GMA

RIDING THE WAVE OF DISRUPTION

2018 GMA NETWORK, INC. ANNUAL REPORT

In 2018, GMA Network remained steadfast amidst the adversities it encountered throughout the year. The Network successfully kept its nationwide urban TV ratings lead and continued to become undisputed in the number one spot. Moreover, GMA was able to manage costs efficiently in order to minimize revenue shortfall.

Coming from the developments in the previous year, the Company was determined to improve and produce more game-changing content not only in TV but also in various platforms in the digital space to cater to the Kapuso viewers' shifting interests. More importantly, GMA focused on its digitization project which is expected to be fully implemented in 2019.

The 2018 Annual Report will highlight GMA Network's remarkable achievements during the year including TV ratings and revenues, as well as other noteworthy accomplishments such as the success of its online platforms, various awards, and its trailblazing projects.

RIDING THE WAVE OF DISRUPTION


GMA NETWORK CENTER

TABLE OF CONTENTS


GMA NETWORK CENTER

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

WE ARE CONFIDENT THAT GMA NETWORK IS FULLY CAPABLE TO WELCOME DIGITAL DISRUPTION WITH OPEN ARMS

In the face of today's fast-paced digital evolution, the need for all industries to constantly push boundaries in order to remain relevant has never been greater. We are confident, however, that GMA Network is fully capable to welcome digital disruption with open arms.

Biggest proof of this is our investment amounting to over P1 billion to complete the second phase of our digitization project. This covers the production, post-production, content management, and distribution of all our programs on both GMA and GMA News TV; starting with the commissioning of the Digital Terrestrial Transmitters that provide high quality digital TV signal reach in major areas like Mega Manila, North Central Luzon, Cebu, and Davao.

Also part of this are the various state-of-the-art upgrades being undertaken around the Network: upgrade of our Electronic Field Production capabilities that will elevate GMA Network's output to true global standards; completion of the requisite enhancements to our Media Asset Management and Broadcast Automation Systems; upgrade of Post Production's full equipment and software; upgrade of our Field News Gathering capabilities that will enable the transmission and delivery of HD-captured remote live events; and the commissioning of a new News Automation System that will provide our news teams with even greater speed and agility.

Both our Entertainment and News and Public Affairs groups have also been producing programs that are specific to our digital platforms. And just recently, News and Public Affairs even received an innovation funding grant from the world's leading online video website, YouTube, to produce the digital newscast "Stand for Truth," which could very well be the prototype of the Network's future newsroom. Set to play a significant role to all these is the Network and GMA New Media, Inc.'s partnership with PLDT-Smart, which marks the start of the full implementation of our digitization project. Through this partnership, we are looking to revolutionize the experience of TV viewing for all our Kapuso nationwide.

These are all part of our commitment to produce world class programming for our viewers here and abroad, and in so doing, strengthen our position as the leading broadcast network in the country.

In spite of constant pressure from competition, we continued to lead in the National Urban Television Audience Measurement (NUTAM) ratings for full year 2018. The viewer-rich areas of Urban Luzon and Mega Manila remained as our bailiwicks, while initiatives and new program launches from Regional TV helped improve our numbers in Visayas and Mindanao. Worth mentioning as well are our programs Kapuso Mo, Jessica Soho; Pepito Manaloto; Magpakailanman and 24 Oras which were consistently among the top viewed programs across the country. Our strong ratings performance for the year enabled our company to deliver sound financial numbers despite challenging market conditions.

Another highlight of 2018 was the launch of our new station ID dubbed "Buong Puso para sa Kapuso," which celebrated the Network's successful journey to becoming the country's leading TV network. But more importantly, it emphasized on what being a true Kapuso means – pouring your whole heart into everything you do for the people you love because they deserve nothing less.

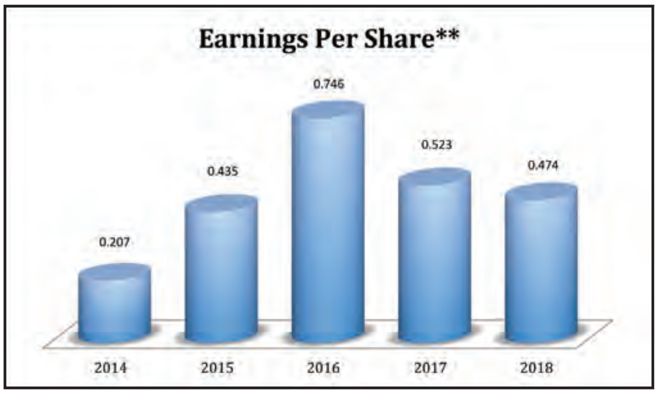
Our new station ID also serves as our tribute to all our loyal Kapuso viewers here and abroad. We thank them for their unwavering support to GMA Network through the years. Our sincerest gratitude goes as well to our stakeholders, shareholders, officers, employees, and partners for their continued dedication and hard work.

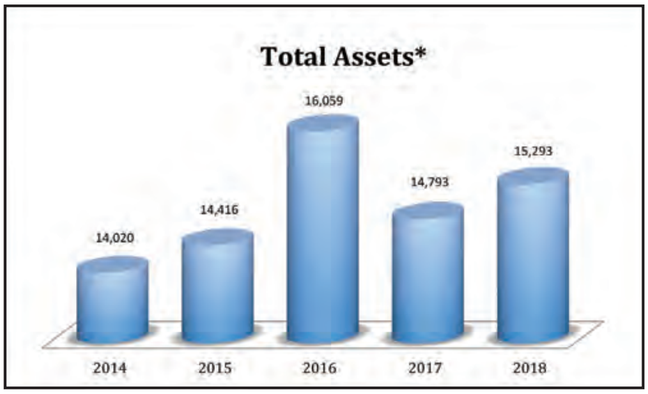
Buong puso ang pasasalamat ko sa inyong lahat, mga Kapuso.

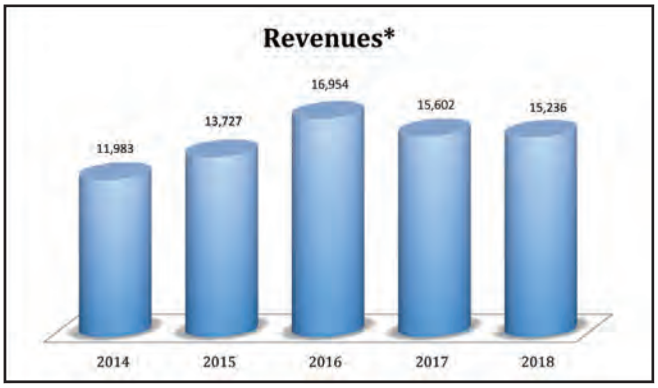
FELIPE L. GOZON
Chairman and CEO

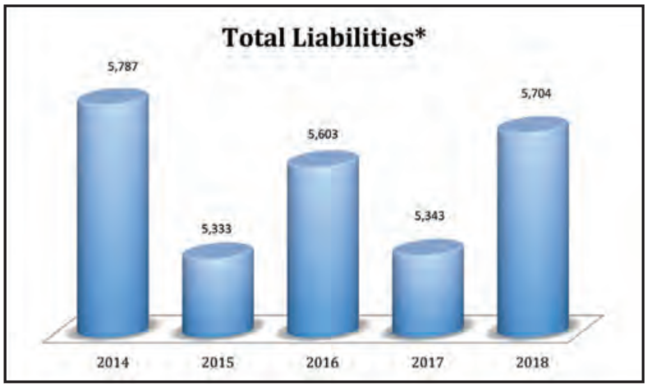
FINANCIAL HIGHLIGHTS

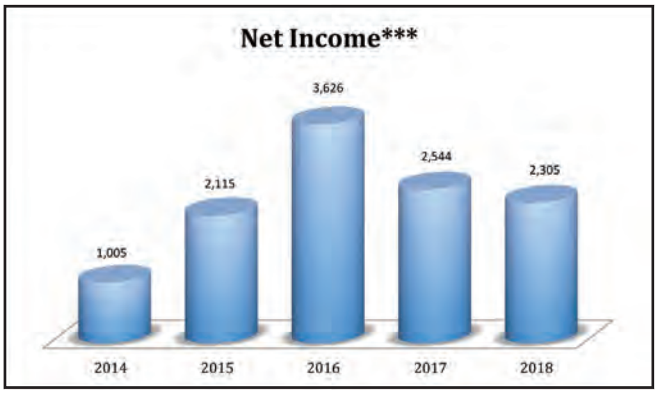
* Amounts in Million Pesos
** Amounts in Pesos
*** Amounts in Million Pesos and attributable to Equity holders of the Parent Company

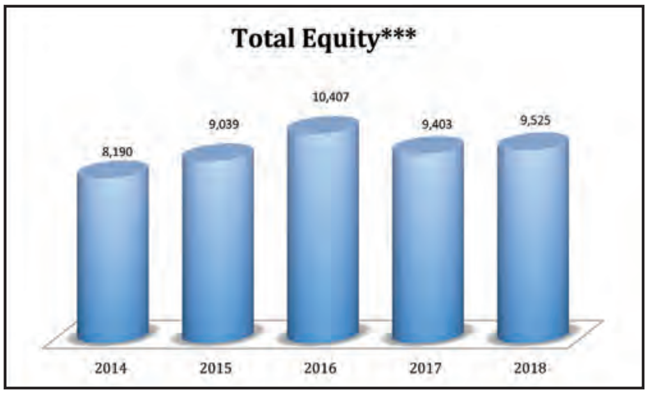












PRESIDENT's MESSAGE

THE DIGITAL WORLD WE NOW LIVE IN PROVIDES GREATER OPPORTUNITIES BOTH LOCALLY AND INTERNATIONALLY FOR CONTENT PRODUCERS SUCH AS OURSELVES

On the whole, the year that passed has been a good one for us, despite the slight reduction in our top and bottom lines. While advertising spending was adversely affected by the implementation of new tax measures (via TRAIN) in the earlier part of the year, comparative ad revenue growth was realized in the latter months as the business environment in general started to adjust and normalize.

Our continuing efforts as well as the investments made within the year to address the changes in our business space yielded benefits. While our main channel, GMA-7, led in the Nielsen Mega Manila, Total Luzon and National Urban (NUTAM) ratings against our closest competitor in all day parts in Non-Digital TV homes, it is gratifying to note that GMA-7 also closed the year as the top channel in the National Urban (NUTAM) ratings in combined Non-Digital and Digital (DTT) homes; with the full commissioning of our initial set of Digital (DTT) transmitters. Separately, our second free to air channel, GMA News TV (GNTV) continued to maintain its outright dominance over all the local news channels and remains to be the only news channel presently broadcast free to air to both Non-Digital and Digital (DTT) homes as of this writing.

Our other broadcast business segments also closed the year well. Radio lead stations DZBB (AM) and DWLS FM continued to maintain their commendable ratings and revenue growth. Regional TV (RTV) on the other hand, gained audiences in Urban Visayas and Urban Mindanao – while similarly ending the year with increased revenue from both local and national advertisers.

Most immediately affected by the continuing global shift in content consumption from the traditional pay platforms (Direct-to-Home/DTH and Cable) to OTT, IP based sites and options was our International business – with the combined subscription revenues of our linear channels GMA Pinoy TV, GMA Life TV and GMA News TV International declining by two percent (2%) year on year. While this shift continues moving forward, we foresee the revenue decline correcting itself in the coming year as we continue to enter into OTT carrier agreements which now include Title or Program based Video on Demand (VOD, both subscription and advertising based) aside from the linear delivery of our channels.

Our other numerous and collaborative efforts towards better exploiting the advantages presented by the digital space took steps forward – resulting in expanded audiences, extended engagements and a deepening affinity between the Network, our programs and talents and the growing, fragmented digital audience. Through the social media, streaming as well as our proprietary sites we are getting to know the audience better as we continuously look at the feasibility of increasing the volume of our produced, digital platform exclusive content in the future. While digital advertising rates have remained relatively low, we closed 2018 with double digit digital ad revenue growth, as we have in previous years.

The digital world we now live in provides greater opportunities both locally and internationally for content producers such as ourselves; as we are now able to reach not only the Filipino audience worldwide but also the global audience as well. As we look towards leveraging on these, we are returning to feature film production and will be increasing our music creation and production output in the coming year. In parallel, the additional front and back end upgrades that will enable us to produce all our proprietary content, including our Entertainment, News and Public Affairs programs in full conformity with updated global technical standards will be in place and operationalized within 2019 – allowing content releases and distribution across all venues and platforms here and abroad; regardless of the technical terms of reference.

In January 2019, the Network signed a Technology, Content and Distribution agreement with the PLDT-Smart group that, in tandem with our continuing Digital Terrestrial TV (DTT) transmitter roll-out, will further extend the reach and availability of both GMA-7 and GNTV to the local audience while offering bundled products of interest and value to the consumer.

As we meet these challenges and opportunities, we work to diversify and further develop the skills and competencies of our people - with the aim of bringing Filipino produced content to even higher standards and broader audience appeal both here and abroad. Surely lofty objectives but certainly achievable as we put our hearts and minds behind them.

Maraming salamat sa patuloy po ninyong pagtitiwala, suporta at pagtatangkilik, mga Kapuso.

We look forward to an even better year ahead.

GILBERTO R. DUAVIT, JR.
President and COO

OPERATIONAL HIGHLIGHTS

In 2018, GMA Network continued to uphold its purpose of enriching the lives of Filipinos by providing superior Entertainment and the timely delivery of responsible, unbiased and accurate News and Information to its worldwide viewers. Particularly, the Network intensified its efforts in understanding and keeping up with the shifting viewing habits of its complex audiences not only on traditional but more so in new media.

Amidst the challenges brought about by the industry-wide contraction in advertising, the significant improvement in trade advertising sales during the last quarter was instrumental in working toward its revenue targets despite lukewarm sales earlier in the year.

In 2019, GMA Network is scheduled to launch its digital device that will further advance the Company's digital migration. Mastering these new platforms and business models will be the next challenge that the Network will face as the broadcast industry rapidly transforms in this Digital age.

Financials

GMA Network ended the year with consolidated revenues of P15.236 billion, down 2% from the previous year.

Advertising revenues contributed P13.834 billion to the total revenue of the Network, 2% short compared to last year. Core channel GMA-7 posted a reduction of 4% in airtime sales while GMA News TV likewise ended with a 6% decrease from the previous year. Radio operations nationwide, on the other hand, increased its revenues by 11% compared to 2017. Similarly, Regional TV operations finished with sales up 5% from the previous year. Both national and local sales grew revenues by 6% and 3%, respectively.

The year ended with a 37% increase in online advertising through the Company's websites, GMA News Online and GMANetwork.com.

Total operating expenses (OPEX) of P11.998 billion posted a reduction of 1% compared to 2017.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was lower by 8% at P4.824 billion from last year.

GMA Network's consolidated net income after tax for the year settled at P2.324 billion, P236 million or 9% down against last year's performance.

Ratings*

GMA Network continued to win against ABS-CBN in National Urban (NUTAM) TV ratings in 2018, posting an average total day people audience share of 40.8%, ahead by 3.3% versus ABS-CBN's 37.5% average.

Moreover, GMA posted bigger margins over ABS-CBN in Urban Luzon with 45.9% average total day people audience share, 14.4% higher than ABS-CBN's 31.5% average. In Mega Manila, GMA had an even greater advantage of 19% with 47.7% average total day people audience share over ABS-CBN's 28.7% average.

GMA News TV (GNTV), remained fourth overall in the ratings tally, coming in after GMA, ABS-CBN, and TV-5.

Other Business Units

Revenues from subscription and others, which also included subsidiaries' operations, wrapped up at 1.402 billion or down by 2% against last year.

GMA International

Revenues from international channels remained the same at P1.25 billion.

GMA Worldwide

GMA Worldwide recorded a 51% decrease in sales over last year.

GMA New Media

Combined revenues of GMA New Media and its subsidiaries, Digify and Media Merge, posted a 53% growth in sales.

GMA Records

Revenues for GMA Records recorded an 8% decrease in 2018.

Alta Productions

ALTA Productions posted revenues higher by 23% versus 2017.

Script2010

Script2010 posted a 19% growth in revenues in 2018.

**GMA subscribes to Nielsen TV Audience Measurement, the more dominant and recognized TV ratings provider in the country.*

SUBSIDIARIES
JOINT VENTURES
AFFILIATES

SUBSIDIARIES (100% Ownership)

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

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

GMA Network Films, Inc. - Film production

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

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

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

Alta Productions 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

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

As a media organization that places value on public service and corporate social responsibility, GMA reaches out to those in need by providing assistance and immediate action with the vision of enriching the lives of Filipinos everywhere through Serbisyong Totoo.

GMA NETWORK EXCELLENCE AWARD
Education is one of the focus areas of GMA's corporate social responsibility, as exemplified in the GMA Network Excellence Award.

For over a decade now, the GMA Network Excellence Award has been honoring the achievements of outstanding graduating students by recognizing excellence through the demonstration of their leadership, academic performance, and social responsibility.

Two students emerged as the top awardees from among the thirty-seven (37) candidates from various universities/colleges nationwide. Each Excellence Awardee received P50,000 and a special plaque:

- The 2018 GMA Network Excellence Awardees:

  COMMUNICATION CATEGORY
  Mark Roland Romas – Cum Laude, Bachelor of Arts in Communication, University of San Jose-Recoletos

  TECHNOLOGY BASED CATEGORY
  John Elmer Loretizo – Magna Cum Laude, Bachelor of Science in Software Engineering, Central Philippine University

- The other finalists who received a Certificate of Excellence each were:

  COMMUNICATION CATEGORY
  Marisa Barrera – Magna Cum Laude, BA Communication, University of the East – Caloocan

  Rhussell Eijneb Famy – Cum Laude, BA Communication, Far Eastern University

  Georjhia Czarinah Malaluan – Magna Cum Laude, AB Communication, Lyceum of the Philippines University - Batangas

  Marvin Pamisa – Magna Cum Laude, BS Development Communication, Xavier University Ateneo de Cagayan

  TECHNOLOGY BASED CATEGORY
  Egbert Cabahug – Cum Laude, BS Electronics Engineering, Cebu Technological University

  Joseph Daniel Dantes – Magna Cum Laude, BS Computer Engineering, University of the Philippines - Diliman

  May Angelou Estacio – Cum Laude, BS Electronics Engineering, University of the East - Caloocan

  Alyssa Melody Paglumotan – Cum Laude, BS Information Technology, Southland College

  Steven Torralba – Cum Laude, BS Information Technology, Lyceum of the Philippines University - Batangas

KAPUSO BLOODLETTING DAY
GMA Network held a nationwide Kapuso Bloodletting Day on February 9, 2018, successfully turning over a total of 1,569 blood bags to the Philippine Red Cross. GMA headquarters in Quezon City was able to donate 297 while bloodletting activities in Dagupan, Ilocos, Naga, Cebu, Bacolod, Iloilo, Davao, General Santos, and Cagayan de Oro produced 1,272 blood bags.

The activity has been held annually for 10 years, with the aim of strengthening the Network's commitment to promote and instill the value of social responsibility among GMA employees, talents, employees of its subsidiaries and its viewers.

NATIONAL TEACHERS' MONTH
As a way of honoring Filipino educators for their vital contributions in shaping the country's future leaders, GMA Network supports the National Teachers' Month celebration from September 5 to October 5.

This was in response to Metrobank Foundations' call for support in 2018. The Kapuso Network provided on air promotions by producing plugs aired on GMA News TV, GMA and all Regional TV (RTV) stations. In addition, RTV local newscast anchors recited *Panalangin para sa mga Guro* in their dialects. GMA News Online carried a web ad and posted video greetings of select Kapuso stars thanking or greeting their past or present teachers on GMA's social media platforms.

The Network also treated teachers to free studio tours and they were able to watch GMA's weekend live variety show, Sunday Pinasaya, where they were warmly welcomed by the show's stars.

ARAW NG PAGBASA
Araw ng Pagbasa is the annual culminating activity of National Reading Month, which takes place in November. The nationwide reading activity encourages students from public elementary and high schools to simultaneously hold storytelling sessions.

