quality of Trade Receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segment with similar loss patterns (i.e, by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions

Set out below is the information about the credit risk exposure of the Group's trade receivables using provision matrix:

	2019					
		Days past due				
	Current	**0-30 days**	**31 - 60 days**	**61 - 90 days**	**91 days and above**	**Total**
Expected credit loss rate	**1%**	**6%**	**6%**	**17%**	**36%**	
Estimated total gross carrying amount at default	**₱3,820,492,950**	**₱338,458,290**	**₱288,235,907**	**₱115,027,335**	**₱1,236,464,675**	**₱5,798,679,157**
Expected credit loss	**47,562,387**	**18,971,665**	**17,431,750**	**19,176,191**	**446,497,609**	**549,639,602**

	2018					
		Days past due				
	Current	0-30 days	31 – 60 days	61 – 90 days	91 days and above	Total
Expected credit loss rate	1%	4%	7%	11%	27%	
Estimated total gross carrying amount at default	₱2,621,278,665	₱672,627,381	₱272,879,000	₱111,771,677	₱1,646,040,002	₱5,324,596,725
Expected credit loss	34,444,886	27,120,876	19,908,808	12,647,383	437,220,302	531,342,255

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay off existing debts, return capital to shareholders or issue new shares.

The Parent Company is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for each of the three years ended December 31, 2019, 2018 and 2017.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱400.00 million and ₱500.00 million as at December 31, 2019 and 2018, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2019 and 2018 amounted to ₱9,586.43 million and ₱9,525.27 million, respectively.

Credit quality of Financial Assets, Other than Trade Receivables

The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 past due and based on change in rating delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 to 360 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The credit quality of the Group's financial assets are as follows:

	2019			
	ECL Staging			
	Stage 1	**Stage 2**	**Stage 3**	
	12-month ECL	**Lifetime ECL**	**Lifetime ECL**	**Total**
Financial assets at amortized cost				
Cash and cash equivalents*	**₱2,010,218,215**	**₱–**	**₱–**	**₱2,010,218,215**
Nontrade receivables:				
Advances to officers and employees	**5,913,890**	**–**	**–**	**5,913,890**
Others	**2,194,508**	**–**	**–**	**2,194,508**
Refundable deposits**	**19,235,359**	**–**	**–**	**19,235,359**
	₱2,037,561,972	**₱–**	**₱–**	**₱2,037,561,972**

**Excluding cash on hand amounting to ₱244.75 million as at December 31, 2019.*
*** Included under "Other noncurrent assets" account in the consolidated company statement of financial position*

	2018			
	ECL Staging			
	Stage 1	Stage 2	Stage 3	
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Financial assets at amortized cost				
Cash and cash equivalents*	₱2,352,597,496	₱–	₱–	₱2,352,597,496
Nontrade receivables:				
Advances to officers and employees	2,354,227	–	–	2,354,227
Others	16,639,473	–	–	16,639,473
Refundable deposits**	14,174,904	–	–	14,174,904
	₱2,385,766,100	₱–	–	₱2,385,766,100

**Excluding cash on hand amounting to ₱206.51 million as at December 31, 2018.*
*** Included under "Other noncurrent assets" account in the consolidated statement of financial position*

31. Fair Value Measurement

The table below presents the carrying values and fair values of the Group's assets and liabilities, by category and by class, as at December 31:

	2019			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Assets Measured at Fair Value				
Land at revalued amount	**₱2,803,196,184**	**₱–**	**₱–**	**₱2,803,196,184**
Financial assets at FVOCI	**243,433,060**	**–**	**15,925,000**	**227,508,060**
Assets for which Fair Values are Disclosed				
Investment properties	**36,252,221**	–	**–**	**203,902,548**
Financial assets at amortized cost - Refundable deposits*	**19,235,359**			**18,350,350**
	₱3,102,116,824	**₱–**	**₱15,925,000**	**₱3,252,957,142**
Liabilities				
Liabilities for which Fair Values are Disclosed				
Lease liabilities	**₱105,788,115**	**₱–**	**₱–**	**₱117,063,489**

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*

	2018			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	₱2,803,196,184	₱–	₱–	₱2,803,196,184
Financial assets at FVOCI	240,255,846	–	13,261,000	226,994,846
Assets for which Fair Values are Disclosed				
Investment properties	40,003,984	–	–	209,582,548
Financial assets at amortized cost - Refundable deposits*	14,174,904	–	–	12,915,727
	₱3,097,630,918	₱–	₱13,261,000	₱3,252,689,305

**Included under "Other noncurrent assets" account in the consolidated statement of financial position (see Note 15).*

During 2018, equity instruments in a listed entity was transferred from level 1 to level 3 due to the investee company's suspension of trading in the market as at December 31, 2018.