In 2018, Kapuso talent Ashley Ortega shared her time with Grade 3 students from select public schools in Manila by reading a book about Filipino food and family values at Museo Pambata.

VOLUNTEERISM
Volunteerism is another focus area of GMA's corporate social responsibility. This is one of the many ways that GMA encourages generosity within the internal community, at the same time providing employees with the opportunity to grow outside their respective areas of expertise.

Through GMA's corps of employee-volunteers, GMA G.I.V.E.S. (Guide, Interact, Volunteer, Educate, Serve) participated in various significant volunteer activities in 2018:

- Officers, employees, talents of GMA and its subsidiaries, and the general public donated blood to the Philippine Red Cross during the nationwide Kapuso Bloodletting Day in February.

- In celebration of World Water Day, GMA G.I.V.E.S. planted propagules in Malabon to help reforest the mangroves. This activity is in collaboration with Maynilad's Plant for Life project.

- Volunteers participated in the repacking of relief goods for GMA Kapuso Foundation's Operation Bayanihan.

- GMA G.I.V.E.S. Christmas outreach beneficiaries were children afflicted with Acute Lymphocytic Leukemia under Kapwa Ko Mahal Ko's (KKMK) Batang K program. The children were treated to lunch, entertainment, and were given Noche Buena packages.

To further sustain and strengthen the GMA G.I.V.E.S, a quarterly event dubbed "GMA G.I.V.E.S Salu-salo Together" was carried out for renewed bonding, review of activities, as well as discussions on health and wellness topics.

#SpreadKindness CAMPAIGN
In 2018, GMA Regional TV, the Network's regional arm, spearheaded the #SpreadKindness campaign, which aims to recognize and celebrate random acts of kindness and encourage Filipinos to do altruistic acts, whether big or small.

The campaign was first introduced in all regional news programs, Balitang Amianan, Balitang Bisdak, One Western Visayas, and One Mindanao, through the #SpreadKindness segment. Apart from on-air component, the campaign was also endorsed by Kapuso stars and personalities led by Alden

Richards, Dingdong Dantes, and Marian Rivera, promoted through on-ground activities, and on various online platforms by uploading inspiring stories shared by viewers.

PUBLIC SERVICE ANNOUNCEMENTS

GMA also supports education outside the classroom by airing select advocacy plugs free of charge (called Run of Station or ROS plugs). These advocacies, such as National Teachers' Month, rice conservation, fire safety, promoting entrepreneurship and others, give the audience knowledge to keep them well-informed.

In 2018, ROS plugs totalled 260.15 minutes, equivalent to P85.6 million worth of airtime:

GMA Channel 7 – 31.5 minutes (P30,319,585.92)
GMA News TV – 158.15 minutes (P40,842,264)
DWLS – 52.00 minutes (P8,916,500)
DZBB – 18.50 minutes (P5,488,000)

PHILANTHROPY

GMA Network is committed to enriching the lives of Filipinos everywhere. The Kapuso Network also extends its services to underprivileged Filipinos through its two socio-civic arms: GMA Kapuso Foundation (GMAKF) and Kapwa Ko Mahal Ko (KKMK).

GMA Kapuso Foundation (GMAKF) served a total of 327,487 individuals in 2018 through its wide array of programs covering Health (16,291), Disaster Relief (157,151), Education (80,000), and Values Formation programs (74,045). Moreover, GMAKF was the 1st institution to rebuild and rehabilitate schools in Marawi City, exactly a year after the liberation of the city from the siege. GMA Kapuso Foundation rebuilt and rehabilitated two schools (with 10 classrooms and 10 comfort rooms) in Marawi City in the last quarter of 2018 as well as built its 2nd and longest bridge in Buhi, Camarines Sur, measuring 100 meters.

Kapwa Ko Mahal Ko (KKMK) extended medical assistance to 865 patients by providing medicines, diagnostic procedures, and surgery, among others. Through a joint program with SM Foundation's "Gamot Para sa Kapwa", 89 medical missions were held nationwide by providing medical assistance to 80,448 patients. In addition, the KKMK distributed vitamin C supplements to a total of 33,000 indigent beneficiaries. Through KKMK's Disaster Risk Reduction and Preparedness Program, 60 barangays in Samar and Leyte were trained on disaster preparedness and awareness, in partnership with Asian Disaster Preparedness Center (ADPC) and funded by the United Nations Development Programme. The partnership with ADPC resulted in another project funded by the Bill and Melinda Gates Foundation which had similar projects in Cambodia, Myanmar, Nepal, Pakistan, and Sri Lanka. The Philippine leg included a workshop for the Sanguniang Kabataan of 12 local government units from Leyte and Samar.

BOARD OF DIRECTORS


Felipe L. Gozon


Gilberto R. Duavit, Jr.


Joel Marcelo G. Jimenez

Felipe L. Gozon, Filipino, 79 years old, is the Chairman of the Board of Directors and Chief Executive Officer of GMA Network, Inc.

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

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

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

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

Gilberto R. Duavit, Jr., Filipino, 55 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. He also serves as President and CEO of GMA Holdings, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the President and a Director of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and

Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc. and a Trustee of the Guronasyon Foundation, Inc. and the HERO Foundation.

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

Joel Marcelo G. Jimenez, Filipino, 55 years old, has been a Director of the Company since 2002. He is currently the Vice Chairman of the Executive Committee of GMA Network, Inc., President and CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., Executive Committee Chairman and Director of GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and Mortgage Bank, and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

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

Felipe S. Yalong, Filipino, 62 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., and Majalco Finance and Investments, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc..

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

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

Anna Teresa M. Gozon, Filipino, 47 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

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

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

Judith D. Vazquez, Filipino, 56 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.

Judith 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'.

Judith 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


Felipe S. Yalong


Anna Teresa M. Gozon


Judith D. Vazquez

BOARD OF DIRECTORS

"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.

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

Judith 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. Judith 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, 51 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.

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

Chief Justice Artemio V. Panganiban, Filipino, 82 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also an Adviser of Metropolitan Bank and Bank of the Philippine Islands (BPI), Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica

Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. Recently, he was named a Member of the Permanent Court of Arbitration based in The Hague, Netherlands. He also is a column writer of The Philippine Daily Inquirer.

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

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

Jaime C. Laya, Filipino, 80 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., Philippine AXA Life Insurance Company, Inc., and Charter Ping An Insurance Corporation. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other organizations. He writes a weekly column for the Manila Bulletin.

He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984; Chairman, National Commission for Culture and the Arts, 1996-2001. He was faculty member of the University of the Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

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

Roberto Rafael V. Lucila, Filipino, 62 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 Philippine affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc.. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., eMerchant Asia Inc., and eMerchant Pay Asia Inc. all local companies doing business in the Philippines as well as the Philippine Cockfighting International Inc.. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer on Constitutional Law I and II at the University of the Philippines, College of Law and the University of Asia and the Pacific, School of Law and Government. He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010 (Subic), Avenue Capital Global Investor Conference in 2005 (New York City), The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997 (Manila), and Global Best Practices for several years (Makati and Mandaluyong). He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and for the Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012 and in East Asia Power Resources Corporation.

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

He holds Bachelor of Laws (1980) and Bachelor of Arts in Psychology (1976) degrees from the University of the Philippines. He was admitted to the Philippine Bar in 1981. He has completed the Strategic Business Economics Program (SBEP) from the University of Asia and the Pacific in 1999. He has contributed legal articles for the Supreme Court Reports Annotated (SCRA), The Lawyer's Review, IBP Law Journal and Magazine, World Bulletin, Clifford Chance's 2018 Asia Pacific Guide on Insolvency, and Getting the Deal Done, and was the author of the book entitled "Corporate Rehabilitation in the Philippines." Atty. Lucila has been recognized as one of the 2013 Asialaw Asia-Pacific Leading Lawyers in Dispute Resolution, and as a law professional actively engaged in the areas of Technology Media Telecommunications (TMT) and Insolvency in the Philippines.

EXECUTIVE COMMITTEE

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

1 **GILBERTO R. DUAVIT, JR.**
Chairman

2 **FELIPE L. GOZON**
Member

3 **JOEL MARCELO G. JIMENEZ**
Vice Chairman

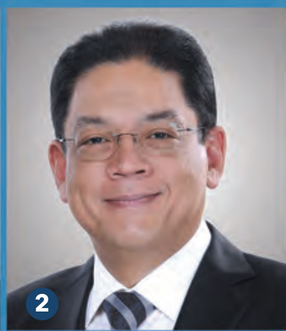
SENIOR **EXECUTIVES**

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



FIRST VICE PRESIDENTS

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

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

PAUL HENDRIK P. TICZON
Post Production

JOSE MARI R. ABACAN
Program Management

RIZALINA D. GARDUQUE
Sales

MA. LEAH A. NUYDA
Sales

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.

3 **EDILBERTO I. GALLARES**
President and COO, GMA New Media, Inc. and President, Digify, Inc.

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

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

MARY GRACE D. REYES
News

JOSEPH JEROME T. FRANCIA
GMA International

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

IANESSA S. VALDELLON
Public Affairs

SHEILA A. TAN
Research

EDUARDO P. SANTOS
Consultant, Internal Audit

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ASSISTANT VICE PRESIDENTS & CONSULTANTS

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Broadcast Systems

EDWIN P. JIMENEZ
Infrastructure Systems

ADORACION S. LAPADA
Application Systems

REMEDIOS D. REYES
Central Library and Archives Management

ADMINISTRATION DEPARTMENT

ALFONSO C. CRUZ, JR.
Facilities Management

ENGINEERING GROUP

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

JEFFRY Q. EVANGELISTA
Studio Operations

ROBERTO B. NACAR
Technical Operations System Support

JAYSON E. DELA TORRE
Broadcast IT

ENTERTAINMENT GROUP

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Senior AVP, Alternative Productions

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Business Development 1 - Drama Productions

MA. EVA U. ARESPACOCHAGA
Business Development 2 - Comedy/Infotainment/ Game/Reality Productions

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JAVIER B. LAXINA
Consultant, Asset Management

FINANCE DEPARTMENT

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Senior AVP, Treasury and Account Management

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

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

1 **MA. REGINA A. MAGNO**
Drama Productions

2 **GERROME Y. APOLONA**
HRD

3 **OLIVER VICTOR B. AMOROSO**
Regional TV

4 **JANINE P. NACAR**
Business Development 2 - Comedy/Infotainment/Game/Reality Productions

5 **ANGELA CARMELA J. CRUZ**
Corporate Affairs and Communications

6 **HORACIO G. SEVERINO**
Professional Development

7 **MA. NENITA E. CRUZ**
Information and Communications Technology

8 **AYAHL ARI AUGUSTO P. CHIO**
Administration and Investor Relations

9 **MA. LUZ P. DELFIN**
Legal Affairs

10 **VICTORIA T. ARRADAZA**
Supply and Asset Management

11 **MARIA CARMELA MARTINA C. TEOPACO** (Retired)
Events Management

12 **CORAZON D. BODEGON**
Business Development 3 - Talk/Magazine/Musical/Variety/Specials and Alternative Productions

13 **GLENN F. ALLONA**
Radio Operations

14 **REYNALDO B. REYES**
Production Engineering

MERCEDES MACY T. SUEÑA
Senior AVP, Financial Management Systems

FARLEY D. AREOLA
Subsidiaries Financial Accounting

MA. VICTORIA R. VALENZUELA
Traffic

GMA INTERNATIONAL DEPARTMENT

MARIA ROSARIO C. DOMINGO
Programming

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

PROGRAM MANAGEMENT DEPARTMENT

MILDRED ZARAH D. GARCIA
Program Management

PROGRAM SUPPORT DEPARTMENT

RAFAEL MARTIN L. SAN AGUSTIN, JR.
Senior AVP, Digital Media

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

HASMIN A. MARABLE
Marketing Communications

EDUARDO B. GARCIA
Creative Services

MARIS L. ROMANO
Corporate Strategic Planning

POST PRODUCTION DEPARTMENT

ANTONINO MA. P. SANTOS
Technical And Media Server Support

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

ASSISTANT VICE PRESIDENTS & CONSULTANTS

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VENUS E. BARTOLABAC
Senior AVP, TV Programming Research

JEANETTE P. ABUAN
Marketing/Corporate Research Support & Panel Health Monitoring

SALES AND MARKETING GROUP

RJ ANTONIO S. SEVA
Senior AVP, Sales

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

RAMON V. BOLISAY
Sales

SHERILYN ANN T. DIZON-ARCE
Sales

JOHANNA PATRICIA C. JACINTO
Sales

MARLON B. MAÑAOL
Sales

MARIA PAULA THERESA C. ROSALES
Sales

SERAFIN B. BAUTISTA
Sales Consultant for Pinoy TV

LIRIO B. ESCAÑO
Consultant for Management Services

TALENT DEVELOPMENT & MANAGEMENT DEPARTMENT

JOSEPH SIMOUN S. FERRER
Talent Imaging and Marketing

VIEWER DIRECTED MARKETING DIVISION

ROSSETTE MARIE H. ROA
Senior AVP, Viewer Directed Marketing

GMA SUBSIDIARIES

RGMA NETWORK, INC.

EUGENE H. RAMOS
Vice President, Finance and Administration

SCRIPT2010, INC.

ERNESTO R. BALLESER
Executive Vice President

GMA WORLDWIDE, INC.

ROXANNE J. BARCELONA
Vice President

GMA NEW MEDIA, INC.

DENNIS AUGUSTO L. CAHARIAN
Senior Vice President, Business & Development/General Manager

RAYMUND C. SARMIENTO
Senior Vice President, Systems & Technology/CTO

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

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

EVERT CHRIS R. MIRANDA
Vice President, Sales & Linkages

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

MEDIA MERGE CORPORATION

EDILBERTO I. GALLARES JR.
Executive Vice President, Business Operations

MARISSA L. FLORES
Executive Vice President, Editorial

DIGIFY, INC.

EVERT CHRIS R. MIRANDA
General Manager

JOAN CHRISTINE BEVERLY B. GALLARES
Managing Director

RGMA MARKETING & PRODUCTIONS, INC. (GMA RECORDS)

RENE A. SALTA
Managing Director

We celebrate his lifelong legacy of public service, commitment to the cause of education, and his valuable role in making GMA the most trusted Philippine broadcast network that it is today.
To God be the glory.

Atty. GILBERTO M. DUAVIT, Sr.
November 29, 1934 - December 14, 2018

Gilberto M. Duavit, Sr., Filipino, 84 years old, was elected to the Company's Board of Directors in 2016. Atty. Duavit was the founding Chairman of GMA Network, Inc. in 1974-1976 and was a former Director of the Company in 1977. He is one of the pillars behind the rebirth of Republic Broadcasting System (RBS)-TV Channel 7 in the 1970s.

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

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

He was also formerly Assistant Executive Secretary for Social, Political, Legal, and Economic Affairs (1966-1970) and Acting Executive Secretary, Office of the President (1969), and was twice awarded the Presidential Merit Award in 1967 and 1968. Atty. Duavit was a delegate to the 1971 Constitutional Convention, representing the 2nd district of Rizal, and became President of the Philippine Constitutional Association or PHILCONSA (1970). He served as Executive Director of the National Youth and Sports Development Foundation of the Philippines (1978), and as Senior Deputy Minister of the Ministry of Youth and Sports Development (1974-1978). He was also a member of the Batasang Pambasa, representing the Southern Tagalog Region from 1978 to 1984. Aside from GMA, he was also Chairman/Director of various firms and companies, among them Permastress Industries, Inc., Unistress Concrete Systems, Inc., Sagittarius Condominium Corporation, and Mar Fishing Company, Inc. Atty. Duavit earned his Bachelor of Arts and Law degree from the University of the East Manila, and a Doctorate degree in Humanities from the University of Rizal System.

AWARDS

2018 NEW YORK FESTIVALS

- Gold World Medal (Health/Medical Information) **Reel Time: Hawla**
- Silver World Medal (Docudrama) – **Alaala: A Martial Law Special**
- Silver World Medal (Human Concerns) – **Reel Time: Gutom**
- Bronze World Medal (Best News Anchor) – **Jessica Soho**
- Bronze World Medal (Best Public Affairs Program) – **Front Row: Batang Bomba**
- Bronze World Medal (Community Portraits) – **Reporter's Notebook: Yapak sa Pusod ng Dagat**
- Bronze World Medal (Current Affairs) – **Brigada: Combat Camera Team**
- Bronze World Medal (Graphic Design: Promotion/ Open & IDs) – **EDSA 31st Anniversary Spot**
- Finalist Certificate (Human Concerns) – **I-Witness: Sundalong Aso**
- Finalist Certificate (International Affairs) – **I-Witness: Silang Kinalimutan**
- Finalist Certificate (Best Newscast) – **State of the Nation with Jessica Soho: Marawi Liberation: War is Over**
- Finalist Certificate (Art Direction: Promotion/Open & IDs) – **Colorful Summer**

READER'S DIGEST TRUSTED BRANDS 2018

- Platinum Award – **GMA Network**
- Hall of Fame – Most Trusted News Presenter – **Jessica Soho**
- Most Trusted Radio Presenter – **Mike Enriquez**
- Most Trusted Sports Personality – **Manny Pacquiao**
- Most Trusted Entertainment/Variety Presenter – **Ryan Agoncillo**

THE AIBs 2018

- Winner (Science, Technology, Nature) – **Philippine Seas**
- Highly Commended (Domestic Affairs Documentary) – **Reel Time: Batang Maestro**
- Finalist (Daily Journalism) – **State of the Nation with Jessica Soho (Marawi Liberation: War is Over)**

58TH GOLDEN NYMPH AWARDS (MONTE-CARLO TV FESTIVAL)

Finalist (Best Live Breaking News) – **Unang Hirit: Resorts World Manila Attack**

US INTERNATIONAL FILM AND VIDEO FESTIVALS

- Gold Camera (Docudrama) – **Alaala: A Martial Law Special**
- Gold Camera (Social Issues) – **I-Witness: Silang Kinalimutan**
- Gold Camera (Environment, Ecology) – **Philippine Seas**
- Gold Camera (Social Issues) – **Reel Time: "Batang Maestro"**
- Silver Screen (Social Issues) – **Reporter's Notebook: Yapak sa Pusod ng Dagat**
- Silver Screen (360 Video) – **Inside Marawi: A Report on 360 Video by Raffy Tima**
- Silver Screen – **The One That Got Away**
- Certificate for Creative Excellence (Public Affairs Programs) – **Born to be Wild: Bagong Mukha ni Pag-asa**
- Certificate for Creative Excellence (Current Affairs) – **I-Witness: War Zone ER**
- Certificate for Creative Excellence (Current Affairs) – **I-Witness: Huling Gabi**
- Certificate for Creative Excellence (News Specials) – **Sa Serbisyong Totoo, Nabago ang Buhay Ko**
- Certificate for Creative Excellence (Current Affairs) – **Brigada: Combat Camera Team**
- Certificate for Creative Excellence (Health, Medical) – **Reel Time: "Hawla"**
- Certificate for Creative Excellence – **Pepito Manaloto**

INTERNATIONAL FILM FESTIVAL OF MANHATTAN 2018

- Honorable Mention - **Magpakailanman: Takbo ng Buhay Ko**
- Honorable Mention - **I-Witness: Behind the Banquet**

53RD ANVIL AWARDS

- Silver Anvil Award – **2016 GMAKF Annual Report (20 Years of Serbisyong Totoo)**, Publications category
- Silver Anvil Award – **GMAKF's segment in 24 Oras dubbed 'Kapuso Para Sa Kawal Project,' Layong Matulungan ang mga Sundalong Lumalaban sa Marawi**, Publications Relations Tools category
- Silver Anvil Award – Rebuil**d Marawi MTV**, Public Relations Tools category

2018 NAMIC EMMA AWARDS

- Marketing Tactics, Content Marketing category, 1st place – "**Becoming Pinoy: Amanda Bernardo**"
- Marketing Tactics, Social Media category, 2nd place – **#SikatKaKapuso**

ROTARY CLUB OF MANILA JOURNALISM AWARDS

- Journalist of the Year – **Joseph Morong**
- Radio Female Broadcaster of the Year – **Rowena Salvacion**

2018 ASIAN ACADEMY CREATIVE AWARDS (National Winners – Philippines)

- Best Immersive (360, VR) – **Inside Marawi: A Report on 360 Video by Raffy Tima**
- Best Infotainment Programme – **Kapuso Mo, Jessica Soho: Love, Philippines**
- Best Current Affairs Programme or Series – I-**Witness: War Zone ER**
- Best Single News Story/Report – **24 Oras (Exclusive Report on the Rescue of Hostages in Marawi by Jun Veneracion**
- Best Documentary Programme – **Philippine Seas**
- Best News or Current Affairs Presenter – **Jessica Soho**
- Best News Programme – **State of the Nation with Jessica Soho: Marawi Liberation War is Over**
- Best Promo or Trailer – **Inday Will Always Love You Launch Promo**
- Best Comedy Performance – **Michael V. (Pepito Manaloto)**
- Best Actor In A Leading Role – **Miguel Tanfelix (Kambal Karibal)**
- Best Actor In A Supporting Role – **Gabby Eigenmann (Contessa)**
- Best Actress In A Supporting Role – **Kyline Alcantara (Kambal Karibal)**
- Best Children's Animated Programme or Series – **Daig Kayo Ng Lola Ko**
- Best Comedy Programme – **Pepito Manaloto**
- Best Music or Dance Programme – **The Clash**
- Best Telenovela or Soap Opera Series – **Ika-6 Na Utos**

2018 SINEBATA

- Winner, Professional Category: 13 – 17 years old (Non-Fiction) – **Kapuso Mo, Jessica Soho: Akay Ako ni Kuya**
- Winner, Professional Fiction 8-12 age category – **Daig Kayo Ng Lola Ko: Pepe And The Werpa Kids**

GOETHE INSTITUT'S SCIENCE FILM FESTIVAL

Officially selected film for screening in the Philippines - **Reel Time: Gulay in the City**

YOUTUBE CREATOR AWARDS

- Gold Award – **GMA Public Affairs** (houses GMA's long-form news, feature content)
- Silver Award – **Wowowin** (all Wowowin related content)
- Silver Award – **The Clash** (all The Clash related content)
- Silver Award – **GMA Playlist** (music-play)
- Silver Award – **GMA Playground** (kids content)

NATIVE ADVERTISING AWARDS 2018 - NATIVE ADVERTISING INSTITUTE

- Gold Award, Best Use of Advertiser-Funded Programming (AFP) Broadcast – **San Miguel Purefoods Home Foodie**

UP CMC GLORY AWARDS

- Glory Awardee for Television Arts – **Lilybeth G. Rasonable**
- Glory Awardee for Broadcast Journalism – **Grace Dela Pena-Reyes**

8TH OFW GAWAD PARANGAL

- Best Male Newscaster and TV Host **(Unang Hirit)** – **Arnold Clavio**
- Outstanding Field Reporter – **Tricia Zafra**
- Outstanding Field Reporter – **Marisol Abdurahman**
- Best Actress – **Marian Rivera Dantes (Tadhana)**
- Best Actress – **Jennylyn Mercado (The Cure)**
- Best Actor – **Marvin Agustin (Kambal Karibal)**
- Best Comedian – **Mike Nacua (Pekto)**
- Best Comedian – **Romeo Librada (Super Tekla)**
- Best Comedienne – **Gladys Guevarra (Chuchay)**
- Best Variety Show – **Sunday Pinasaya**
- Best OFW True-to-Life Stories – **Tadhana**
- Best Documentary Host – **Dingdong Dantes (Amazing Earth)**

SAVE THE CHILDREN MEDIA AWARDS 2018

- Most Outstanding Special Feature – **Reporter's Notebook (Ilang pamilya sa Navotas naubusan ng NFA rice)**
- Most Outstanding Short Film – **Front Row: Papag**

2018 CLIMATE REALITY LEADERSHIP AWARDS (THE CLIMATE REALITY PROJECT)

- Luntiang Aligato Awardees – **Howie Severino and Atom Araullo**

GAWAD AMERIKA AWARDS

- **Arnold Clavio** – 2017 Rajah Sulayman Awardee

- **Lhar Santiago** – Entertainment Journalist of the Year

1ST YAEEHADEMIC AWARDS

- **Jessica Soho** (Kapuso Mo, Jessica Soho)
- **Nessa Valdellon** (GMA Public Affairs)
- **Joseph Morong** (Fact or Fake with Joseph Morong)

GAWAD FILIPINO AWARDS:

- Best Documentary Show – **Investigative Documentaries**
- Best Documentary Program Host of the Year – **Malou Mangahas (Investigative Documentaries)**
- Best TV Newscast – **24 Oras**
- Best Public Service Program of the Year – **I-Witness**
- Best Morning Show of the Year – **Unang Hirit**
- Best Magazine Show – **Kapuso mo, Jessica Soho**
- Best TV Magazine Show Host – **Ms. Jessica Soho (Kapuso mo, Jessica Soho)**
- Best Radio News Program – **Saksi Sa Dobol B**

A+E NETWORK ASIA'S HISTORY MAKER AWARDS

- **Jessica Soho**
- **Nora Aunor**

PHILIPPINE RED CROSS

- Certificate of Recognition – **GMA News and Public Affairs**

QC GABI NG PARANGAL

- Most Outstanding Citizen – **Mike Enriquez**

GOLDEN WHEEL AWARDS (Rotary International District)

- Community Service Through Media – **Susan Enriquez**

PANATA KO SA BAYAN AWARDS 2018 (DSWD)

- Most Supportive TV Station – **GMA Network**

TEN OUTSTANDING MOVERS OF THE PHILIPPINES (SAVE ME MOVEMENT)

- Media and Communications Awardee – **Arnold Clavio**

34TH STAR AWARDS FOR MOVIES 2018

- Nora Aunor Ulirang Artista – **Gina Alajar**

ANAK TV AWARDS:

Anak TV Seal

- **24 Oras**
- **24 Oras Weekend**
- **Aha!**
- **Born to be Wild**
- **Kapuso Mo, Jessica Soho**
- **Pinoy MD**
- **Unang Hirit**
- **Wish Ko Lang**
- **Ang Pinaka**
- **Biyahe ni Drew**
- **Brigada**
- **Day Off**
- **Good News**
- **I Juander**
- **I-Bilib**
- **Investigative Documentaries**
- **News To Go**
- **Pop Talk**
- **Wagas**
- **Pepito Manaloto**
- **Stories for the Soul**
- **Daig Kayo ng Lola Ko**
- **All Star Videoke**
- **Sarap Diva**
- **Ang Forever Ko'y Ikaw**
- **Sherlock Jr.**
- **Idol sa Kusina**
- **Balitang Amianan**
- **Balitang Bisdak**
- **One Mindanao**
- **Kapuso sa Panagbenga: The Balitang Amianan**

Special Live Coverage

- **Pit Senyor: The Balitang Bisdak Special Live Coverage**
- **Byaheng Do30**

Male Makabata Stars

- **Atom Araullo**
- **Drew Arellano**
- **Dingdong Dantes**
- **Alden Richards**
- **Michael V.**

Female Makabata Stars

- **Marian Rivera-Dantes**
- **Maine Mendoza**
- **Barbie Forteza**

- **Bianca Umali**
- **Kara David**
- **Gloria Romero**

Top Household Favorites

- **24 Oras**
- **Kapuso Mo, Jessica Soho**
- **Biyahe ni Drew**
- **Pepito Manaloto**
- **Eat Bulaga**

INDING-INDIE FILM FESTIVAL:

- Inding-Indie Huwarang Mamamahayag Award – **Dano Tingcungco, Mav Gonzales**
- Inding-Indie Most Trusted News Personality Excellence Award – **Mariz Umali, Susan Enriquez**
- Inding-Indie Pinakapasadong Personalidad sa Pagbabalita para sa mga Kabataan Excellence Award – **Jessica Soho**
- Inding-Indie Most Outstanding TV News Program Excellence Award – **24 Oras**
- Inding-Indie Gawad Pusong Sining ng Serbisyo Publiko Excellence Award – **Wish Ko Lang**
- Inding-Indie Gawad Pusong Sining Best Documentary Excellence Award – **The Atom Araullo Specials**
- Inding-Indie Huwarang Programa sa Pagbabalita Award – **Saksi**
- Inding-Indie Most Outstanding TV Documentary Excellence Award: **Reel Time**
- Inding-Indie Gawad Pusong Sining Excellence Award – **DZBB 594**
- Most Trusted TV and Radio Program Excellence Award – **Dobol B sa News TV**
- Inding-Indie Huwarang Mamamahayag ng Taon – **Kara David, Rhea Santos, Vicky Morales, Mike Enriquez, Arnold Clavio, and Ali Sotto**
- Inding – Indie Gawad Pusong Sining – Huwarang Artista ng mga Kabataan Excellence Award - **Ms. Janine Gutierrez**
- Inding – Indie Pusong Sining – for Best TV Personality Excellence Award - **Gabbi Garcia**
- Inding – Indie Gawad Pusong Sining – for Best TV Personality Excellence Award – **Glaiza de Castro**
- Inding – Indie Gawad Pusong Sining – Huwarang Aktres sa Telebisyon Excellence Award – **Marian Rivera**

49TH GUILLERMO MENDOZA MEMORIAL SCHOLARSHIP FOUNDATION BOX OFFICE ENTERTAINMENT AWARDS

- Most Popular TV Program - News and Public Affairs – **Kapuso Mo, Jessica Soho**
- Film Actor of the Year – **Dingdong Dantes**
- Female TV Host of the Year – **Marian Rivera**
- Male Recording Artist of the Year – **Alden Richards**
- Female Concert Performer of the Year – **Regine Velasquez-Alcasid**
- TV Actor of the Year – **Gabby Concepcion**
- Comedy Actor of the Year – **Vic Sotto**
- TV Supporting Actress of The Year – **Ryza Cenon**
- Most Promising Male Star of the Year – **Ruru Madrid**
- Most Popular Male Child Performer – **Baeby Baste**
- Longest Running Daytime Drama Anthology and Record TV Rating for Morning Primetime Slot – **Mahal Kong Maynila**

Special Award:

- Outstanding Public Service Award – **Congressman Lito Atienza**

2018 METRO MANILA FILM FESTIVAL AWARDS

- Best Actor – **Dennis Trillo**
- Best Actress – **Gloria Romero**
- Special Jury Prize – **Max Collins**
- Best Director – **Joel Lamangan**

32ND PMPC STAR AWARDS FOR TELEVISION

- Best Public Service Program Host – **Vicky Morales (Wish Ko Lang)**
- Best Documentary Program – **I-Witness**
- Best Documentary Program Hosts – **Atom Araullo, Howie Severino, Kara David, Jay Taruc, Mariz Umali, Sandra Aguinaldo (I-Witness)**
- Best Magazine Show – **Kapuso Mo, Jessica Soho**
- Best Morning Show Hosts – **Susan Enriquez, Connie Sison, Pia Arcangel, Nathaniel Cruz, Arnold Clavio, Lyn Ching, Lhar Santiago, Suzie Entrata, Ivan Mayrina, Love Añover (Unang Hirit)**
- Best Comedy Program – **Pepito Manaloto**
- Excellence in Broadcasting Lifetime Achievement Award – **Arnold Clavio**
- Best Drama Actress – **Yasmien Kurdi (Hindi Ko Kayang Iwan Ka)**
- Best Variety Show – **Sunday Pinasaya**
- Best Male TV Host – **Alden Richards (Eat Bulaga)**
- Best Female TV Host – **Maine Mendoza (Eat Bulaga)**
- Best Single Performance by an Actor – **Ruru Madrid (Magpakailanman)**
- Best Drama Supporting Actor – **Gabby Eigenmann (Contessa)**
- Best Drama Supporting Actress – **Kyline Alcantara (Kambal Karibal)**

- Male Face of the Night – **Ken Chan**
- Male Celebrity Star of the Night – **Ken Chan**
- Best Comedy Show - **Pepito Manaloto**
- Best Daytime Drama Series – **Contessa**
- Best Male Newscaster – **Raffy Tima (Balitanghali)**
- Best Child Performer – **Seth Dela Cruz (Hindi Ko Kayang Iwan Ka)**
- Best New Male TV Personality – **Kendoll (Eat Bulaga)**
- Best Lifestyle Show – **The World of Gandang Ricky (GMA News TV)**
- Best Lifestyle Show Host – **Ricky Reyes (GMA News TV)**

10TH PMPC STAR AWARDS FOR MUSIC

- Album of the Year, Pop Album of the Year and Male Pop Artist of the Year Say It Again - **Alden Richards**
- Female Pop Artist of the Year - **Julie Anne San Jose (Chasing the Light)**
- 2018 Male Recording Artist of the Year - **Christian Bautista**
- 2018 New Female Recording Artist of the Year – **Kyline Alcantara (Sundo)**
- Novelty Artist of the Year Gaga - **Nar Cabico**
- 2017 Female Concert Performer of the Year – **Lani Misalucha (Masquerade Concert)**
- 2017 Album of the Year Award for 20/30 Dingdong and Jessa Commemorative album – **Jessa Zaragoza**
- 2018 Dance Album of the Year – **Regine Tolentino**
- 2018 Song of the Year, Music Video of the Year and Rap Artist of the Year – **Ex Battalion (Hayaan Mo Sila)**

40TH CATHOLIC MASS MEDIA AWARDS:

- Best Children & Youth Program – **AHA!**
- Best Adult Educational/Cultural Program – **The Atom Araullo Specials (Underground)**
- Best News Magazine – **Kapuso Mo, Jessica Soho**
- Best Special Event Coverage – **Unang Hirit (Holy Land Coverage)**
- Best Drama Series/Program – **Wagas**
- Best News Program – **State of the Nation with Jessica Soho**
- Best News Commentary – **Dobol A sa Dobol B**
- Best News Commentary Finalist – **Sino?**
- Best News Feature Finalist – **Saksi sa Dobol B**
- Best Educational Program Finalist – **Easy-Easy Lang**
- Best Comedy Program – **Dear Uge**
- Best Religious Program – **Stories for the Soul**
- Best Station ID – **Buong Puso Para sa Kapuso**
- Best News Program – **Balitang Bisdak**
- Best News Feature Finalist – **Sino/Jengjeng/Balitawit**

COMMISSION ON ELECTIONS

- Plaque of Appreciation – **GMA Network, Inc. (GMA 7)**

8TH PMAP MAKATAO AWARDS FOR MEDIA EXCELLENCE (PEOPLE MANAGEMENT ASSOCIATION OF THE PHILIPPINES)

- Best Public Affairs Program (TV) – **Kapuso Mo, Jessica Soho**
- Best Public Affairs Program Host (TV) – **Kara David (I-Witness)**
- Best Radio News Anchor – **Mike Enriquez**

ETON INTERNATIONAL SCHOOL'S PILLARS OF HOPE

- **Nathaniel "Mang Tani" Cruz**
- **Zoren Legaspi**
- **Carmina Villaroel-Legaspi**
- **Cassandra Legaspi**
- **Maverick Legaspi**
- **Andre Paras**
- **Janine Gutierrez**
- **Eat Bulaga's Plastic ni Juan Project**

UP GAWAD PLARIDEL 2018

- UP Gawad Plaridel for Journalism (Outstanding Journalist Category) – **Jessica Soho**

GANDINGAN 2018: THE 12TH UPLB ISKO'T ISKA'S MULTI-MEDIA AWARDS

- Gandingan ng Kabataan – **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Gandingan ng Kapayapaan – **Mike Enriquez (Imbestigador)**
- Gandingan ng Edukasyon – **Drew Arellano (Aha!)**
- Gandingan ng Kalikasan – **Dr. Nielsen Donato and Dr. Ferds Recio (Born to be Wild)**
- Best Field Reporter – **Emil Sumangil**
- Most Development-Oriented Educational Program – **Aha**
- Most Development-Oriented Public Service Program – **Sa Serbisyong Totoo, Nabago ang Buhay Ko**
- Most Development-Oriented Online News Article – **Late Response, Clunky Policies Leave Saudi OFWs, Kin in Misery by Rei Takumi and Jessica Bartolome**
- Most Development-Oriented Online Feature Article– **Deception and Regret: The Story of a Maute Child Warrior by Chino Gaston**
- Gandingan ng Kaunlaran – **GMA News TV**
- Best News Anchor – **Jessica Soho**

- Most Development-Oriented TV Plug – **Karapatan Mo, Juan**
- Most Development-Oriented Drama Program – **Wagas**
- Most Development-Oriented News Program – **State of the Nation with Jessica Soho**
- Most Development-Oriented Investigative Program – **Investigative Documentaries**
- Most Development-Oriented Magazine Program – **I Juander**
- Most Development-Oriented Talk Show – **Bawal ang Pasaway kay Mareng Winnie**
- Most Development-Oriented AM Station – **DZBB**
- Most Development-Oriented AM Program – **DZBB (Saksi sa Dobol B)**
- Most Development-Oriented FM Station – **Barangay LS 97.1**
- Most Development-Oriented TV Station (Core Awards) – **GMA Regional TV**
- Best News Anchor (Core Awards) – **Tek Ocampo (One Mindanao)**
- Best Field Reporter (Core Awards) – **Lou-Anne Rondina (Balitang Bisdak)**
- Most Development-Oriented News Program – **Balitang Amianan**
- Most Development-Oriented Women's Program – **Legally Blind**
- Most Gender Transformative Program – **Legally Blind**
- Best FM Program Host – **Papa Dudut (Barangay Love Stories)**
- Most Development-Oriented FM Program – **Radyo Nobela**
- Certificate of Recognition for Most Development-Oriented Educational Program – **iBilib**

ASEANALE FILM AND MULTIMEDIA COMPETITION ORGANIZED BY THE COMMISSION ON HIGHER EDUCATION AND THE UNIVERSITY OF THE PHILIPPINES

- Best Film and Best Documentary for Recto - **John Paul Soriano**

GAWAD MIDYA (DE LA SALLE UNIVERSITY MANILA)

- Outstanding Media Practitioner Award – **Jessica Soho**

1ST DLSDAAI ANIMO MEDIA CHOICE AWARDS (DE LA SALLE DASMARIÑAS ALUMNI ASSOCIATION, INC.)