The fair values of equity instruments in listed and non-listed companies classified under Level 3 were determined through the following valuation approach: asset-based approach and market approach. Asset-based approach is based on the value of all the tangible and intangible assets and liabilities of the company. Market approach is predicated upon the concept that the value of an asset can be estimated by comparing its value to assets with similar features.

Presented below are the significant unobservable inputs used in the market approach and net asset valuations of the Group's financial assets in 2019 and 2018:

		Range	
Description	**Unobservable Inputs**	**2019**	2018
Listed equity instrument:			
Casinos and gaming industry	Price-to-book value multiple	**–**	1.2-2.4
	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	–
Non-listed equity instruments:			
Media and entertainment industry	Enterprise value-to-EBITDA multiple	**–**	9.9-25.9
	Discount for lack of marketability	**10%-30%**	10%-30%
	Discount for lack of control	**10%-30%**	10%-30%

An increase (decrease) in the significant unobservable inputs used in the valuation of the equity investments will increase (decrease) the fair value of the equity investments.

Movements in the fair value of equity investments classified under Level 3 are as follows:

	2019	2018
Balance at beginning of year	**₱226,994,846**	₱255,196,503
Fair value adjustment recognized under "net unrealized gain on financial assets at FVOCI"	**513,216**	(28,201,657)
Balance at end of year	**₱227,508,061**	₱226,994,846

Fair Value Determination

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

Cash and Cash Equivalents, Short-term Investments and Trade and Other Receivables

The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits

The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.26% to 4.44% in 2019 and 3.64% to 4.83% in 2018.

Financial assets at FVOCI

The Group's investments in club shares were based on prices readily available from brokers and other regulatory agencies as at reporting date. The fair values of equity investments in listed and non-listed companies have been estimated using the net asset value model and market approach. The valuation using market approach requires management to make certain judgments in deriving the set of comparable companies for each entity and in the selection of the appropriate multiples within the range, considering qualitative and quantitative factors specific to the measurement. The valuation using adjusted net asset approach requires the management to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date.

Investment Properties and Land at Revalued Amount
The valuation for investment properties and land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱1,400 to ₱117,000. On the other hand, significant unobservable valuation input in determining fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱97,000.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the properties.

Trade Payables and Other Current Liabilities (excluding Payable to Government Agencies and Advances from Customers), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

Lease liabilities
The fair value is based on the discounted value of future cash flows using the applicable rates for similar types of loans plus the applicable credit spread. Discount rates used ranged from 3.07% to 5.43% in 2019.

32. Changes in Liabilities Arising from Financing Activities

	January 1, 2019	**Additions**	**Payments**	**Others***	**December 31, 2019**
Short-term loans	**₱500,000,000**	**₱1,517,500,000**	**(₱1,617,500,000)**	**₱–**	**₱400,000,000**
Lease liabilities	**66,535,587**	**53,959,212**	**(21,694,663)**	**6,987,979**	**105,788,115**
Dividends payable	**17,053,776**	**2,199,839,297**	**(2,198,159,065)**	**–**	**18,734,008**
Accrued interest expense**	**944,444**	**46,185,621**	**(45,663,399)**	**–**	**1,466,667**
Total liabilities from financing activities	**₱584,533,807**	**₱3,817,484,130**	**(₱3,883,017,127)**	**₱6,987,979**	**₱525,988,790**

**Others pertain to accretion of interest.*
***Included under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 16).*

	January 1, 2018	Additions	Payments	December 31, 2018
Short-term loans	₱500,000,000	₱1,500,000,000	(₱1,500,000,000)	₱500,000,000
Dividends payable	15,437,102	2,437,749,220	(2,436,132,546)	17,053,776
Accrued interest expense*	818,055	36,251,389	(36,125,000)	944,444
Total liabilities from financing activities	₱516,255,157	₱3,974,000,609	(₱3,972,257,546)	₱517,998,220