- Best Male News Anchor on AM Radio and Best Male News Anchor on TV – **Mike Enriquez**
- Best Female News Anchor on TV – **Jessica Soho**

3RD MABINI MEDIA AWARDS

- Best Online News Portal – **GMA News Online**
- Best Magazine Program Host – **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best Male News Program Anchor –**Mike Enriquez (24 Oras)**
- Best Primetime News Program – **24 Oras**
- Best Magazine Program – **Kapuso Mo, Jessica Soho**
- Best Public Affairs Program – **Imbestigador**
- Best Documentary Program – **I-Witness**
- Best Radio News Program Host – **Mike Enriquez**
- Best Public Service Program Host – **Nathaniel "Mang Tani" Cruz**
- Best Radio Public Service Program – **IMReady sa Dobol B**
- Best Comedy Program – **Pepito Manaloto**

3RD GAWAD EXCELLENTIA 2018 OF ST. DOMINIC COLLEGE OF ASIA

- Female TV Personality of the Year for Kapuso Mo, Jessica Soho and State of the Nation – **Jessica Soho**
- Male News TV Personality of the Year for The Atom Araullo Specials – **Atom Araullo**

2018 COMGUILD MEDIA AWARDS

- Best Morning Show – **Unang Hirit**
- Best Female Field Reporter of the Year – **Marisol Abdurahman**
- Most Outstanding Female News Presenter of the Year – **Vicky Morales (24 Oras)**
- Best AM Radio Anchor – **Mike Enriquez**
- Best AM Radio Program – **DZBB Super Balita Sa Umaga**
- Best FM Radio Program – **Barangay Love Stories (Barangay LS 97.1)**
- Best Educational Program Host – **Chris Tiu (I-Bilib, GMA)**
- Best Educational Program – **I-Bilib (GMA)**
- Best Lifestyle Program Host – **Solenn Heusaff and Rhian Ramos (Taste Buddies, GMA News TV)**
- Best Lifestyle Program – **Taste Buddies (GMA News TV)**
- Most Popular Television Personality of the Year – **Alden Richards (GMA)**

COMGUILD ACADEME AWARDS

- Advertisers' Friendly Morning Show – **Unang Hirit**
- Advertisers' Friendly Female Host – **Marian Rivera**
- Female Endorser of the Year – **Jennylyn Mercado**

- Most Loved Female Endorser – **Maine Mendoza**
- Most Admired Child Endorsers – **Sebastian "Baste" Granfon and Yuan "Paopao" Francisco**
- Most Admired Family Endorser – **Dantes Family**
- Advertisers' Friendly Network – **GMA Network, Inc.**

ALTA MEDIA ICON AWARDS 2018

- Best Magazine Show – **Kapuso Mo, Jessica Soho**
- Best Travel Program – **Born to be Wild**
- Best Magazine Show Host – **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best Documentary Program Host – **Howie Severino (I-Witness)**
- Best Lifestyle Program – **Pop Talk**
- Best News Talk Program Host – **Winnie Monsod (Bawal ang Pasaway kay Mareng Winnie)**
- Best AM Radio Station – **DZBB**
- Most Influential Male Social Media Personality – **Kimpoy Feliciano**
- Best Game Show Host – **Ms. Eugene Domingo (Celebrity Bluff)**
- Best Child Performer for TV – **Chlaui Malayao (Daig Kayo ng Lola Ko)**
- Best Comedy Program Actor – **Michael V. (Pepito Manaloto)**
- Best Comedy Program Actress – **Manilyn Reynes (Pepito Manaloto)**
- Most Promising Female Star for TV – **Kyline Alcantara**
- Best Showbiz-Oriented Talk Show Host – **Suzi Abrera (MARS)**

GAWAD SINGKABAN

- Most Supportive Media Award on Television – **Kapuso Mo, Jessica Soho**
- Most Supportive Media Award on Television – **Unang Hirit**
- Most Supportive Media Award on Television – **Biyahe ni Drew**

2018 BANTOG: THE SCIENCE FOR THE PEOPLE MEDIA AWARDS OF THE DEPARTMENT OF SCIENCE AND TECHNOLOGY

- 1st Place, Professional Award for Media Practitioner in Television (Pinoy MD – **Connie Sison**
- Bantog Media Institutional Award for Cyber Press – **Public Affairs Social Media Team**

DANGAL NG LIPI AWARD – PROVINCIAL GOVERNMENT OF BULACAN

- Dangal ng Lipi Award for Arts and Culture (Journalism) – **Nathaniel "Mang Tani" Cruz**

8TH EDUKCIRCLE AWARD

- Best Male News Anchor (Unang Balita) – **Ivan Mayrina**
- Best Documentary Journalist (Philippine Seas) – **Atom Araullo**
- Best Health Show Host (Pinoy MD) – **Connie Sison**
- Best Magazine Show Host (Kapuso Mo, Jessica Soho) – **Jessica Soho**
- Best Travel Show Host (Biyahe ni Drew) – **Drew Arellano**
- One of the Five Most Influential Male Endorsers of the Year – **Alden Richards**
- One of the Three Most Influential Concert Performers of the Year – **Regine Velasquez**
- One of the Five Most Influential Female Endorsers of the Year – **Marian Rivera**
- One of the Five Most Influential Female Endorsers of the Year – **Marian Rivera**
- One of the Five Most Influential Film Actors of the Year – **Dingdong Dantes**
- Best Actress (Contessa) – **Glaiza de Castro**
- Best in Comedy for the Female Category (Celebrity Bluff) – **Eugene Domingo**

LAS DAMAS DE RIZAL EXCELLENCE AWARDS

- **Mel Tiangco** – Women in Media and Public Engagement

3RD GOLDEN LAUREL MEDIA AWARDS (LYCEUM OF THE PHILIPPINES UNIVERSITY – BATANGAS)

- Best Female News Anchor –**Jessica Soho (State of the Nation with Jessica Soho)**
- Best Magazine Show Host – **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best Magazine Show – **Kapuso Mo, Jessica Soho**

KUNG-GIHAN AWARDS 2018 (LYCEUM OF THE PHILIPPINES UNIVERSITY – LAGUNA)

- Broadcaster of the Year – **Jessica Soho**
- Best Tele-Magazine of the Year – **Kapuso Mo, Jessica Soho**
- Best TV Documentary of the Year – **I-Witness**
- Image of the Industry Hospitality Lifestyle TV Program Host of the Year – **Tonipet Gaba (Pop Talk)**

- Glimpse of Filipino Culture Lifestyle TV Program of the Year – **Biyahe ni Drew**

UMALOHOKJUAN MEDIA AWARDS 2018 (LYCEUM OF THE PHILIPPINES UNIVERSITY – MANILA)

- Best News and Current Affairs Television Program – **24 Oras**
- Best Public Service Program of the Year – **Wish Ko Lang**
- Best Documentary Program – **I-Witness**
- Best Magazine TV Program – **Kapuso Mo, Jessica Soho**
- Best Female TV News Anchor – **Jessica Soho (State of the Nation with Jessica Soho)**
- Best Male TV News Anchor – **Mike Enriquez (24 Oras)**
- Best Female Public Service Host – **Kara David (I-Witness)**
- Best Male Public Service Host – **Atom Araullo (I-Witness)**
- Comedy Show of the Year – **Bubble Gang**
- Best AM Radio Station – **DZBB**
- Best Male AM Radio Personality – **Mike Enriquez**
- Best News and Current Affairs Radio Program – **Saksi sa Dobol B**
- Online News Website of the Year – **GMA News Online**

16TH GAWAD TANGLAW

- Best TV Station – **GMA 7**
- Best Investigative Program – **Imbestigador**
- Best Public Affairs Program – **Front Row**
- Best Documentary Program – **Reporter's Notebook and Brigada**
- Best News Program – S**tate of the Nation with Jessica Soho**
- Best Documentary Special – **Reel Time: "Hawla"**
- Best Magazine Show – **I- Juander**
- Best TV Male Anchor – **Ivan Mayrina (Unang Hirit)**
- Best TV Female Anchor – **Pia Arcangel (Saksi and 24 Oras Weekend)**
- Best Male Field Reporter – **Steve Dailisan**
- Best Female Field Reporter – **Tina Panganiban Perez**
- Best Comedy Show – **Pepito Manaloto**
- Best AM Radio Station – **DZBB**
- Best Radio Public Service Program – **I Am Ready sa Dobol B**
- Natatanging Gawad Tanglaw sa Sining ng Radyo – **Jimmy Gil**
- Presidential Jury Award for Acting Excellence – **Bembol Roco**
- Best Supporting Actress – **Shamaine Buencamino (Paki)**
- Best Musical Scoring – **Jay Durias (Respeto)**
- Best Newspaper Opinion Columnist (English) – **Winnie Monsod (Philippine Daily Inquirer)**
- Natatanging Gawad Tanglaw sa Sining ng Panulat – **Arjay Nuevas**

6TH KAGITINGAN AWARDS FOR TELEVISION (BATAAN PENINSULA STATE UNIVERSITY)

- Pinakamagiting na Public Service Program – **Wish Ko Lang**
- Pinakamagiting na Investigative Program – **Imbestigador**
- Pinakamagiting na News Program – **24 Oras**
- Pinakamagiting na Magazine Program – **Good News kasama si Vicky Morales**
- Pinakamagiting na Documentary Program – **Reel Time**
- Pinakamagiting na Personalidad ng Public Service Program – **Vicky Morales (Wish Ko Lang)**
- Pinakamagiting na Personalidad ng Documentary Program – **Jiggy Manicad (Reporter's Notebook)**
- Pinakamagiting na Personalidad ng Investigative Program – **Jessica Soho (Brigada)**
- Pinakamagiting na Personalidad ng News Program – **Jessica Soho (State of the Nation)**
- Pinakamagiting na Personalidad ng Magazine Program – **Vicky Morales (Good News)**
- Pinakamagiting na Comedy Show – **Pepito Manaloto**
- Pinakamagiting na Personalidad ng Comedy Show – **Michael V. and Manilyn Reynes (Pepito Manaloto)**
- Pinakamagiting na Personalidad ng Drama Anthology – **Martin del Rosario (Magpakailanman, Episode: LGBT Lovers)**
- Pinakamagiting na Personalidad ng Drama Series – **Carla Abellana and Tom Rodriguez (I Heart Davao)**

2018 PLATINUM STALLION MEDIA AWARDS (TRINITY UNIVERSITY OF ASIA)

- Best News Program – **24 Oras**
- Best Male News Anchor – **Mike Enriquez (24 Oras)**
- Best Female News Anchor – **Mel Tiangco (24 Oras)**
- Best Public Affairs Program – **State of the Nation with Jessica Soho**
- Best Public Affairs Program Host – **Jessica Soho (State of the Nation with Jessica Soho)**
- Best Travel Show – **Biyahe ni Drew**
- Best Magazine Program – **Kapuso Mo, Jessica Soho**
- Best Magazine Program Host – **Jessica Soho (Kapuso Mo, Jessica Soho)**
- Best Documentary Program – **I-Witness**
- Best Educational Program – **Aha!**
- Best AM Radio Station – **DZBB**

- Best AM Broadcast Journalist – **Mike Enriquez**
- Best Female AM Broadcast Journalist – **Ali Sotto**
- Best Gag Show – **Bubble Gang**
- Best Situational Comedy Program – **Pepito Manaloto**
- Best Values-Oriented Program – **Daig Kayo ng Lola Ko**
- Trinitian Media Practitioner for Television – **Megan Young**
- Best Regional TV Network – **GMA Regional TV**
- Best Noon Time Show – **Eat Bulaga**

2018 ANINAW MEDIA AWARDS

- Best News Program – **Balitang Amianan**
- Most Outstanding News Presenter of the Year (Male) – **CJ Torida**
- Most Popular TV Personality of the Year – **CJ Torida**
- Most Outstanding News Presenter of the Year (Female) – **Joanne Ponsoy**
- Best Field Reporter of the Year – **Alfe Tulagan**

1ST NCST DANGAL NG BAYAN 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 Information Technology and Innovation – **GMA News**
- NCST Dangal ng Bayan Media Excellence Award for Communication – **24 Oras**
- NCST Dangal ng Bayan Media Excellence Award for Architecture – **Powerhouse**
- NCST Dangal ng Bayan Media Excellence Award for Tourism – **Biyahe ni Drew**
- NCST Dangal ng Bayan Media Excellence Award for Hotel and Restaurant Management – **Pop Talk**
- NCST Dangal ng Bayan Special Recognition for Entertainment – **Miguel Tanfelix**
- NCST Dangal ng Bayan Special Recognition for Entertainment – **Marian Rivera-Dantes**

3RD GIC INNOVATION AWARDS FOR TELEVISION (GLOBAL INNOVATION COLLEGE)

- Most Innovative Male TV Newscaster – **Mike Enriquez**
- Most Innovative Female TV Newscaster – **Mel Tiangco**
- Most Innovative TV Magazine Show (Hall of Famer) – **Kapuso Mo, Jessica Soho**
- Most Innovative TV Magazine Host (Hall of Famer) – **Jessica Soho**
- Most Innovative Documentary TV Show – **I-Witness**
- Most Innovative Social Service Oriented TV Show – **Wish Ko Lang**
- Most Innovative Gag Show – **Bubble Gang (Hall of Famer)**
- Most Innovative Female TV Fashion Icon – **Heart Evangelista**
- Most Innovative Family Oriented Comedy TV Show – **Pepito Manaloto**
- Most Innovative TV Personality – **Paolo Ballesteros**
- Most Innovative TV Icon – **Tito, Vic, and Joey**
- Most Innovative Female TV Fashion Icon – **Heart Evangelista**

4TH STUDENTS' CHOICE MASS MEDIA AWARDS OF EASTERN VISAYAS STATE UNIVERSITY – ORMOC CITY CAMPUS

- Most Influential Male TV News Personality – **Mike Enriquez**
- Most Influential Female TV News Personality – **Jessica Soho**
- Best Documentary TV Series – **I-Witness**
- Best Infotainment TV Program – **Kapuso Mo, Jessica Soho**
- Best Animal TV Program – **Born to be Wild**
- Best Public Service TV Program – **Imbestigador**

ILIGAN YOUTH CHOICE AWARDS 2018

- Best Female News Anchor – **Mel Tiangco**
- Best TV Magazine News Program – **Kapuso Mo, Jessica Soho**
- Best TV Magazine News Program Host – **Jessica Soho**
- Best Public Service Program – **Wish Ko Lang**
- Best Public Service Program Host – **Vicky Morales**
- Best Gag Show – **Bubble Gang**

5TH GAWAD BAGANI SA KOMUNIKASYON: PARA SA MAKABAGONG MANDIRIGMA SA RADYO AT TELEBISYON

- Gawad Bagani sa Komunikasyon sa Telebisyon – **Mel Tiangco (24 Oras)**
- Gawad Bagani sa Komunikasyon sa Radyo – **Arnold Clavio (DZBB)**

5TH HOLY ANGEL UNIVERSITY'S PARAGALA: CENTRAL LUZON MEDIA AWARDS

- Best Morning Show – **Unang Hirit**
- Best News Program – **24 Oras**
- Best Male Field Reporter – **Steve Dailisan**

- Best Male News Anchor – **Arnold Clavio**
- Best Game Show Host – **Eugene Domingo (Kapuso Hall of Fame Awardee)**
- Archbishop Pedro Santos Award – **Pepito Manaloto**
- Best Sitcom – **Pepito Manaloto**
- Best Actor – **Paolo Ballesteros (Die Beautiful)**
- Kapuso Hall of Fame Awardee – **Ms. Eugene Domingo** - Best Game Show Host (Celebrity Bluff)

2ND GEMS (GUILD OF EDUCATORS, MENTORS AND STUDENTS) AWARDS

- Best News Program – **24 Oras**
- Best Television Program Host – **Atom Araullo (Philippine Seas)**
- Best Female News Program Anchor – **Jessica Soho (State of the Nation with Jessica Soho)**
- Best Television Program – **Eat Bulaga**
- Best TV Special – **Wowowin: The Marawi Tribute**
- Best Television Program Host – **Pia Guanio (Eat Bulaga)**
- Natatanging Hiyas ng Sining sa Telebisyon – **Willie Revillame**

9TH NORTHWEST SAMAR STATE UNIVERSITY STUDENTS' CHOICE AWARDS FOR RADIO AND TELEVISION (NSCART)

- Best Morning Show – **Unang Hirit**
- Best Magazine Program – **Kapuso Mo, Jessica Soho**
- Best Public Service Program – **Wish Ko Lang**
- Best Documentary Program – **Reporter's Notebook**
- Best Investigative Journalism Program – **Imbestigador**
- Best News and Public Affairs Program – **24 Oras**
- Best TV News Field Reporter – **Raffy Tima**
- Best Documentary Program Host – **Kara David**
- Best Magazine Program Host – **Jessica Soho**
- Best Investigative Journalism Program Host – **Mike Enriquez**
- Best News and Public Affairs Male Anchor – **Mike Enriquez**
- Best News and Public Affairs Female Anchor – **Jessica Soho**
- Best Noontime Variety Show – **Eat Bulaga**
- Best Game Show – **Wowowin**
- Best Comedy Program – **Bubble Gang**
- Best Drama Anthology – **Magpakailanman**

1ST BATARISAN AWARDS - THE BULACAN MEDIA AWARDS

- Batarisan ni Balagtas Best Magazine Show Host – **Jessica Soho**
- Batarisan ni Blas Ople Best Male News Anchor – **Arnold Clavio**
- Batarisan ng Dalit ni Dolores Manapat Best Documentary Show Host – **Kara David**
- Batarisan ni Plaridel Best Field Reporter – **Jun Veneracion**
- Batarisan ni Tandang Celo Best News Program – **24 Oras**
- Best Morning Program – **Unang Hirit**
- Best Magazine Program – **Kapuso Mo, Jessica Soho**
- Best Documentary Program – **I-Witness**
- Best Public Affairs Program – **Imbestigador**
- Batarisan ng Katapatan Best TV News Personality and Batarisan ni Maria Rodrigo Best Female News Anchor – **Jessica Soho**
- Batarisan ni Plaridel Best Field Reporter – **Jun Veneracion**
- Batarisang Panturismo (Ang programang nagtataglay nang mahusay na pagpapamalas nang mayamang turismo at kultura ng Pilipinas) – **Biyahe ni Drew**
- Batarisang Pangkultura (Ang programang nagtataglay ng mahusay na pagbabahagi ng kultura ng Pilipinas) and Best Educational Program – **I Juander**
- Best AM Radio Personality – **Arnold Clavio**

SCHOOL PRESS ADVISERS MOVEMENT (SPAM) INC. AWARD OF EXCLLENCE IN THE FIELD OF DOCUMENTARY REPORTING

- **Kara David**


TRUSTED
BRAND
2018
Philippines
Mike Enriquez


ASIAN
ACADEMY
CREATIVE
AWARDS
ASIAN
ACADEMY
CREATIVE
AWARDS
2018


The AIBs
2018
The AIBs


MAJOR SUPPORTING
PARTNER
INFOCOMM
MEDIA

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 over-all 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, and (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	Director
Joel Marcelo G. Jimenez	Director
Gilberto M. Duavit	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 five (5) times in 2018. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	5	0
Gilberto M. Duavit	5	0
Gilberto R. Duavit, Jr.	5	0
Joel Marcelo G. Jimenez	4	1
Felipe S. Yalong	5	0
Anna Teresa M. Gozon	5	0
Laura J. Westfall	5	0
Artemio V. Panganiban	5	0
Jaime C. Laya	5	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), Anna Teresa M. Gozon and Ms. 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 over-all 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 2018 wherein the Committee reviewed and approved, among others, the Company's 2017 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

Because the Company operates in a complex and dynamic business environment, 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:

- 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.

Through an external newsletter and the intranet facilitated by the Corporate Affairs Division, employees are updated on material developments in the organization.

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 on line 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 financial 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.

FINANCIAL
STATEMENTS

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2018 and 2017

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

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% compared to 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 Company	*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 revenue sealed at P13,835 million, lower than last year by P342 million or 2%. Mixed results were seen in the various advertising-revenue generating platforms. Radio and Regional TV operations exhibited top-line improvements while Ch-7 and GMA News TV 11 finished off with sales lower than prior year. On the other hand, revenues from on-line advertising saw a considerable growth this period, thus, further cushioning the reduction from the above. Meanwhile, revenues from subscription and others which also included subsidiaries' operations, wrapped up at P1,402 million, likewise down by 2% against last year.

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 by P199 million or 3% than the P6,682 million recorded last year. 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 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 emanating from the shortfall in advertising revenue by P342 million, coupled by lower top-line contribution coming from subscriptions 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 this category. 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.

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.

Meanwhile, this year saw a 37% climb in on-line advertising via the Company's websites, GMA News Online and GMA Entertainment Online, thus partly offsetting the decline from the above.

In other revenue sources, the reduction of 2% or P24 million was mainly due to the contraction in film distribution abroad this year which was partly offset by the top-line improvements in the Company's subsidiaries, to wit: Digify, Script2010 and Alta Productions. Subscriptions revenue from international channels GMA Pinoy TV, Life TV and News TV, on the other hand, 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 attrition in subscriber count for the channels mentioned above.

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 decrease in Program rights amortization by 4% and Depreciation by 16%.

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.

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%

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, 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 net cash flows from operating activities of P3,163 million netted by the cash dividends and interest expense paid during the year amounting to P2,436 million and P36 million, respectively, coupled by net cash outflows from various investing activities ending at P406 million as of end of 2018. 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	**3,162.9**	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	**(5.5)**	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 year	**2,559.1**	2,279.8

Operating Activities

Net cash from operations registered at P3,163 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, Net unrealized foreign currency exchange gain of P18 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 P140 million increase in Trade and other receivables coupled by the P232 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 P569 million and P11 million net additions to Property and equipment and Software costs, respectively. These were partly offset by the increase in Other noncurrent assets by P140 million and by the P35 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 AND OPERATIONAL RESULTS

For the Year Ended December 31, 2017

Following a banner year in 2016 with the windfall of nearly P1.5-billion from the last national elections and compounded by contraction in the adspend of major industry players this year, GMA Network and Subsidiaries (GMA/the Company) nevertheless managed to exceed prior year's top line in terms of recurring sales. For the twelve-month period ended December 31, 2017 the Company pegged recurring revenues at P15,602 million, inching up versus last year's regular sales by a notch or P136 million. In absolute terms, in the absence of the significant boost from political advocacies and advertisements this year, the Company sealed full year 2017 with a shortfall in consolidated revenues of P1,352 million. This translated into an 8% decline from last year's top line of P16,954 million.

Income Data	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Advertising revenue	**14,176.9**	15,608.1	(1,431.2)	-9%
Subscriptions and others	**1,425.4**	1,345.9	79.6	6%
	15,602.3	16,953.9	(1,351.7)	-8%
Total operating expenses	**12,066.7**	11,877.5	189.2	2%
EBITDA	**5,217.4**	6,778.0	(1,560.7)	-23%
Net income	**2,559.7**	3,646.6	(1,086.9)	-30%
Attributable to Equity Holders of Parent Company	***2,543.9***	*3,626.3*	*(1,082.4)*	*-30%*
Noncontrolling Interest	***15.8***	*20.3*	*(4.4)*	*-22%*

Advertising revenue went down by P1,431 million or 9%, ending at P14,177 million versus the recorded sales of P15,608 million last year. Minus the extra-ordinary election-related load a year ago, Television and Radio airtime revenues from regular advertisers ended at about the same level as last year. In absolute terms however, all airtime-generating platforms registered setbacks in their absolute sales in between periods with the exception of Regional TV's revenues from local sources which bucked the trend and recorded top-line growth. On the other hand, on-line advertising saw a dramatic improvement in revenues which partly offset the shortfall from the above. In other revenue streams -- subscription and others -- a net increase of 6% or P80 million was recorded, thus, providing the much needed cushion against the reduction manifested in advertising revenues.

Meanwhile, the Company continued to maintain cost control with total consolidated operating expenses (OPEX) for 2017 accumulating to P12,067 million. This year's OPEX edged prior year's P11,878 million by a low single-digit increase of 2% or P189 million. Production cost finished off at P6,682 million and inched up versus last year by only P41 million or 1%. On the other hand, general and administrative expenses (GAEX) stood at P=5,384 million, slightly ahead versus last year by 3% or P148 million.

The drop in this year's top line mainly due to the absence of the non-recurring influx from the 2016 elections drove this year's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) down to P5,217 million. Compared to 2016's remarkable performance, this yielded a P1,561 million reduction equivalent to 23%.

Consolidated Net Income after tax for the twelve-month period this 2017 thus sealed at P2,560 million, down by P1,087 million or 30% against last year's unprecedented performance of P3,647 million. Nonetheless, it is noteworthy to mention that this year's consolidated bottom line of P2,560 million was the highest non-election year result in the history of the Company.

Revenues

For the year 2017, consolidated revenues hiked to P15,602 million, lower than prior year's top line by P1,352 million, resulting from the absence of nearly P1.5-billion worth of election-related load. The shortfall in airtime revenues from both television and radio operations was partly cushioned by the improvement in other revenue streams of the Company which grew by 6% or P80 million in between periods.

Without the one-time boost from political advocacies and advertisements this year nearly all airtime revenue-generating platforms' top-line performance paled in comparison to 2016. Core channel, GMA-7 which comprised about 81% of the consolidated revenues registered the biggest drop among airtime-revenue platforms with a setback of 10% compared to last year. Sans the impact of more than a billion worth of non-recurring political load, the channel stood flat against last year's tally in terms of recurring placements.

Revenues	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Advertising revenue	14,176.9	14,120.5	56.4	0.4%
Subscriptions and others	1,425.4	1,345.9	79.6	6%
	15,602.3	15,466.4	135.9	1%
Add: Non-recurring political advertisements	-	1,487.6	(1,487.6)	-100%
	15,602.3	16,953.9	(1,351.7)	-8%

Radio business bagged the second largest share in airtime revenues, albeit likewise sealing the year shy by 6% from last year's solid performance. Nevertheless, minus the boost of over a hundred million from last year's elections, Radio's revenues pulled ahead by 18% in terms of recurring sales.

Meanwhile, GNTV-11 raked in sales lower by 9% from last year. Regular sales of the channel were likewise down by 7% y-o-y. Lastly, Regional TV (RTV) continued to provide incremental revenues with total sales finishing off a tad higher than 2016's election-heavy top line. Moreover, without the presence of last year's extraordinary sales from political advocacies and advertisements, RTV's revenues registered a 19% increase propelled mainly by the surge in local advertisements from the various regions.

Ratings-wise, GMA led its main competitor in nationwide urban TV ratings (NUTAM) in 2017 with an average people audience share of 42.5%, ahead of ABS-CBN's 36.8%. Excluding specials, 20 out of the top 30 programs nationwide were from GMA. Moreover, in Mega Manila, GMA's 51.9% people audience share average in 2017 dwarfed its rival's 26.7%. The same is true for Urban Luzon where GMA likewise posted a double-digit margin over ABS-CBN in TV audience share.

The impact of the absence of political advertisements in this year's top line was partly offset by the boost coming from on-line advertising sales in the Company's various websites. This revenue stream pitched in a 48% growth year-on-year.

In other revenue sources, international operations' and other businesses (which were not affected by the extraordinary influx from election placements last year) wrapped up with a combined top line of P1,425 million, growing by P80 million or 6% versus a year ago. Subscriptions revenues from international channels GMA Pinoy TV, Life TV and News TV raked in total revenues of more than a billion and registered an 8% climb from same period last year. The increase in revenues from subscribers was influenced by the depreciation of the PhP against the USD by an average of 6%. On-ground sponsorships abroad meanwhile pitched in an 18% hike in the platform's total revenue improvement. Shows held abroad this year included Sikat Ka Kapuso in the US, Wowowin in the Middle East, Fiesta Ko sa Texas featuring Alden Richards, among others. In USD-terms the growth in Pinoy TV stood at 3.5% y-o-y. Syndication revenues abroad, spearheaded by subsidiary GMA Worldwide, Inc. (GWI) also recorded an 18% improvement in sales in between years.

On the other hand, revenues from other businesses likewise provided top-line growth with GMA New Media (GNMI) reflecting an increase in sales from content provisioning (i.e. HOOQ, iFlix). There were also top-line growths seen in Script2010 and Digify. These however were partly trimmed down by absence of theatrical revenues as last year's results included the showing of Imagine You and Me starring Alden Richards and Maine Mendoza, with nearly P200.0 million in gross theatrical receipts (a portion of which represented GMA Film's share).

Expenses

Total consolidated operating expenses for the year amounted to P12,067 million, edging last year by only a single-digit percentage of 2% or P189 million versus 2016's P11,878 million. Total cash OPEX inched up by P223 million or 2% and was even partly trimmed down by the reduction in non-cash OPEX by P34 million, also 2%.

Production Costs	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	3,113.6	2,873.2	240.4	8%
Rentals and outside services	845.0	820.6	24.4	3%
Other program expenses	1,577.6	1,839.4	(261.8)	-14%
Sub-total - Cash Production Costs	**5,536.1**	5,533.1	3.1	0.1%
Program rights amortization	905.3	836.2	69.1	8%
Depreciation and amortization	240.9	272.2	(31.3)	-12%
Sub-total - Non-cash Production Costs	**1,146.2**	1,108.4	37.8	3%
Total production costs	**6,682.3**	6,641.5	40.8	1%

Production cost and talent fees which comprised 55% of total consolidated OPEX sealed the year at P6,682 million, only 1% higher than a year ago. Cash production cost ended at P5,536 million ending at about the same level as last year's P5,533 million. Talent fees drove the growth at P3,114 million, higher by P240 million or 8% versus 2016. There were also increases in rental and outside services by 3%. These were partly offset by the reduction in other production accounts. The general growth was attuned to this year's mix of Telebabad offerings featuring the high-rating fantaserye "Encantadia" and the remake of "Mulawin vs. Ravena" which entailed higher production spending compared to counterpart programs last year. Towards the last quarter of the year, Alyas Robinhood Book 2 was also launched which likewise required relatively higher budget. Non-cash production cost mainly program rights usage also finished off higher by P69 million or 8% more versus last year owing to more slots being occupied by rented movies (under the Kapuso Movie Festival series) and higher cost of foreign titles featured during the period. On the other hand, partly trimming down the escalation from the above was the reduction in depreciation charges related to production equipment and facilities which dipped by P31 million or 12% from a year ago.

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to P5,384 million during the year, slightly ahead of last year by 3% or P148 million. Propelling the increase was the growth in personnel cost by P292 million or 10% owing to the one-time payout of the CBA signing bonus to rank and file employees and the appreciation bonus to confidential employees totaling about P216 million during the third quarter of this year. This was partly offset by the higher mid-year and year-end bonuses distributed in 2016 compared to 2017 bonus payouts. Other GAEX accounts which also ended lower this year compared to previous period included Outside services, in particular Management and Professional fees and Advertising and Promotions and Depreciation and amortization, as well as lower Provision for doubtful accounts.

General and Administrative Expenses	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	3,284.3	2,992.8	291.5	10%
Outside services	376.5	406.5	(30.1)	-7%
Facilities costs	449.6	446.3	3.3	1%
Taxes and licenses	182.7	178.4	4.3	2%
Others	669.1	718.3	(49.2)	-7%
Subtotal - Cash GAEX	**4,962.2**	4,742.4	219.8	5%
Depreciation and amortization	390.6	451.4	(60.8)	-13%
Provision for doubtful accounts	8.3	25.2	(16.9)	-67%
Amortization of software costs	23.4	17.2	6.2	36%
Subtotal - Non-cash GAEX	**422.2**	493.7	(71.5)	-14%
Total GAEX	**5,384.4**	5,236.1	148.3	3%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2017 sealed at P5,217 million, lower by P1,561 million or 23% compared with prior year's P6,778 million. The drop in EBITDA was attuned to the presence in 2016 of the non-recurring elections load in the Company's consolidated top line.

Net Income

The Company finished off the twelve-month period this 2017 with consolidated net income after tax of P2,560 million, a drop of P1,087 million or 30% year-on-year. Despite this decline, the Company chronicled its best consolidated bottom-line performance on a non-election year.

Balance Sheet Accounts

As at end-2017, the Company's total assets stood at P14,793 million, exhibiting an increase of 8% from December 31, 2016's P16,059 million.

Cash and cash equivalents of P2,280 million decreased by P1,139 million or 33% from 2016 balance of P3,419 million as a result of operating income netted by the dividends declared during the year and various investing activities amounting to P4,276 million. Trade and other receivables closed at P4,906 million, 7% lower than previous year.

Total liabilities also declined by 5% or P259 million as at end-December this year to P5,343 million from P5,603 million in 2016 primarily due from the reduction of Notes payable by of over a hundred million or P146 million, coupled by the drop in Trade payables and other current liabilities and Income tax payable by P55 million and P149 million, respectively. This was partially offset by the rise in Obligation for program and other rights by P63 million and Pension liability by P26 million.

Equity attributable to Parent Company stockholders of P9,403 million as at December 31, 2017 decreased by 10% or P1,004 million in between years, as a result of dividends declared during the first half of 2017 amounting to P3,548 million, subsequently counterbalanced by P2,544 million net income attributable to Parent Company earned in 2017.

Cash Flows	2017 *(in millions PhP)*	2016 *(in millions PhP)*
Net cash provided by operating activities	**3,072.5**	4,115.2
Net cash used in investing activities	**(542.9)**	(405.4)
Net cash used in financing activities	**(3,733.5)**	(2,490.5)
Effect of exchange rate changes on cash and cash equivalents	**64.7**	39.4
Net increase (decrease) in cash and cash equivalents	**(1,139.2)**	1,258.7
Cash and cash equivalents at beginning of year	**3,419.0**	2,160.3
Cash and cash equivalents at end of year	**2,279.8**	3,419.0

Operating Activities

Net cash from operations registered at P3,073 million in 2016. This stemmed from income before income tax of P3,658 million, adjusted mainly by Depreciation expense of P632 million, Program and other rights usage of P905 million, Pension expense of P290 million, Interest expense and financing charges of P23 million, Net unrealized foreign currency exchange gain of P59 million, Gain on sale of property and equipment of P27 million and Amortization of software costs of P23 million apart from the changes in working capital. The primary components of the changes in working capital included the P347 million reduction in Trade and other receivables partly offset by the P24 million upturn in Trade payables and other current liabilities.

Investing Activities

Net cash used in investing activities amounted to P=543 million, coming primarily from the P524 million and P42 million net additions to Property and equipment and Software costs, respectively. These were partly offset by the P30 million Proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to P3,733 million basically due to loan payments of P1,647 million and cash dividend payout amounting to P3,563 million during the year, plus some P23 million in Interest expense netted by P1,500 million remaining proceeds from short-terms loans.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 29, 2019

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

The management of GMA Network, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, including the schedules attached therein, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

GMA Network, Inc.

Report of the Audit and Risk Management Committee
For the Year Ended 31 December 2018
March 29, 2019

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, all of which were in-person meetings and included an executive session with the internal auditors.

2. The Committee reviewed and discussed the 2018 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 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 during the year.

5. With the expanded Committee mandate, the Committee gave particular attention to company risks including possibilities of cost reduction and risks associated with rapid industry developments and advances in technology, changing market preferences and patterns, and other external factors. As part of this work, the Committee met with relevant officers of the GMA Group and has requested continuing updating on the ongoing review and updating of management plans.

6. Based on reviews and discussions undertaken, the Audit and Risk Management Committee recommends approval of the Audited Financial Statements for the year ended December 31, 2018, their inclusion in the Annual Report to Stockholders for the year ended December 31, 2018 and filing with the Securities and Exchange Commission.

7. The Committee finds that SGV and Co. has satisfactorily performed its work for the year 2018 and therefore recommends the re-appointment of SGV & Co. as the GMA Group's independent auditor for 2019, 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

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

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, 2018 and 2017, 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, 2018, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018 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 identified, 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 91% of the consolidated revenue for the year ended December 31, 2018. 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.

Further, effective January 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, under the modified retrospective approach. The adoption of PFRS 15 resulted in changes in the Group's revenue recognition policies, processes, and procedures. The adoption of PFRS 15 is significant to our audit because this involves application of significant management judgment and estimation in: determining whether the criteria for the recognition of the different revenue streams, such as advertising, subscription and distribution revenues, are met; determining whether there are other promises in the contract that are separate performance obligations; allocating the transaction price among the performance obligations; and determining the timing of satisfaction of performance obligation (over time or point in time).

Refer to Notes 2 and 21 of the consolidated financial statements for the disclosure on the transition adjustments and details about the Group's revenues, respectively.

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 ensure that advertising revenues are recognized in the correct period.

For the adoption of PFRS 15, we obtained an understanding of the Group's process in implementing the new revenue recognition standard. We reviewed the PFRS 15 adoption papers and accounting policies prepared by management, including revenue streams identification and scoping, and contract analysis.

For significant revenue streams, we obtained sample contracts and reviewed whether the accounting policies appropriately considered the five-step model and cost requirements of PFRS 15.

We traced selected contracts from the list of open contracts to the transition adjustment calculation to determine if all open contracts were considered in the assessment. We reviewed sample contracts to check whether all contracts within the same revenue stream have the same terms.

In addition, we reviewed sample contracts and checked whether:

- all performance obligations within the contracts have been identified.
- the Group's timing of revenue recognition is based on when the performance occurs and control of the related goods or services is transferred to the customer.
- the costs to obtain contracts should be capitalized or whether the Group qualifies for the practical expedient.

We reviewed the application of the accounting policy in relation to the adoption of the new standard. We also reviewed the disclosures related to the transition adjustments based on the requirements of PFRS 15.

(2) Adoption of PFRS 9, Financial Instruments

On January 1, 2018, the Group adopted PFRS 9, *Financial Instruments*. PFRS 9, which replaced PAS 39, *Financial Instruments: Recognition and Measurement*, provides revised principles for classifying financial assets and introduces a forward-looking expected credit loss (ECL) model to assess impairment on debt financial assets not measured at fair value through profit or loss. The Group adopted the modified retrospective approach in adopting PFRS 9.

The Group's adoption of the 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.

The application of the ECL model increased the allowance for credit losses by ₱110.0 million as at January 1, 2018. Provision for credit losses in 2018 using the ECL model amounted to ₱109.6 million.

Refer to Notes 2 and 7 of the consolidated financial statements for the disclosure on the transition adjustments and details of the allowance for credit losses using the ECL model, respectively.

Audit response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9 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 exposures 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 receivable portfolios and industry practices.

Further, we checked the data used in the ECL models, 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. We checked the transition adjustments and reviewed the disclosures made in the financial statements based on the requirements of PFRS 9.