**Included under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 16).*

33. **Events after the Reporting Period**

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 (ECQ) 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. As mandated by the Group's enterprise risk management policy, the Group's executive management, along with the risk management champions, risk owners, assurance providers, and support team, conducted a comprehensive assessment on the impact of the ongoing COVID-19 pandemic. Results of such assessment revealed the following: (a) imminent threat to the health and safety of the Group's talents and employees; (b) unavoidable disruption in operations brought about by necessary containment measures mandated by the government; and (c) sustained operational disruptions may negatively impact financial targets for the year.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation. In furtherance of the Group's risk management protocol, planned and mitigating measures were immediately rolled out, to wit:

- Providing appropriate protective gears and tools to the Group's front liners (e.g., reporters) to eliminate the risk of being contaminated.
- Education and orientation of the Group's talents and employees on COVID-19 and how to prevent contraction and spread of the virus.
- Constant reminders (through email, written notifications, etc.) to adopt:
  - Proper hygiene and keeping hands clean
  - Respiratory etiquette
  - Environmental cleaning and ventilation
  - Social distancing
  - Self-monitoring
  - Boosting one's immune system
- Screening of talents and employees reporting to work via thermal scanning. Those with above normal temperatures are sent to the clinic for further physical examination. Employees showing symptoms of the virus are not allowed to report to work.
- Guests, visitors, and outsiders are barred from entering the Network's premises. Meetings are encouraged to be conducted online.
- Cancellation of official business trips overseas, especially in high-risk areas like China. Personal travels are discouraged.
- Imposition of a 14-day quarantine period to employees who travelled overseas.
- Close monitoring of talents and employees who have come into contact with other people (non-Group personnel) who travelled or are from overseas.
- Suspension of live studio audiences, local and international on-ground events, and other events that require mass gathering.
- Activation and implementation of the Business Continuity Planning and Recovery (BCPR) measures defined by the different groups/departments/teams of the Group, including work-from-home set up.

- Providing interim support (e.g., transport, financial, accommodation, etc.) to enable talents and employees to perform functions that are key to the Group's on air operations and delivery of public service.
- Careful planning of the programming grid of the Kapuso channels to ensure that the Group's content remains relevant to the entertainment and information needs of its audience.
- Providing the appropriate tools to our client-facing employees to ensure that we continue to engage with our clients and satisfactorily meet their requirements.

DIRECTORY


TV-7 Naga, Camar
Brgy. Concepcion Pe
0915-4417071
RGMA TV-44 Naga, Camarine
Brgy. Concepcion Pequeña, Na
0915-4417071
TV-28 Naga, Camarines Sur (GNTV)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TELEVISION

LUZON

TV-7 Metro Manila (GMA)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8931-9183/(02) 8924-2497

TV-27 Metro Manila (GNTV)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 8931-9183/(02) 8924-2497

TV-5 San Nicolas, Ilocos Norte (GMA)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

TV-27 San Nicolas, Ilocos Norte (GNTV)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

TV-48 Bantay, Ilocos Sur (GMA)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

RGMA TV-40 Bantay, Ilocos Sur (GNTV)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

TV-7 Basco, Batanes (GMA)
Brgy. Kayvaluganan, Basco, Batanes
0915-6127197

TV-13 Aparri, Cagayan (GMA)
Hi-Class Bldg. De Rivera St., Aparri, Cagayan
0915-6130530

TV-26 Aparri, Cagayan (GNTV)
Hi-Class Bldg. De Rivera St., Aparri, Cagayan
0915-6130530

TV-7 Tugegarao, Cagayan (GMA)
No. 91 Mabini St., Tuguegarao City
0915-6127263

TV-27 Tugegarao, Cagayan (GNTV)
No. 91 Mabini St., Tuguegarao City
0915-6127263

TV-7 Santiago City, Isabela (GMA)
Heritage Commercial Complex, Maharlika Hi-way,
Brgy. Malvar Santiago City, Isabela
0915-2700063