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, 2018, 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, 2018 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. 7332528, January 3, 2019, Makati City

March 29, 2019

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

	December 31	
	2018	2017 (As Reclassified - Note 15)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	**₱2,559,105,322**	₱2,279,838,495
Trade and other receivables (Notes 7, 20, 30 and 31)	**4,811,973,802**	4,905,864,211
Program and other rights (Note 8)	**736,461,608**	1,140,223,422
Prepaid expenses and other current assets (Note 9)	**644,937,919**	685,992,630
Total Current Assets	**8,752,478,651**	9,011,918,758
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	**2,642,298,449**	2,665,618,075
At revalued amounts (Notes 13 and 31)	**2,803,196,184**	1,805,234,093
Available-for-sale (AFS) financial assets (Notes 10, 30 and 31)	**–**	245,741,881
Financial assets at fair value through other comprehensive income (FVOCI) (Notes 10, 30 and 31)	**240,255,846**	–
Investments and advances (Notes 11 and 20)	**158,215,331**	151,103,271
Program and other rights - net of current portion (Note 8)	**200,772,808**	205,914,090
Investment properties (Notes 14 and 31)	**40,003,984**	51,048,514
Deferred tax assets - net (Note 28)	**242,939,864**	291,169,389
Other noncurrent assets (Notes 15, 30 and 31)	**212,372,345**	365,366,211
Total Noncurrent Assets	**6,540,054,811**	5,781,195,524
TOTAL ASSETS	**₱15,292,533,462**	₱14,793,114,282
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 16, 20, 30 and 31)	**₱2,160,986,267**	₱2,386,901,598
Short-term loans (Notes 17, 30 and 31)	**500,000,000**	500,000,000
Income tax payable	**424,940,559**	346,686,304
Obligations for program and other rights (Notes 18, 30 and 31)	**119,646,269**	139,571,493
Dividends payable (Notes 19, 30 and 31)	**17,053,776**	15,437,102
Total Current Liabilities	**3,222,626,871**	3,388,596,497
Noncurrent Liabilities		
Pension liability (Note 26)	**2,182,994,135**	1,670,157,190
Other long-term employee benefits (Note 26)	**298,843,728**	284,654,028
Total Noncurrent Liabilities	**2,481,837,863**	1,954,811,218
Total Liabilities	**₱5,704,464,734**	₱5,343,407,715

(Forward)

	December 31	
	2018	2017 (As Reclassified - Note 15)
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**	1,017,247,029
Remeasurement loss on retirement plans - net of tax (Note 26)	**(1,038,041,118)**	(666,224,427)
Net unrealized loss on AFS financial assets - net of tax (Note 10)	**–**	(8,092,181)
Net unrealized loss on financial assets at FVOCI - net of tax (Note 10)	**(5,051,345)**	–
Retained earnings (Note 19)	**2,368,404,468**	2,570,710,400
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	**9,525,271,202**	9,403,094,830
Non-controlling interests (Note 2)	**62,797,526**	46,611,737
Total Equity	**9,588,068,728**	9,449,706,567
TOTAL LIABILITIES AND EQUITY	**₱15,292,533,462**	₱14,793,114,282

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2018	2017	2016
REVENUES (Note 21)	**₱15,236,192,369**	₱15,602,292,188	₱16,953,948,299
PRODUCTION COSTS (Note 22)	**6,483,703,064**	6,682,296,268	6,641,457,517
GROSS PROFIT	**8,752,489,305**	8,919,995,920	10,312,490,782
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**5,514,342,920**	5,384,409,786	5,236,089,061
OTHER INCOME (EXPENSE) - NET			
Interest expense (Notes 17 and 18)	**(36,251,389)**	(23,010,666)	(16,905,154)
Interest income (Note 6)	**25,455,860**	23,776,178	23,650,808
Net foreign currency exchange gain	**19,221,001**	2,300,851	21,044,145
Equity in net earnings of joint ventures (Note 11)	**6,351,690**	329,580	2,758,875
Others - net (Note 25)	**79,113,895**	119,017,401	100,865,087
	93,891,057	122,413,344	131,413,761
INCOME BEFORE INCOME TAX	**3,332,037,442**	3,657,999,478	5,207,815,482
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	**1,056,853,906**	1,094,886,107	1,510,923,590
Deferred	**(48,828,615)**	3,383,736	50,296,632
	1,008,025,291	1,098,269,843	1,561,220,222
NET INCOME	**2,324,012,151**	2,559,729,635	3,646,595,260
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)	**(23,543,428)**	–	-
Revaluation increment on land (Note 13)	**693,258,159**	–	-
Remeasurement loss on retirement plans (Note 26)	**(367,199,765)**	(2,182,309)	(365,196,401)
	302,514,966	(2,182,309)	(365,196,401)
Item to be reclassified to profit or loss in subsequent periods:			
Net changes in the fair market value of AFS financial assets (Note 10)	–	2,021,500	49,558,000
	–	2,021,500	49,558,000
TOTAL COMPREHENSIVE INCOME	**₱2,626,527,117**	₱2,559,568,826	₱3,330,956,859
Net income attributable to:			
Equity holders of the Parent Company	**₱2,304,793,288**	₱2,543,897,957	₱3,626,334,921
Non-controlling interests (Note 2)	**19,218,863**	15,831,678	20,260,339
	₱2,324,012,151	₱2,559,729,635	₱3,646,595,260
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱2,602,691,328**	₱2,543,737,148	₱3,312,336,973
Non-controlling interests (Note 2)	**23,835,789**	15,831,678	18,619,886
	₱2,626,527,117	₱2,559,568,826	₱3,330,956,859
Basic / Diluted Earnings Per Share (Note 29)	**₱0.474**	₱0.523	₱0.746

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

	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 (Note 10)	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)	(₱8,092,181)	₱–	₱2,570,710,400	(₱28,483,171)	(₱5,790,016)	₱9,403,094,830	₱46,611,737	₱9,449,706,567
Effect of adoption of new accounting standards (Note 2)	–	–	–	–	8,092,181	18,492,083	(77,000,000)	–	–	(50,415,736)	–	(50,415,736)
Balances at January 1, 2018, as restated	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 (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, 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
Balances at January 1, 2016	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱300,486,170)	(₱59,671,681)	₱1,892,306,756	(₱28,483,171)	(₱5,790,016)	₱9,038,849,943	₱43,270,173	₱9,082,120,116
Total comprehensive income:											
Net income	–	–	–	–	–	3,626,334,921	–	–	3,626,334,921	20,260,339	3,646,595,260
Other comprehensive income (loss)	–	–	–	(363,555,948)	49,558,000	–	–	–	(313,997,948)	(1,640,453)	(315,638,401)
Cash dividends - ₱0.40 a share (Note 19)	–	–	–	–	–	(1,943,884,375)	–	–	(1,943,884,375)	–	(1,943,884,375)
Cash dividends to non-controlling interest (Note 2)	–	–	–	–	–	–	–	–	–	(13,260,000)	(13,260,000)
Balances at December 31, 2016	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱664,042,118)	(₱10,113,681)	₱3,574,757,302	(₱28,483,171)	(₱5,790,016)	₱10,407,302,541	₱48,630,059	₱10,455,932,600

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,332,037,442**	₱3,657,999,478	₱5,207,815,482
Adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 22)	**871,451,221**	905,254,190	836,176,965
Depreciation and amortization (Notes 12, 14, 22 and 23)	**586,448,899**	631,515,648	723,598,772
Pension expense (Note 26)	**312,489,341**	289,541,781	227,546,241
Contributions to retirement plan assets (Note 26)	**(279,003,770)**	(259,000,000)	(200,000,000)
Provisions for doubtful accounts (Notes 7 and 23)	**109,631,061**	8,253,285	25,151,364
Interest expense (Notes 17 and 18)	**36,251,389**	23,010,666	16,905,154
Interest income (Note 6)	**(25,455,860)**	(23,776,178)	(23,650,808)
Amortization of software costs (Notes 15 and 23)	**23,173,008**	23,362,883	17,173,566
Gain on sale of property and equipment and investment properties (Notes 12, 14 and 25)	**(19,829,189)**	(27,060,463)	(29,717,284)
Net unrealized foreign currency exchange loss (gain)	**5,185,384**	(59,133,380)	(48,144,387)
Equity in net earnings of joint ventures (Note 11)	**(6,351,690)**	(329,580)	(2,758,875)
Dividend income (Notes 10 and 25)	**(2,499,895)**	(132,811)	(2,550,000)
Provision for impairment of investment properties (Note 14)	**2,048,592**	–	–
Reversal of long-outstanding payables (Note 25)	**–**	(32,999,414)	(3,233,336)
Working capital changes:			
Decreases (increases) in:			
Trade and other receivables	**(128,392,550)**	346,895,501	(889,975,687)
Program and other rights	**(462,548,125)**	(1,197,820,078)	(704,201,246)
Prepaid expenses and other current assets	**41,054,711**	(34,932,681)	235,211,693
Increases (decreases) in:			
Trade payables and other current liabilities	**(230,194,345)**	(24,478,909)	255,213,597
Obligations for program and other rights	**(21,536,158)**	75,197,668	(143,634,530)
Other long-term employee benefits	**14,189,700**	97,513	(11,160,736)
Benefits paid out of Group's own funds	**(48,311,185)**	(7,825,922)	(7,646,509)
Cash flows provided by operations	**4,109,837,981**	4,293,639,197	5,478,119,436
Income taxes paid	**(978,599,651)**	(1,244,304,104)	(1,384,682,174)
Interest received	**24,382,746**	23,158,153	21,769,542
Net cash flows from operating activities	**3,155,621,076**	3,072,493,246	4,115,206,804

(Forward)

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(₱519,420,168)**	(₱523,727,612)	(₱444,383,976)
Software costs (Note 15)	**(3,504,612)**	(41,661,384)	(454,017)
Land at revalued amount (Note 13)	**(7,593,293)**	(1,364,718)	(2,623,618)
Investment properties (Note 14)	**–**	–	(43,811)
Proceeds from:			
Sale of property and equipment (Note 12)	**26,774,646**	29,578,768	33,113,635
Sale of investment properties (Note 14)	**4,104,000**	–	–
Decreases (increases) in other noncurrent assets	**87,562,847**	(5,824,646)	9,464,489
Return of investment in financial asset at FVOCI (Note 10)	**6,089,790**	–	–
Cash dividends received	**883,221**	132,811	–
Advances to an associate and joint ventures (Notes 11 and 20)	**(1,162,148)**	–	(424,498)
Collection from an associate and joint ventures (Notes 11 and 20)	**401,778**	–	–
Net cash flows used in investing activities	**(405,863,939)**	(542,866,781)	(405,351,796)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	**1,500,000,000**	1,500,000,000	500,000,000
Payments of:			
Cash dividends (Notes 2 and 19)	**(2,436,132,546)**	(3,563,062,816)	(1,955,312,493)
Short-term loans (Note 17)	**(1,500,000,000)**	(1,647,452,000)	(1,017,624,500)
Interest expense	**(36,125,000)**	(22,967,610)	(17,597,313)
Net cash flows used in financing activities	**(2,472,257,546)**	(3,733,482,426)	(2,490,534,306)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**277,499,591**	(1,203,855,961)	1,219,320,702
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,767,236**	64,680,251	39,395,378
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,279,838,495**	3,419,014,205	2,160,298,125
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,559,105,322**	₱2,279,838,495	₱3,419,014,205

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 March 29, 2019.

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), available-for-sale (AFS) financial assets 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, 2018 and 2017 and for each of the three years in the period ended December 31, 2018. 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:

	2018	2017
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱62,797,526**	₱46,611,737
Net income allocated to material NCI	**19,218,863**	15,831,678

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2018	2017	2016
Revenues	**₱230,920,784**	₱218,504,662	₱229,917,237
Expenses	**(173,163,510)**	(171,962,237)	(173,207,765)
Provision for income tax	**(20,073,228)**	(15,499,920)	(16,983,318)
Net income	**37,684,046**	31,042,505	39,726,154
Other comprehensive income (loss)	**9,052,796**	–	(3,206,575)
Total comprehensive income	**₱46,736,842**	₱31,042,505	₱36,519,579
Net income attributable to:			
NCI	**₱19,218,863**	₱15,831,678	₱20,260,339
Parent Company	**18,465,183**	15,210,827	19,465,815
Total comprehensive income attributable to:			
NCI	**₱23,835,789**	₱15,831,678	₱18,624,985
Parent Company	**22,901,053**	15,210,827	17,894,594

Summarized Statements of Financial Position

	2018	2017
Total current assets	**₱186,618,880**	₱166,452,173
Total noncurrent assets	**27,870,302**	29,013,136
Total current liabilities	**19,569,026**	19,156,691
Total noncurrent liabilities	**71,787,752**	87,050,561
Total equity	**123,132,404**	89,258,057
Attributable to NCI	**₱62,797,526**	₱46,611,737
Attributable to equity holders of the Parent Company	**₱60,334,878**	₱42,646,320

Summarized Cash Flows Information

	2018	2017	2016
Operating	**₱15,115,095**	₱20,793,197	₱79,837,572
Investing	**(97,865)**	(200,564)	(391,001)
Financing	**15,000,000**	(35,000,000)	(26,000,000)
Net increase (decrease) in cash and cash equivalents	**₱30,017,230**	(₱14,407,367)	₱53,446,571

In 2018 and 2017, RGMA declared and paid dividends amounting to ₱7.65 million and ₱17.85 million, respectively, to NCI.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2018 and 2017:

	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, Inc.	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 Company has adopted the following new standards and amendments starting January 1, 2018. Except for the adoption of PFRS 9, *Financial Instruments*, and PFRS 15, *Revenue from Contracts with Customers*, the adoption of these new standards and amendments did not have any significant impact on the consolidated financial statements.

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

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

- Amendments to Philippine Accounting Standards (PAS) 28, *Investments in Associates and Joint Ventures*, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

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

- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC)-22, *Foreign Currency Transactions and Advance Consideration*

- PFRS 9, *Financial Instruments*

  PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement*, for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

  The Group applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other comprehensive income as at January 1, 2018.

  The effects of adopting PFRS 9 as at January 1, 2018 are as follows:

	Note	January 1, 2018 Increase (Decrease)
Assets		
Trade and other receivables	(b)	(₱110,000,000)
Financial assets at FVOCI	(a)	272,127,293
AFS financial assets	(a)	(245,741,881)
Deferred tax assets - net	(c)	33,198,852
Total assets		(₱50,415,736)
Total adjustment on equity:		
Retained earnings	(a), (b), (c)	(₱77,000,000)
Other comprehensive income	(a), (c)	26,584,264
		(₱50,415,736)

  The nature of these adjustments are described below:

  (a) Classification and measurement

  Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVPL), amortized cost, or FVOCI with recycling of gains or losses to profit or loss upon derecognition. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding, or the SPPI criterion.

  The assessment of the Group's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39.

The following are the changes in the classification of the Group's financial assets:

- Cash and cash equivalents, trade and other receivables and refundable deposits (included under "Other noncurrent assets" account in the consolidated statement of financial position) classified as "Loans and receivables" as at December 31, 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as "Debt instruments at amortized cost" beginning January 1, 2018.

- Equity investments in listed and non-listed companies and club shares that were previously classified as "AFS financial assets" under PAS 39 were reclassified as "Financial assets at FVOCI" upon adoption of PFRS 9. The Group elected to classify irrevocably its equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. Under PFRS 9, gains and losses on equity investments at FVOCI recognized in equity are never reclassified to profit or loss. Consequently, there is no need to subject such investments to impairment assessment. There were no impairment losses recognized in profit or loss for these investments in prior periods. As a result, the related net unrealized loss on AFS financial assets was reclassified to "Net unrealized loss on financial assets at FVOCI" account under OCI.

  As a result of the change in classification of the Group's equity investments from AFS investments to financial assets at FVOCI as at January 1, 2018, the equity securities were measured upon transition at fair value resulting to an increase in the carrying amount of financial assets at FVOCI amounting to ₱26.39 million as at January 1, 2018.

The Group has not designated any financial liabilities at FVPL. There are no changes in the classification and measurement for the Group's financial liabilities.

The following are the changes in the classification of the Group's financial assets as at January 1, 2018:

		PFRS 9 measurement category		
		FVPL	Amortized cost	FVOCI
PAS 39 measurement category				
Loans and receivables				
Cash and cash equivalents	₱2,279,838,495	₱–	₱2,279,838,495	₱–
Trade and other receivables*	4,905,864,211	–	4,795,864,211	–
Refundable deposits	13,697,898	–	13,697,898	–
AFS investments				
Listed equity instruments**	127,820,000	–	–	198,704,842
Non-listed equity instruments***	117,921,881	–	–	73,422,451

** The change in carrying amount of trade and other receivable is a result of additional impairment allowance. See discussion on impairment below.*
*** The change in carrying amount of quoted equity instruments is a result of remeasurement at fair value of listed equity instruments which were suspended from trading as at December 31, 2017.*
****The change in carrying amount of unquoted equity instruments is a result of initial measurement at fair value.*

(b) Impairment

The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to recognize an allowance for ECL for all debt instruments not held at FVPL and contract assets.

Upon adoption of PFRS 9, the Group recognized additional impairment on the Group's trade and other receivables amounting to ₱110.00 million.

Set out below is the reconciliation of the ending impairment allowance in accordance with PAS 39 to the opening loss allowance determined in accordance with PFRS 9:

	Allowance for Impairment Under PAS 39 as at December 31, 2017	**Remeasurement**	**ECL Under PFRS 9 as at January 1, 2018**
Trade and other receivables	₱311,711,194	₱110,000,000	₱421,711,194

(c) Other adjustments

In addition to the adjustments described above, deferred taxes were adjusted to retained earnings and other comprehensive income as necessary upon adoption of PFRS 9 as at January 1, 2018.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers.

The five-step model is as follows:
1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and,
5. Recognize revenue as the entity satisfies a performance obligation.

PFRS 15 requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, PFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the method only to those contracts that are not completed as at January 1, 2018. In addition, the Group applied PFRS 15 guidance to a portfolio of contracts with similar characteristics as the entity reasonably expects that the effects on the consolidated financial statements of applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. The Group applied the practical expedient on costs to obtain a contract.

There were no cumulative effect of applying PFRS 15 at the date of initial application as an adjustment to the opening balance of retained earnings.

The adoption of PFRS 15 did not have a material impact on the Group's consolidated statement of financial position, total comprehensive income or on the Group's operating, investing and financing cashflows as at January 1, 2018 as the amounts and timing of revenue recognition for all revenue streams remain the same under PFRS 15.

The nature of the adjustments as at January 1, 2018 and the reasons for the changes in the consolidated statement of financial position as at December 31, 2018 and the statement of comprehensive income for the year ended December 31, 2018 are described below:

a) *Incremental Costs to Obtain Contracts.* The Group incurs incremental sales commissions to obtain a contract with a customer that would not have been incurred if the contract had not been entered into. Prior to the adoption of PFRS 15, the Group recognized sales commission as expense when incurred. Upon adoption of PFRS 15, these are recognized as incremental costs of obtaining a contract and are capitalized as an asset if the costs are expected to be recoverable. These costs will then be amortized on a systematic basis that is consistent with the Group's transfer of the related goods/services to the customer.

   Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

   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 (shown as part of "Marketing expense" under "General and administrative expenses" account) because the amortization period of the asset that the Group otherwise would have used is one year or less.

b) *Contract Liabilities.* PFRS 15 requires to present separately the contract asset (right to consideration in exchange for goods or services that has been transferred to a customer), contract liability (obligation to transfer goods or services to a customer for which the entity has received consideration) and receivable (right to consideration is unconditional).

   Payments received before broadcast (pay before broadcast) and before delivery of other goods and services previously presented as part of "Advances from customers" account are reclassified and presented as "Contract liabilities" under "Trade payables and other current liabilities" account. As a result, advances from customers amounting to ₱162.25 million were presented as contract liabilities as at January 1, 2018.

- Philippine Interpretations Committee (PIC) Q&A on Advances to Contractors

  The Group adopted PIC Q&A 2018-15, *PAS 1 - Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Noncurrent* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the following reclassification in the consolidated statement of financial position as at December 31, 2017:

	Current Asset	**Noncurrent Asset**
Advances to contractors	(₱182,757,565)	₱182,757,565

Advances to contractors previously presented under "Prepaid expenses and other current assets", representing payments for the construction of property and equipment was reclassified to "Other noncurrent assets". Before adoption of PIC Q&A 2018-15, the classification of the Group is based on the timing of application of these advances against billings and timing of delivery of goods and services. The PIC Q&A, however, clarifies that classification is based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g., property and equipment).

New Accounting Standards, Interpretations and Amendments to Existing Standards
<u>Effective Subsequent to December 31, 2018</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, 2019

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

  Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

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

- PFRS 16, *Leases*

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

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

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

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

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

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

  The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

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

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

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

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

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted.

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

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

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

  The Group is currently assessing the impact of adopting this interpretation.

- *Annual Improvements to PFRSs* 2015-2017 Cycle

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

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

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

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

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

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

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

  An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

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

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

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

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

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

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.

  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 FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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.

<u>Current versus Noncurrent Classification</u>
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.

<u>Cash and Cash Equivalents</u>
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.

<u>Fair Value Measurement</u>
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

<u>Financial Instruments</u>
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.

<u>Financial assets</u>
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and 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.

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' 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, 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, 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" 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, 2018 (see Notes 10 and 30).

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 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. 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 and dividends payable.

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, 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 and dividends payable (see Notes 16, 17, 18 and 30).

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 consolidated statement of comprehensive income.

Financial Instruments – Prior to January 1, 2018

Financial Instrument
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as financial assets at 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.

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 (see Notes 6, 7, 15, and 30).

b. *AFS financial assets*

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

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

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

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

The Group's investments in equity securities in listed and non-listed entities and quoted club shares are classified as noncurrent AFS financial assets (see Notes 10 and 30).

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.

<u>Impairment of Financial Assets</u>
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 specific number of runs within a specified term is amortized using straight-line method up to the date of expiry. The cost of program and other rights with no definite expiration date is amortized on accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage" account 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, 2018 and 2017, 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, 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.

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" in 2018 and "Advances from customers" in 2017, 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 an associate and joint ventures proportionate to the equity in the economic shares of such associates and joint ventures, in accordance with the equity method.

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

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 as part of "Marketing expense" under "General and administrative expense" 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.

Borrowing Costs

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

Expenses

Expenses, presented as "Production costs" and "General and administrative expenses" in the consolidated 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 but rather these are .

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.

Leases

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.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company, net of income attributable to preferred shares, by the weighted average number of common shares outstanding during the year, 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, 2018 and 2017 are ₱62.80 million and ₱46.61 million, respectively.

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

Rental expense charged to operations amounted to ₱992.66 million, ₱936.40 million and ₱899.89 million in 2018, 2017, and 2016 respectively (see Notes 22, 23 and 27).

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 ₱8.27 million, ₱8.18 million and ₱6.56 million in 2018, 2017 and 2016, respectively (see Note 25).

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

Estimating Allowance for ECLs (applicable beginning January 1, 2018). 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 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 3 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 ₱109.63 million in 2018. The allowance for ECL amounted to ₱531.34 million as at December 31, 2018. The carrying amounts of trade and other receivables amounted to ₱4,811.97 million as at December 31, 2018 (see Notes 7 and 23).

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 and ₱25.15 million in 2017 and 2016, respectively (see Notes 7 and 23). Trade and other receivables, net of allowance for doubtful accounts of ₱311.71 million, amounted to ₱4,905.86 million as at December 31, 2017 (see Note 7).

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.

The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights.

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

Program and other rights usage amounted to ₱871.45 million, ₱905.25 million and ₱836.18 million in 2018, 2017 and 2016, respectively (see Notes 8 and 22). Program and other rights, net of accumulated impairment in value of ₱2.70 million, amounted to ₱937.23 million and ₱1,346.14 million as at December 31, 2018 and 2017, 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 ₱13.42 million and ₱15.69 million as at December 31, 2018 and 2017, respectively (see Note 9). There were no provisions for inventory losses in 2018, 2017 and 2016.

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 2018 and 2017.

Total depreciation and amortization expense for the years ended December 31, 2018, 2017 and 2016 amounted to ₱609.62 million, ₱654.88 million, and ₱740.77 million, respectively (see Notes 12, 14, 15, 22 and 23).

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

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

There is a revaluation increment on land in 2018 amounting to ₱990.37 million. In 2017, there is no additional revaluation increment on land due to insignificant movements in the fair value of the land. 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 and ₱1,805.23 million as at December 31, 2018 and 2017, respectively (see Notes 13 and 31).

Impairment of Nonfinancial Assets. For prepaid production costs, tax credits, investments and advances, property and equipment, investment properties, program and other rights, investment in artworks, 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, 2018 and 2017, 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:

	2018	2017
Property and equipment - at cost (see Note 12)	**₱2,642,298,449**	₱2,665,618,075
Land at revalued amounts (see Note 13)	**2,803,196,184**	1,805,234,093
Program and other rights (see Note 8)	**937,234,416**	1,346,137,512
Investments and advances (see Note 11)	**158,215,331**	151,103,271
Prepaid production costs (see Note 9)	**84,473,811**	136,029,723
Software costs (see Note 15)	**81,548,369**	94,113,724
Tax credits (see Note 9)	**59,969,477**	92,288,022
Investment properties (see Note 14)	**40,003,984**	51,048,514
Investment in artworks (see Note 15)	**10,186,136**	10,186,136
Deferred production costs (see Note 15)	**797,800**	976,683

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 ₱976.6 million and ₱766.13 million as at December 31, 2018 and 2017, respectively, while unrecognized deferred tax assets amounted to ₱1.65 million and ₱6.51 million as at December 31, 2018 and 2017, 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 ₱2,182.99 million and ₱1,670.16 million as at December 31, 2018 and 2017, respectively (see Note 26).

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

Determination of Fair Value of Investment Properties. 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. Revenues from external customers attributed to foreign countries from which the Group derives revenue are individually and in aggregate immaterial to the consolidated financial statements.

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

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

Inter-segment Transactions

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

Measurement Basis

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

Geographical	Local						International								
Business Segment	Television and radio airtime			Other businesses			International subscription			Eliminations			Consolidated		
	2018	2017	2016	**2018**	2017	2016	**2018**	2017	2016	**2018**	2017	2016	**2018**	2017	2016
REVENUES															
External sales	**₱13,768,391,670**	₱14,106,884,749	₱15,432,687,765	**₱166,044,122**	₱134,279,806	₱277,421,350	**₱1,301,756,577**	₱1,361,127,633	₱1,243,839,184	**₱–**	₱–	₱–	**₱15,236,192,369**	₱15,602,292,188	₱16,953,948,299
Inter-segment sales	**–**	–	–	**596,056,036**	416,723,790	493,239,657	**–**	–	–	**(596,056,036)**	(416,723,790)	(493,239,657)		–	–
	₱13,768,391,670	₱14,106,884,749	₱15,432,687,765	**₱762,100,158**	₱551,003,596	₱770,661,007	**₱1,301,756,577**	₱1,361,127,633	₱1,243,839,184	**(₱596,054,018)**	(₱416,723,790)	(₱493,239,657)	**₱15,236,192,369**	₱15,602,292,188	₱16,953,948,299
NET INCOME															
Segment results	**₱2,029,449,877**	₱2,327,287,494	₱4,039,955,939	**₱200,819,048**	₱155,027,164	₱157,593,904	**₱984,355,287**	₱1,038,271,476	₱935,005,207	**₱23,522,173**	₱15,000,000	(₱56,153,329)	**₱3,238,146,385**	₱3,535,586,134	₱5,076,401,721
Interest expense	**(36,251,389)**	(23,010,666)	(16,905,154)	**–**	–	–	**–**	–	–		–	–	**(36,251,389)**	(23,010,666)	(16,905,154)
Foreign exchange gain	**17,034,936**	1,460,046	17,490,271	**1,628,409**	840,354	3,026,862	**557,656**	451	527,012		–	–	**19,221,001**	2,300,851	21,044,145
Interest income	**23,676,444**	22,582,724	22,622,689	**1,779,416**	1,193,454	1,028,119	**–**	–	–		–	–	**25,455,860**	23,776,178	23,650,808
Equity in net earnings	**–**	–	–	**6,351,690**	329,580	2,758,875	**–**	–	–		–	–	**6,351,690**	329,580	2,758,875
Other income (expenses)	**89,725,112**	198,527,049	146,905,819	**36,010,956**	12,197,845	13,750,069	**–**	–	–	**(46,622,173)**	(91,707,493)	(59,790,801)	**79,113,895**	119,017,401	100,865,087
Income tax	**(632,518,193)**	(726,742,308)	(1,243,290,512)	**(75,533,215)**	(55,545,957)	(54,116,044)	**(295,473,883)**	(311,481,578)	(280,659,666)	**(4,500,000)**	(4,500,000)	16,846,000	**(1,008,025,291)**	(1,098,269,843)	(1,561,220,222)
	₱1,491,116,787	₱1,800,104,339	₱2,966,779,052	**₱171,056,304**	₱114,042,440	₱124,041,785	**₱689,439,060**	₱726,790,349	₱654,872,553	**(₱27,600,000)**	(₱81,207,493)	(₱99,098,130)	**₱2,324,012,151**	₱2,559,729,635	₱3,646,595,260
ASSETS AND LIABILITIES															
Assets															
Segment assets	**₱14,159,482,812**	₱13,576,095,160		**₱1,163,427,015**	₱999,067,187		**₱945,621,759**	₱1,176,546,383		**(₱1,285,591,746)**	(₱1,310,065,905)		**₱14,982,939,840**	₱14,441,642,825	
Investment in associates - at equity	**54,593,624**	38,350,619		**12,060,134**	21,951,449		**–**	–			–		**66,653,758**	60,302,068	
Deferred tax assets	**102,485,454**	144,828,605		**42,971,403**	47,477,395		**–**	–		**97,483,007**	98,863,389		**242,939,864**	291,169,389	
	₱14,316,561,890	₱13,759,274,384		**₱1,218,458,552**	₱1,068,496,031		**₱945,621,759**	₱1,176,546,383		**(₱1,188,108,739)**	(₱1,211,202,516)		**₱15,292,533,462**	₱14,793,114,282	
Liabilities															
Segment liabilities	**₱5,374,409,333**	₱4,897,143,505		**₱600,445,444**	₱571,391,857		**₱382,639,036**	₱505,353,822		**(₱653,029,079)**	(₱630,481,469)		**₱5,704,464,734**	₱5,343,407,715	
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	**₱473,050,515**	₱1,210,748,319		**₱–**	₱15,216		**₱105,263**	₱21,658,042		**₱–**	₱–		**₱473,155,778**	₱1,232,421,577	
Property and equipment	**564,881,013**	508,362,648		**–**	13,909,070		**301,779**	1,455,894		**–**	–		**565,182,792**	523,727,612	
Land at revalued amount	**7,593,292**	1,364,718		**–**	–		**–**	–		**–**	–		**7,593,292**	1,364,718	
Investment properties	**–**	–		**–**	–		**–**	–		**–**	–		**-**	–	
Depreciation and amortization	**1,471,527,586**	1,545,612,737		**17,094,805**	14,399,966		**7,450,737**	15,120,018		**(15,000,000)**	(15,000,000)		**1,481,073,128**	1,560,132,721	

6. **Cash and Cash Equivalents**

	2018	2017
Cash on hand and in banks	**₱1,943,590,994**	₱1,285,979,018
Short-term deposits	**615,514,328**	993,859,477
	₱2,559,105,322	₱2,279,838,495

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 ₱25.46 million, ₱23.78 million and ₱23.65 million in 2018, 2017 and 2016, respectively.

7. **Trade and Other Receivables**

	2018	2017
Trade:		
Television and radio airtime	**₱4,943,909,836**	₱4,759,231,155
Subscriptions	**206,855,121**	292,367,075
Others	**173,557,400**	145,138,147
Nontrade:		
Advances to officers and employees	**2,354,227**	2,489,025
Others (see Note 20)	**16,639,473**	18,350,003
	5,343,316,057	5,217,575,405
Less allowance for doubtful accounts	**531,342,255**	311,711,194
	₱4,811,973,802	₱4,905,864,211

Trade Receivables

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

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

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

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

Nontrade Receivables

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

Allowance for Doubtful Accounts
The movements in the allowance for doubtful accounts on trade receivables in 2018 are as follows:

	2018		
	Corporate	**Individual**	**Total**
Balance at beginning of year, as previously reported	**₱311,198,755**	**₱512,439**	**₱311,711,194**
Effect of PFRS 9 adoption	**96,724,278**	**13,275,722**	**110,000,000**
Balance at beginning of year, as restated	**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**

	2017		
	Television and Radio airtime	Others	Total
Balance at beginning of year	₱298,663,895	₱9,763,600	₱308,427,495
Write-off	(4,969,586)	–	(4,969,586)
Provision for the year (see Note 23)	6,584,977	1,668,308	8,253,285
Balance at end of year	₱300,279,286	₱11,431,908	₱311,711,194

	2017		
	Television and Radio airtime	Others	Total
Individually impaired	₱255,734,391	₱–	₱255,734,391
Collectively impaired	44,544,895	11,431,908	55,976,803
	₱300,279,286	₱11,431,908	₱311,711,194

8. Program and Other Rights

Details and movement in this account are as follows:

	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**

	2017			
	Program Rights	Story/Format Rights	Program Rights - Incidentals	Total
Cost:				
Balance at beginning of year	₱1,040,347,613	₱7,185,812	₱8,740,459	₱1,056,273,884
Additions	1,138,091,775	9,690,475	50,037,828	1,197,820,078
Program and other rights usage (see Note 22)	(849,199,850)	(7,185,812)	(48,868,528)	(905,254,190)
Balance at end of year	1,329,239,538	9,690,475	9,909,759	1,348,839,772
Accumulated impairment in value	(2,702,260)	–	–	(2,702,260)
	1,326,537,278	9,690,475	9,909,759	1,346,137,512
Less noncurrent portion	205,914,090	–	–	205,914,090
Current Portion	₱1,120,623,188	₱9,690,475	₱9,909,759	₱1,140,223,422

9. Prepaid Expenses and Other Current Assets

	2018	2017
Advances to suppliers (Notes 2 and 15)	**₱199,967,534**	₱84,406,197
Input VAT	**141,295,086**	152,562,473
Prepaid production costs	**84,473,811**	136,029,723
Prepaid expenses	**81,735,886**	95,433,891
Creditable withholding taxes	**61,673,964**	107,592,110
Tax credits	**59,969,477**	92,288,022
Materials and supplies inventory	**13,421,134**	15,692,696
Others	**2,401,027**	1,987,518
	₱644,937,919	₱685,992,630

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 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.

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 and Available-for-Sale Financial Assets**

As a result of the adoption of PFRS 9 in 2018, AFS financial assets were reclassified to financial assets at FVOCI.

These accounts consist of the following:

	2018	2017
Listed equity instruments	**₱173,005,514**	₱127,820,000
Non-listed equity instruments	**67,250,332**	117,921,881
	₱240,255,846	₱245,741,881

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.

Financial Assets at FVOCI
The movement of financial assets at FVOCI in 2018 is as follows:

	2018
Balance at beginning of year, as previously presented	₱–
Reclassification from AFS financial assets	245,741,881
Effect of adoption of new accounting standard (see Note 2)	26,385,412
Balance at beginning of year, as restated	272,127,293
Return of investment	(6,089,790)
Unrealized loss on fair value changes during the year	(25,781,657)
Balance at end of year	₱240,255,846

The return of investment amounting to ₱6.09 million 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 ₱2.50 million in 2018 (see Note 25).

The movements in net unrealized loss on financial assets at FVOCI in 2018 follow:

	2018
Balance at beginning of year, as previously presented	₱–
Reclassification from AFS financial assets	(8,092,181)
Effect of adoption of new accounting standard (see Note 2)	26,385,412
Tax effect	198,852
Balance at beginning of year - net of tax, as restated	18,492,083
Net unrealized loss on fair value changes during the year	(25,781,657)
Tax effect of the changes in fair market values	2,238,229
Balance at end of year	(₱5,051,345)

AFS Financial Assets
The movement of AFS financial assets in 2017 is as follows:

	2017
Balance at beginning of year	₱243,391,881
Net changes in the fair value of AFS financial assets	2,350,000
Balance at end of the year	₱245,741,881

In 2017 and 2016, the Group recognized dividends from AFS financial assets amounting to ₱0.13 million and ₱2.55 million, respectively (see Note 25).

The movements in net unrealized loss on AFS financial assets in 2017 follow:

	2017
Balance at beginning of the year - net of tax	(₱10,113,681)
Net changes in the fair market value of AFS financial assets	2,350,000
Tax effect of the changes in fair market values	(328,500)
Balance at end of the year - net of tax	(₱8,092,181)

IP E-Games
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" in 2018 and as part of "Advances from customers" in 2017, included as part of trade payables and other current liabilities (see Note 16).

11. Investments and Advances

The following are the details of this account:

	2018	2017
Investment in an associate and interests in joint ventures	**₱66,653,758**	₱60,302,068
Advances to an associate and joint ventures (see Note 20)	**91,561,573**	90,801,203
	₱158,215,331	₱151,103,271

The movements in the account are as follows:

	2018	2017
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	**(71,419,988)**	(71,749,568)
Equity in net earnings during the year	**6,351,690**	329,580
Balance at end of year	**(65,068,298)**	(71,419,988)
	66,653,758	60,302,068
Advances to an associate:		
Balance at beginning of year	**88,231,235**	88,269,696
Advances during the year (see Note 20)	**785,796**	–
Other adjustments	**–**	(38,461)
Balance at end of year	**89,017,031**	88,231,235
Advances to joint ventures:		
Balance at beginning of year	**2,569,968**	2,593,765
Advances during the year (see Note 20)	**376,352**	–
Collections	**(401,778)**	–
Other adjustments	**–**	(23,797)
Balance at end of year	**2,544,542**	2,569,968
Total investments and advances	**₱158,215,331**	₱151,103,271

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, 2018 and 2017 follows:

	Principal Activities	Percentage of Ownership	
Associate -		Direct	Indirect
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:

	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**

	2017		
	Investments	Advances (Note 20)	Total
Associate -			
Mont-Aire	₱38,350,619	₱88,231,235	₱126,581,854
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	13,003,483	610,298	13,613,781
	21,951,449	2,569,968	24,521,417
	₱60,302,068	₱90,801,203	₱151,103,271

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 ₱6.35 million, ₱0.33 million and ₱2.76 million in 2018, 2017 and 2016, 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, 2018, 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 2018, 2017 and 2016.

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, 2018 and 2017. 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, 2018.

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:

	2018	2017	2016
The Group's share in income / total comprehensive income	**₱6,351,690**	₱329,580	₱2,758,875
Aggregate carrying value of the Group's interests and advances	**30,847,681**	24,521,417	24,215,634

Mont-Aire
The table below shows the condensed financial information of Mont-Aire as at December 31, 2018 and 2017, respectively:

Current assets	₱53,469,276
Noncurrent assets	120,275,583
	173,744,859
Current liabilities	1,269,154
Noncurrent liabilities	94,209,136
	95,478,290
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	₱38,350,619

Mont-Aire ceased 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 change in the fair value of the abovementioned properties from the last appraisal made.

12. Property and Equipment at Cost

	2018				
	January 1	**Additions/ Depreciation** (see Notes 22 and 23)	**Disposals**	**Reclassifications** (see Note 15)	**December 31**
Cost:					
Land, buildings, towers and improvements	**₱2,930,048,452**	**₱3,179,466**	**(₱946,735)**	**₱43,756,987**	**₱2,976,038,170**
Antenna and transmitter systems and broadcast equipment	**6,470,175,940**	**69,398,131**	**–**	**111,676,414**	**6,651,250,485**
Communication and mechanical equipment	**1,220,148,947**	**48,906,363**	**(14,394,474)**	**40,429,265**	**1,295,090,101**
Transportation equipment	**499,631,390**	**71,609,275**	**(47,160,711)**	**–**	**524,079,954**
Furniture, fixtures and equipment	**153,908,972**	**3,305,429**	**(621,724)**	**(28,214)**	**156,564,463**
	11,273,913,701	**196,398,664**	**(63,123,644)**	**195,834,452**	**11,603,023,173**
Accumulated Depreciation:					
Buildings, towers and improvements	**1,905,248,383**	**148,347,971**	**(946,735)**	**–**	**2,052,649,619**
Antenna and transmitter systems and broadcast equipment	**5,720,869,471**	**286,804,659**	**–**	**–**	**6,007,674,130**
Communication and mechanical equipment	**1,071,490,247**	**73,434,340**	**(12,083,729)**	**–**	**1,132,840,858**
Transportation equipment	**349,164,873**	**71,122,626**	**(45,162,057)**	**–**	**375,125,442**
Furniture, fixtures and equipment	**146,794,301**	**4,483,423**	**(621,724)**	**(11,280)**	**150,644,720**
	9,193,567,275	**584,193,019**	**(58,814,245)**	**(11,280)**	**9,718,934,769**
Construction in progress and equipment for installation	**585,271,649**	**376,118,387**	**–**	**(203,179,991)**	**758,210,045**
	₱2,665,618,075	**(₱11,675,968)**	**(₱4,309,399)**	**(₱7,334,259)**	**₱2,642,298,449**

	2017				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications (see Note 15)	December 31
Cost:					
Land, buildings, towers and improvements	₱2,921,554,061	₱9,203,472	(₱709,081)	₱–	₱2,930,048,452
Antenna and transmitter systems and broadcast equipment	6,383,536,005	186,179,289	(97,875,045)	(1,664,309)	6,470,175,940
Communication and mechanical equipment	1,149,777,938	39,047,592	(16,922,595)	48,246,012	1,220,148,947
Transportation equipment	498,682,573	56,088,773	(56,804,265)	1,664,309	499,631,390
Furniture, fixtures and equipment	151,578,448	2,530,875	(200,351)	–	153,908,972
	11,105,129,025	293,050,001	(172,511,337)	48,246,012	11,273,913,701
Accumulated Depreciation:					
Buildings, towers and improvements	1,764,451,369	141,479,413	(682,399)	–	1,905,248,383
Antenna and transmitter systems and broadcast equipment	5,486,061,495	334,312,359	(97,840,074)	(1,664,309)	5,720,869,471
Communication and mechanical equipment	1,015,150,890	73,008,734	(16,669,377)	–	1,071,490,247
Transportation equipment	326,274,574	75,826,821	(54,600,831)	1,664,309	349,164,873
Furniture, fixtures and equipment	142,371,928	4,622,724	(200,351)	–	146,794,301
	8,734,310,256	629,250,051	(169,993,032)	–	9,193,567,275
Construction in progress and equipment for installation	406,943,315	230,677,611	–	(52,349,277)	585,271,649
	₱2,777,762,084	(₱105,522,439)	(₱2,518,305)	(₱4,103,265)	₱2,665,618,075

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 ₱0.23 million in 2018 and software that were transferred to other noncurrent assets amounting to ₱7.10 million and ₱4.10 million in 2018 and 2017, respectively (see Note 15).