TV-5 Baler, Aurora (GMA)
Purok 3, Brgy. Buhangin, Baler, Aurora
0915-6127194

TV-10 Olongapo (GMA)
Upper Mabayuhan, Olongapo City
0915-6127265

TV-26 Olongapo (GNTV)
Upper Mabayuhan, Olongapo City
0915-6127265

RGMA TV-28 Tarlac City (GNTV)
Exclusively His Bldg. located at F. Tanedo St.
corner Espinosa St., Tarlac City
0915-2700185

TV-12 Batangas (GMA)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-26 Batangas (GNTV)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-32 Batangas (DTTB GMA/GNTV)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-44 Jalajala, Rizal (GMA)
Mt. Landing, Jalajala, Rizal
0915-8632874

TV-13 San Jose, Occidental Mindoro (GMA)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-26 San Jose, Occidental Mindoro (GNTV)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-6 Brooke's Point, Palawan (GMA)
Poblacion, Brooke's Point, Palawan
0915-6127181

TV-8 Coron, Palawan (GMA)
Tapias Hill, Coron, Palawan
0915-6127178

TV-12 Puerto Princesa, Palawan (GMA)
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0915-6127185

TV-27 Puerto Princesa, Palawan (GNTV)
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0915-6127185

TV-7 Tablas, Romblon (GMA)
Triple Peak, Sta. Maria, Tablas, Romblon
0915-6127225

TV-12 Legazpi, Albay (GMA)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

RGMA TV-33 Legazpi, Albay (GMA)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

TV-27 Legazpi, Albay (GNTV)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

TV-8 Daet, Camarines Norte (GMA)
Purok 2, Brgy. Mancruz, Daet, Camarines Norte
0915-2700056

TV-7 Naga, Camarines Sur (GMA)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

RGMA TV-44 Naga, Camarines Sur (GMA)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-28 Naga, Camarines Sur (GNTV)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-13 Virac, Catanduanes (GMA)
Brgy. Sto. Niño, Virac, Catanduanes
0915-612717

TV-7 Masbate (GMA)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-27 Masbate (GNTV)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-2 Juban, Sorsogon (GMA)
Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon
0915-2700192

TV-7 Abra (GMA)
Brgy. Lusuac, Peñarrubia, Abra
0915-6130512

TV-10 Benguet (GMA)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-22 Benguet (GNTV)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-5 Mountain Province (GMA)
Mt Amuyao, Barlig. Mountain Province
0915-2700124

VISAYAS

TV-2 Kalibo, Aklan (GMA)
New Busuanga, Numancia, Aklan
0915-6127216

TV-27 Kalibo, Aklan (GNTV)
New Busuanga, Numancia, Aklan
0915-6127216

TV-5 Roxas City, Capiz (GMA)
Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-27 Roxas City, Capiz (GNTV)
Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-6 Jordan, Guimaras (GMA)
Brgy. Tamburong, Jordan, Guimaras
0915-4417084

TV-28 Iloilo (GNTV)
Alta Tierra Subdivision, Jaro, Iloilo
0915-4417084

TV-13 Bacolod (GMA)
Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

RGMA TV-48 Bacolod (GNTV)
Isecure Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

TV-30 Murcia, Negros Occidental (GMA)
Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental
0915-2700132

TV-10 Sipalay (GMA)
Sipalay Municipal Building, Sipalay, Negros Occidental
0915-6127219

TV-11 Tagbilaran, Bohol (GMA)
Banat-I Hills, Brgy. Bool, Tagbilaran City
0915-6127214

TV-7 Cebu (GMA)
Bonbon, Cebu City
0915-441707

RGMA TV-51 Cebu (GMA)
Bonbon, Cebu City
0915-441707

TV-27 Cebu (GNTV)
Bonbon, Cebu City
0915-441707

TV-5 Dumaguete (GMA)
Barrio Looc, Sibulan, Negros Oriental
0915-6131185

TV-28 Dumaguete (GNTV)
Barrio Looc, Sibulan, Negros Oriental
0915-6131185

TV-8 Borongan (GMA)
Poblacion, Borongan, Eastern Samar
0915-6127177

TV-12 Ormoc, Leyte (GMA)
Brgy. Alta Vista, Ormoc City
0915-6127213

TV-10 Tacloban (GMA)
Basper, Tigbao, Tacloban City
0915-6127208

TV-26 Tacloban (GNTV)
Basper, Tigbao, Tacloban City
0915-6127208

TV-5 Calbayog City (GMA)
Purok 2 San Mateo St. Brgy. Matobato,
Calbayog City, Western Samar
0915-6127176

MINDANAO

TV-4 Dipolog (GMA)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-26 Dipolog (GNTV)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-3 Pagadian (GMA)
Mt. Palpalan, Pagadian City
0915-6127245

TV-26 Pagadian (GNTV)
Mt. Palpalan, Pagadian City
0915-6127245

TV-9 Zamboanga (GMA)
Brgy. Cabatangan, Zamboanga City
0915-8632870

RGMA TV-45 Zamboanga (GMA)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-21 Zamboanga (GNTV)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-12 Mt. Kitanglad, Bukidnon (GMA)
Mt. Kitanglad, Bukidnon
0915-8632863

TV-5 Ozamis, Misamis Occidental (GMA)
Bo. Malaubang, Ozamis City, Misamis Occidental
0915-6127220

TV-22 Ozamis, Misamis Occidental (GNTV)
Bo. Malaubang, Ozamis City, Misamis Occidental
0915-6127220

TV-11 Iligan City (GMA)
Brgy. Del Carmen, Iligan City
0915-6131202

TV-35 Cagayan de Oro (GMA)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-43 Cagayan de Oro (GNTV)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-26 Butuan (GMA)
Brgy. Bonbon, Butuan City, Agusan del Norte
09163178470

TV-5 Davao (GMA)
Shrine Hills, Matina, Davao City
0915-4417082

TV-27 Davao (GNTV)
Shrine Hills, Matina, Davao City
0915-4417082

TV-12 Cotabato (GMA)
Regional Government Center, Cotabato City
0915-6131170

TV-27 Cotabato (GNTV)
Regional Government Center, Cotabato City
0915-6131170

TV-8 General Santos (GMA)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

RGMA TV-32 General Santos (GMA)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

TV-26 General Santos (GNTV)
Nuñez St., Brgy. San Isidro, General Santos City
0915-8632871

TV-10 Surigao (GMA)
Lipata Hills, Surigao City
0915-6131227

TV-27 Surigao (GMA)
Lipata Hills, Surigao City
0915-6131227

TV-2 Tandag (GMA)
Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur
0915-6127248

TV-12 Jolo (GMA)
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0915-6131182

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

RADIO STATIONS

LUZON

METRO MANILA
AM – DZBB (594 khz.) 50kW
FM – DWLS (97.1 mhz.) 25kW
GMA Complex, EDSA cor. Timog Ave.,
Diliman, Quezon City
Tel: DZBB - 8982-7777 local 9404
DWLS - 8982-7777 local 9407

BAGUIO
FM – DWRA (92.7 mhz.) 10kW
2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
FM Tx Site: Brgy. Lamut, Beckel, La Trinidad, Benguet
CP #: 0917-813-2986 / 0998-845-2446

DAGUPAN
AM – DZSD (1548 khz.) 10kW
Maasin, Mangaldan, Pangasinan
FM – DWTL (93.5 mhz.) 10kW
GMA TV 10 Compound, Claveria Road,
Malued District, Dagupan City
CP #: 0917-813-3081 / 0998-845-2447

LEGAZPI
FM – DWCW (96.3 mhz.) 10kW
3rd level A. Bichara Silverseen Entertainment Center,
Magallanes St., Legazpi City
CP #: 0917-813-3189 / 0998-845-2448

LUCENA
FM – DWQL (91.1 mhz.) 10kW
3/F Ancon Bldg., Merchan Street, Lucena City
CP #: 0917-813-3563 / 0998-845-2449

NAGA
FM – DWQW (101.5 mhz.) 5kW
GMA Complex, Diversion Road(Roxas Ave.)
Beside Mother Seton Hospital, Naga City
CP #: 0917-813-3414 / 0998-845-2451

PALAWAN
AM – DYSP (909 khz.) 5kW
FM – DYHY (97.5 mhz.) 5kW
Solid Road, San Manuel
Puerto Princesa City, Palawan
CP #: 0917-802-1683 / 0998-845-2452

TUGUEGARAO
FM – DWWQ (89.3 mhz.) 10kW
4/F Villablanca Hotel Pattaui St. cor. Pallua Rd.,
Ugac Norte Tuguegarao, Cagayan
CP #: 0917-813-3720 / 0998-845-2453

VISAYAS

BACOLOD
AM – DYSB (1341 khz.) 5KW
Brgy. Punta Taytay, Bacolod City
FM – DYEN (107.1mhz.) 10kW
3/F Door # 10 Centroplex Mall
Gonzaga-Locsin St. Brgy. 21
Bacolod City 6100
CP #: 0917-813-3483 / 0998-845-2454

CEBU
AM – DYSS (999 khz.) 10kW
FM – DYRT (99.5 mhz.) 25kW
GMA Skyview Complex Nivel Hills,
Lahug, Cebu City
AVAYA: 5106
CP #: 0917-813-4507

ILOILO
AM – DYSI (1323 khz.) 10kW
FM – DYMK (93.5 mhz.) 10kW
GMA Broadcast Complex Phase 5, Alta Tierra Village,
Jaro, Iloilo City
CP #: 0917-813-3490 / 0998-845-2455

KALIBO
FM – DYRU (92.9 mhz.) 5kW
Torres-Olivia Bldg. Roxas Ave. Extension,
Kalibo, Aklan
CP #: 0917-813-3696 / 0998-845-2456

MINDANAO

CAGAYAN DE ORO
FM – DXLX (100.7 mhz.) 5kW
2nd Flr. Centro Mariano Bldg.
Osmena St. Cagayan de Oro City
CP #: 0917-813-3729 / 0998-845-2457

ILIGAN
FM – DXND (90.1 mhz.) 1kW
Infinity Suites, Consunji St. Iligan City

ZAMBOANGA
AM – DXRC (1287 kHz.) 5KW
Logoy Duitay, Talon-Talon, Zamboanga City

DAVAO
AM – DXGM (1125 khz.) 10kW
FM – DXRV (103.5) 10kW
GMA Network Complex, Shrine Hills, Matina Davao City
CP #: 0917-813-3736 / 0998-845-2458

GENERAL SANTOS
AM – DXBB (Leased) (1107 khz.) 5kW
FM – DXCJ (102.3 mhz.) 10kW
3/F PBC Bldg., Cagampang St. Gen. Santos City
CP #: 0917-813-3850 / 0998-845-2450

SUBSIDIARIES

GMA New Media, Inc.
12/F GMA Network Center, EDSA cor. Timog
Avenue, Diliman, Quezon City
Tel: 8857-4664 • 8857-4627
Fax: 8857-4665 • 8857-4633
Website: www.gmanmi.com

CityNet Network Marketing and Productions, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777

GMA Network Films, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 9980/9981
Telefax: 8926-1842

GMA Worldwide (Philippines), Inc.
10/F GMA Network Center, EDSA corner
Timog Avenue, Diliman, Quezon City
Tel: 8928-5072
8982-7777 local 9381
8928-5065
Fax: 8928-5065

RGMA Marketing and Productions and
Productions, Inc. (GMA Music)
Unit 1405 Future Point Plaza, 112 Panay Avenue,
Brgy. South Triangle, Quezon City
Website: www.gmarecords.com.ph
Tel: 8411-7521
Telefax: 8376-3395

Script2010, Inc. (Formerly Capitalex Holdings, Inc.)
GMA Complex, EDSA corner Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 9921
8928-5507
Telefax: 8928-7482

Alta Productions, Inc.
10/F Sagittarius Building, H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 8816-3881
Fax: 8813-3982

GMA Marketing and Productions, Inc.
15/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777
Fax: 8928-2044

MediaMerge Corporation
6/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8982-7777 local 1308
8927-6268
Fax: 8927-6210

Digify, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 8857-4627
Telefax: 8928-4553

AFFILIATES

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16/F Sagittarius Condominium 1, H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 7750-5431
Fax: 5338-5689

RGMA Network, Inc.
GMA Complex, EDSA cor. Timog Avenue, Diliman,
Quezon City
Tel: 8925-2094
Telefax: 8925-8188

JOINT VENTURES

INQ7 Interactive, Inc.
9/F Rufino Building, Ayala Avenue corner Rufino Street,
Makati City
Tel: 8892-1828 to 29
Fax: 8813-0818

Philippine Entertainment Portal, Inc.
6F Cybergate Tower 3, Pioneer St. Mandaluyong
Tel: 8633-1368
Telefax: 8634-6140
Website: www.pep.ph

SOCIO-CIVIC ORGANIZATIONS

GMA Kapuso Foundation, Inc.
2/F Kapuso Center, GMA Network Drive cor.
Samar St., EDSA, Diliman, Quezon City
Tel: 8982-7777 loc. 9901 and 9905
Telefax: 8928-4299 8928-9351
E-mail: gmaf@gmanetwork.com
Website www.kapusofoundation.com

Kapwa Ko Mahal Ko
2/F Kapuso Center
GMA Network Drive cor. Samar St.,
EDSA, Diliman Quezon City
Tel: 8426-3920
8982-7777 loc. 9950
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Fax: 8817-0696 • 8812-0008

Tarriela Tagao Ona & Associates
8/F Strata 2000, Emerald Avenue,
Ortigas Center, Pasig City
Tel: 8635-6092 to 94
Fax: 8635-6245

BANK REFERENCES

Abacus Capital and Investments Corp.
Unit 3001-E Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City

Amalgamated Investment Bancorporation
11/F 6805 Ayala Avenue
Makati City

Asia United Bank
Parc Royale Condominium
Dona Jullia Vargas, Ortigas Center, Pasig City

Banco de Oro Universal Bank
12 ADB Avenue, Ortigas Center
Mandaluyong City

Bank of the Philippine Islands
BPI Bldg., Ayala Avenue corner Paseo de Roxas
Makati City

Chinatrust (Phils.) Commercial Bank
Tower One and Exchange Plaza,
Ayala Triangle, Ayala Avenue, Makati City

Citibank, N.A.
Citibank Tower
8741 Paseo de Roxas, Makati City

Development Bank of the Philippines
Sen. Gil Puyat Avenue,
Makati City

Deutsche Bank AG (Manila Branch)
26/F Tower One, Ayala Triangle,
Makati City

East West Bank
6795 Ayala Avenue cor. Herrera St.,
Salcedo Village, Makati City

JP Morgan Chase Bank
31/F Philamlife Tower,
8767 Paseo de Roxas, Makati City
Landbank of the Philippines
Landbank Plaza, 1598 M.H. del Pilar St.,
cor. J.Quintos, Malate, Manila

Metropolitan Bank & Trust Co.
Metrobank Plaza, Sen. Gil Puyat Avenue,
Makati City

Malayan Bank Savings and Mortgage Bank
Majalco Bldg., Benavidez cor. Trasierra St.,
Legaspi Village, Makati City

Philippine Bank of Communication
ACPC Bldg., 1186 Quezon Avenue,
Quezon City

Philippine Business Bank
Congressional branch
#622 Congressional Avenue
Brgy. Toro Quezon City.

Philippine National Bank
PNB Financial Center,
Pres. Diosdado Macapagal Blvd., Pasay City

Rizal Commercial Banking Corporation
Unit 106 Parc Chateau Condominium,
Garnet cor. Onyx St., Ortigas Center, Pasig City

Robinsons Bank
JSB Bldg., Tomas Morato corner Scout Delgado
Quezon City

Unicapital/Majalco
Majalco Bldg., Benavidez cor. Trasierra St.,
Legaspi Village, Makati City

Union Bank of the Philippines
Union Bank Plaza,
Meralco Avenue cor. Onyx and Sapphire Roads,
Ortigas Center, Pasig City

United Coconut Planters' Bank
UCPB Building,
Makati Avenue, Makati City

SHAREHOLDER SERVICES

Stock Transfer Service, Inc.
34/ F, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Tel: 8403-2410 to 14
Fax: 8403-2414

Investor Relations
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Diliman, Quezon City
Tel: 8982-7777 local 8042
Email: corporateaffairs@gmanetwork.com
Website: www.gmanetwork.com/corporate/ir

Stock Trading Information
GMA Network, Inc. is listed in the Philippine Stock
Exchange.

Trading symbol

GMA7 – Common Shares
GMAP – Philippine Deposit Receipts (PDRs)

The full version of GMA Network's reports are available at
https://www.gmanetwork.com/corporate/disclosures/
and via the **QR codes** on this page.

2019 Annual Report

2019 Sustainability Report

GMA NETWORK, INC.
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Edsa corner Timog Avenue
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