The Group disposed various property and equipment in 2018, 2017 and 2016 resulting to the recognition of gain on sale amounting to ₱19.83 million, ₱27.06 million and ₱29.72 million, respectively (see Note 25).

The cost of fully depreciated assets still being used by the Group amounted to ₱6,475.24 million and ₱5,753.97 million as at December 31, 2018 and 2017, respectively.

As at December 31, 2018 and 2017, no property and equipment have been pledged as collateral or security for any of the Group’s liabilities.

13. Land at Revalued Amounts

	2018	2017
Cost	**₱352,024,052**	₱350,659,334
Additions	**7,593,293**	1,364,718
	359,617,345	352,024,052
Revaluation increment	**2,443,578,839**	1,453,210,041
	₱2,803,196,184	₱1,805,234,093

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.

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, 2018 and 2017, 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**

	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**

	2017		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning and end of year	₱30,501,881	₱77,028,321	₱107,530,202
Accumulated depreciation:			
Balance at beginning of year	–	52,412,042	52,412,042
Depreciation during the year (see Note 23)	–	2,265,597	2,265,597
Balance at end of year	–	54,677,639	54,677,639
Accumulated impairment in value	–	1,804,049	1,804,049
	₱30,501,881	₱20,546,633	₱51,048,514

The Group recognized provision for impairment in value of certain investment properties amounting to ₱2.05 million 2018 and ₱1.8 million in prior years. Management believes that the carrying values after impairment approximate its recoverable values.

The fair value of investment properties owned by the Group amounted to ₱209.58 million as at December 31, 2018. 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 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
Building 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:

	2018	2017	2016
Rental income (see Note 25)	**₱5,243,247**	₱4,925,603	₱3,864,727
Depreciation expense (see Note 23)	**(2,255,880)**	(2,265,597)	(2,277,701)
	₱2,987,367	₱2,660,006	₱1,587,026

As at December 31, 2018 and 2017, 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**

	2018	2017
Software costs	**₱81,548,369**	₱94,113,724
Advances to contractors	**45,762,624**	182,757,565
Deferred input VAT	**33,281,960**	35,537,774
Refundable deposits	**14,174,904**	13,697,898
Guarantee deposits	**14,031,849**	15,254,753
Investment in artworks	**10,186,136**	10,186,136
Development costs	**5,767,800**	5,043,000
Facilities	**2,164,041**	2,161,423
Deferred production costs	**797,800**	976,683
Others	**4,656,862**	5,637,255
	₱212,372,345	₱365,366,211

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. In 2018, in compliance with PIC Q&A 2018-15, the Group's advances to contractors is classified as noncurrent assets. Accordingly, the prior year balance of ₱182.76 million was reclassified to be aligned with the current period's presentation (see Note 2). The reclassification increased total noncurrent assets and decreased total current assets as at December 31, 2017 by ₱182.76 million. The reclassification did not have any impact on the consolidated statement of comprehensive income, consolidated statement of equity and consolidated statement of cash flows. The reclassification has also no impact on the Group's basic/diluted earnings per share.

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.

Guarantee and other deposits consist of the Meralco refund and refundable rental deposits used for Parent Company's programs.

Investment in artworks are paintings and other works of art usually displayed in the Parent Company's hallways.

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:

	2018	2017
Cost:		
Balance at beginning of year	**₱375,524,834**	₱329,760,185
Additions during the year	**3,504,612**	41,661,384
Reclassifications during the year (see Note 12)	**7,103,040**	4,103,265
Balance at end of year	**386,132,486**	375,524,834
Accumulated amortization:		
Balance at beginning of year	**281,411,110**	258,048,227
Amortization during the year (see Note 23)	**23,173,007**	23,362,883
Balance at end of year	**304,584,117**	281,411,110
	₱81,548,369	₱94,113,724

16. Trade Payables and Other Current Liabilities

	2018	2017
Payable to government agencies	**₱713,762,142**	₱762,892,224
Trade payables (see Note 20)	**678,867,935**	845,018,977
Customers' deposits	**63,666,744**	31,753,616
Contract liabilities (see Note 10)	**22,040,292**	–
Accrued expenses:		
Utilities and other expenses	**260,679,160**	145,812,643
Payroll and talent fees (see Notes 24 and 26)	**169,079,170**	173,654,334
Production costs	**141,318,241**	195,428,814
Commission	**59,267,945**	18,757,609
Advances from customers (see Note 10)	**–**	162,247,590
Others	**52,304,638**	51,335,791
	₱2,160,986,267	₱2,386,901,598

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 7 to 60 days.

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.

Contract liabilities pertain to payments received before broadcast and before delivery of goods and services which were previously reclassified from "Advances from customers" on January 1, 2018, upon adoption of PFRS 15. These are recognized as revenue when the Group performs the obligation under the contract. Out of the balance of the beginning balance of ₱162.25 million, total revenue recognized amounted to ₱140.25 million for the year ended December 31, 2018. As provided in Note 10, this account also includes contract liabilities of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015.

Accrued expenses and other payables are noninterest-bearing and are generally settled within the next financial year.

Others include unpaid subscriptions and 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 2018 and 2017. Details and movements of the short-term loans are as follows:

	2018	2017
Balance at beginning of year	**₱500,000,000**	₱646,360,000
Availments	**1,500,000,000**	1,500,000,000
Payments	**(1,500,000,000)**	(1,647,452,000)
Foreign currency exchange loss	**–**	1,092,000
Balance at end of year	**₱500,000,000**	₱500,000,000

The loans consist of fixed rate notes with the following details:

Lender	Currency	Amount	Interest Rate (per annum)	Terms	**2018**	2017
BPI	Peso	₱500,000,000	4.25%	Availed in 2018; payable in one year	**₱500,000,000**	
BPI	Peso	₱500,000,000	3.10%	Availed in 2017; payable in one year		₱500,000,000

Interest expense amounted to ₱36.25 million, ₱23.01 million and ₱16.91 million in 2018, 2017 and 2016, 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, 2018 and 2017 amounted to ₱119.65 million and ₱139.57 million, respectively. Obligations for program and other rights are generally payable in equal monthly or quarterly installments.

Interest expense recognized on obligations for program and other rights amounted to nil in 2018 and 2017 and ₱0.21 million in 2016.

19. Equity

a. Capital Stock

Details of capital stock as at December 31, 2018 and 2017:

	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 Securities Regulation Code (SRC) Rule 68, As Amended (2011):

Securities	Authorized and issued shares	Issue/Offer Price
Initial public offering	91,346,000	₱8.50
Underlying common shares of PDRs	945,432,000	8.50
Over-allotment common shares	13,701,000	8.50
Common shares covering employee stock option plan	57,000,000	8.50

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, 2018 and 2017, 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 retained earnings available for dividend declaration, computed based on the guidelines provided in SRC Rule 68, As Amended (2011), amounted to ₱2,042.61 million and ₱2,437.70 million as at December 31, 2018 and 2017, respectively. The difference between the consolidated retained earnings and the Parent Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries. Stand-alone earnings of the subsidiaries are not available for dividend declaration by the Parent Company until declared by the subsidiaries as dividends.

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
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
2016	April 8, 2016	April 25, 2016	₱0.40	₱1,943,884,375

The Parent Company's outstanding dividends payable amounts to ₱17.05 million and ₱15.44 million as at December 31, 2018 and 2017, respectively.

On March 29, 2019 the Parent Company's BOD approved declaration and distribution of cash dividends amounting to ₱0.45 per share totaling ₱2,187.09 million to all stockholders of record as at April 22, 2019 and will be paid on May 14, 2019.

20. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2018 and 2017, 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, 2018 and 2017 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	**2018**	**₱785,796**	**₱89,017,031**	Noninterest-	Unsecured;
		2017	1,539	88,231,235	bearing	not impaired
	Joint ventures:					
	Gamespan	**2018**	**–**	**1,959,670**	Noninterest-	Unsecured;
		2017	–	1,959,670	bearing	not impaired
	PEP	**2018**	**376,352**	**584,872**	Noninterest-	Unsecured;
		2017	–	610,298	bearing	not impaired
	INQ7	**2018**	**–**	**11,544,000**	Noninterest-	Unsecured;
		2017	–	11,544,000	bearing	fully impaired
	Total	**2018**	**₱1,162,148**	**₱103,105,573**		
		2017	1,539	102,345,203		
Trade Receivables						
Reimbursable charges (see Note 7)	**Common stockholders:**					
	GMA Kapuso Foundation Inc.	**2018**	**₱2,478,333**	**₱–**	On demand,	Unsecured;
		2017	902,727	1,370,431	noninterest-bearing	not impaired
Other Services		**2018**	**–**	–	On demand,	Unsecured;
		2017	30,000	–	noninterest-bearing	not impaired
Legal, consulting and retainers' fees	Belo, Gozon, Elma Law	**2018**	**9,586,300**	–	On demand,	Unsecured;
		2017	16,240,413	–	noninterest-bearing	not impaired
	Total	**2018**	**₱12,064,333**	**₱–**		
		2017	₱17,173,140	₱1,370,431		
Trade Payables	**Joint venture**					
Share in short messaging fee and development fee	PEP	**2018**	**₱–**	**₱–**	Noninterest-	Unsecured
		2017	–	(4,392)	bearing	
	Total	**2018**	**₱–**	**₱–**		
		2017	–	(4,392)		

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 (see Note 11).

Compensation of Key Management Personnel
The compensation of key management personnel of the Group, by benefit type, are as follows:

	2018	2017	2016
Salaries and other long-term benefits (see Notes 23 and 24)	**₱568,481,703**	₱444,995,586	₱438,671,187
Pension benefits (see Notes 23 and 24)	**253,271,403**	167,153,219	160,724,249
	₱821,753,106	₱612,148,805	₱599,395,436

Equity Investments of the Retirement Fund
The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱272.45 million and ₱37.88 million in 2018, respectively, and ₱288.71 million and ₱40.67 million in 2017, 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:

	2018	2017	2016
Type of service			
Sale of service			
Advertising revenue	**₱13,834,535,108**	₱14,176,872,108	₱15,509,075,765
Subscription revenue (see Note 27)	**1,160,342,535**	1,154,838,009	1,068,931,357
Production revenue	**131,857,044**	90,210,317	234,301,740
Revenue from distribution and content provisioning	**109,457,682**	180,371,754	141,639,437
Total revenue from contracts with customers	**₱15,236,192,369**	₱15,602,292,188	₱16,953,948,299
Geographical markets			
Local	**₱13,934,435,792**	₱14,241,164,555	₱15,710,109,115
International	**1,301,756,577**	1,361,127,633	1,243,839,184
Total revenue from contracts with customers	**₱15,236,192,369**	₱15,602,292,188	₱16,953,948,299
Timing of revenue recognition			
Services transferred at a point in time	**₱14,075,849,834**	₱14,447,454,179	₱15,885,016,942
Services transferred over time	**1,160,342,535**	1,154,838,009	1,068,931,357
Total revenue from contracts with customers	**₱15,236,192,369**	₱15,602,292,188	₱16,953,948,299

22. Production Costs

	2018	2017	2016
Talent fees and production personnel costs (see Note 24)	**₱2,992,043,969**	₱3,113,585,509	₱2,873,152,666
Program and other rights usage (see Note 8)	**871,451,221**	905,254,190	836,176,965
Rental (see Note 27)	**895,795,347**	845,002,050	820,553,007
Tapes, sets and production supplies	**539,520,779**	622,487,377	540,954,636
Facilities and amortization of production services	**826,000,103**	781,523,282	1,153,784,656
Depreciation (see Notes 12 and 23)	**202,361,442**	240,899,214	272,208,103
Transportation and communication	**156,530,203**	173,544,646	144,627,484
	₱6,483,703,064	₱6,682,296,268	₱6,641,457,517

23. General and Administrative Expenses

	2018	2017	2016
Personnel costs (see Note 24)	**₱3,284,815,334**	₱3,282,897,875	₱3,054,296,394
Depreciation and amortization (see Notes 12 and 14)	**384,087,457**	390,616,434	451,390,669
Communication, light and water	**340,696,239**	289,288,398	274,874,628
Advertising	**223,861,267**	177,910,388	182,516,701
Taxes and licenses	**192,819,834**	182,742,107	178,419,077
Professional fees	**184,332,966**	197,920,814	223,438,561
Repairs and maintenance	**125,012,025**	160,322,397	171,439,293
Provision for doubtful accounts (see Note 7)	**109,631,061**	8,253,285	25,151,364
Marketing expense	**99,870,405**	142,229,650	168,803,212
Rental (see Note 27)	**96,864,644**	91,398,647	79,341,640
Research and surveys	**81,418,243**	86,854,160	91,246,946
Security services	**68,412,361**	62,836,643	60,978,694
Software maintenance	**60,315,430**	66,895,171	54,231,481
Transportation and travel	**58,150,821**	57,081,350	49,018,265
Insurance	**29,254,674**	29,628,102	27,418,475
Amortization of software costs (see Note 15)	**23,173,007**	23,362,883	17,173,566
Janitorial services	**22,612,232**	22,633,153	24,759,025
Materials and supplies	**19,815,582**	18,116,056	15,350,814
Entertainment, amusement and recreation	**13,454,014**	12,329,587	14,597,783
Freight and handling	**7,691,224**	6,736,657	11,988,188
Dues and subscriptions	**7,534,012**	7,137,566	7,459,137
Others	**80,520,088**	67,218,463	52,195,148
	₱5,514,342,920	₱5,384,409,786	₱5,236,089,061

Others include expenses incurred for messengerial services, other manpower, donations and other miscellaneous expenses.

Depreciation

	2018	2017	2016
Property and equipment (see Note 12)			
Production costs (see Note 22)	**₱202,361,442**	₱240,899,214	₱272,208,103
General and administrative expenses	**381,831,577**	388,350,837	449,112,968
	584,193,019	629,250,051	721,321,071
Investment properties			
General and administrative expenses (see Note 14)	**2,255,880**	2,265,597	2,277,701
	₱586,448,899	₱631,515,648	₱723,598,772

24. **Personnel Costs**

	2018	2017	2016
Talent fees	**₱2,922,326,940**	₱3,045,140,935	₱2,813,626,359
Salaries and wages	**1,993,485,463**	1,803,593,788	1,739,898,034
Employee benefits and allowances	**932,500,288**	1,161,561,467	1,079,728,582
Pension expense (see Note 26)	**312,489,341**	289,541,781	227,546,241
Sick and vacation leaves expense	**116,057,271**	96,645,413	66,649,844
	₱6,276,859,303	₱6,396,483,384	₱5,927,449,060

The above amounts were distributed as follows:

	2018	2017	2016
Production costs (see Note 22)	**₱2,992,043,969**	₱3,113,585,509	₱2,873,152,666
General and administrative expenses (see Note 23)	**3,284,815,334**	3,282,897,875	3,054,296,394
	₱6,276,859,303	₱6,396,483,384	₱5,927,449,060

25. **Others - Net**

	2018	2017	2016
Commission from Artist Center	**₱37,094,499**	₱42,587,971	₱42,373,980
Gain on sale of property and equipment (see Note 12)	**19,829,189**	27,060,463	29,717,284
Rental income (see Notes 14 and 27)	**8,269,926**	8,183,881	6,561,032
Merchandising license fees and others	**8,052,792**	4,373,351	16,126,548
Dividend income (see Note 10)	**2,499,895**	132,811	2,550,000
Income from mall shows	**1,950,226**	1,201,057	1,401,855
Bank charges	**(1,940,697)**	(3,268,288)	(3,898,899)
Sales of DVDs and integrated receiver-decoders	**49,283**	172,029	120,868
Reversal of long-outstanding payables	**–**	32,999,414	3,233,336
Others	**3,308,782**	5,574,712	2,679,083
	₱79,113,895	₱119,017,401	₱100,865,087

26. Pension and Other Employee Benefits

As at December 31, pension and other employee benefits consist of:

	2018	2017
Pension liability	**₱2,182,994,135**	₱1,670,157,190
Vacation and sick leave accrual	**303,666,555**	292,056,473
	2,486,660,690	1,962,213,663
Less current portion of vacation and sick leave accrual*	**4,822,827**	7,402,445
Pension and other long-term employee benefits	**₱2,481,837,863**	₱1,954,811,218

**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):

	2018	2017	2016
Current service cost	**₱216,272,094**	₱202,107,964	₱194,341,085
Past service cost	**8,713,551**	–	–
Net interest cost	**87,503,696**	87,433,817	33,205,156
	₱312,489,341	₱289,541,781	₱227,546,241

Net pension liability recognized in the consolidated statements of financial position is as follows:

	2018	2017	2016
Present value of defined benefit obligation	**₱3,180,957,326**	₱2,531,456,676	₱2,319,848,369
Fair value of plan assets	**997,963,191**	861,299,486	675,524,622
Pension liability	**₱2,182,994,135**	₱1,670,157,190	₱1,644,323,747

The changes in the present value of the defined benefit obligation are as follows:

	2018	2017	2016
Balance at beginning of year	**₱2,531,456,676**	₱2,319,848,369	₱1,700,980,562
Current service cost	**216,272,094**	202,107,964	194,341,085
Past service cost	**8,713,551**	–	–
Interest cost	**136,667,808**	123,844,594	63,342,653
Benefits paid:			
From plan assets	**(148,327,656)**	(106,518,329)	(72,832,747)
From Company's own funds	**(48,311,185)**	(7,825,922)	(7,646,509)

(Forward)

	2018	2017	2016
Remeasurement losses (gains):			
Changes in financial assumptions	**(₱448,513,200)**	₱–	(₱241,262,891)
Changes in demographic assumptions	**19,038,199**	–	(19,999,260)
Experience adjustment	**913,961,039**	–	702,925,476
Balance at end of year	**₱3,180,957,326**	₱2,531,456,676	₱2,319,848,369

The changes in the fair value of plan assets are as follows:

	2018	2017	2016
Balance at beginning of year	**₱861,299,486**	₱675,524,622	₱598,265,691
Contribution during the year	**279,003,770**	259,000,000	200,000,000
Interest income	**49,164,112**	36,410,777	30,137,497
Benefits paid	**(148,327,656)**	(106,518,329)	(72,832,747)
Remeasurement loss - return on plan assets	**(43,176,521)**	(3,117,584)	(80,045,819)
Balance at end of year	**₱997,963,191**	₱861,299,486	₱675,524,622

Remeasurement loss on retirement plans amounting to ₱367.2 million, ₱2.2 million and ₱365.2 million reported under the consolidated statement of comprehensive income in 2018, 2017 and 2016 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 ₱300.00 million to the fund in 2019.

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:

	2018	2017
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	**₱234,580,745**	₱310,303,178
Equity instruments (see Note 20):		
GMA PDRs	**272,445,584**	288,710,992
GMA Network, Inc.	**37,884,160**	40,669,760
Debt instruments -		
Government securities	**423,187,875**	219,910,756
Others	**29,864,827**	1,704,800
	₱997,963,191	₱861,299,486

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 ₱44.23 million in 2018 and gain of ₱6.27 million and ₱17.91 million in 2017 and 2016, respectively.

- Investments in debt instruments bear interest ranging from 2.38% to 7.89% and have maturities from January 2018 to October 2037. Equity and debt instruments held have quoted prices in an active market.
- Others consist of loans and receivables which are collectible within the next twelve months.

The person who exercises voting rights over shares is within the powers of the Trustee, who do not have any relationship with the directors or officers of the Group.

The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

Liquidity risk pertains to the plan's ability to meet its obligation to the employees upon retirement. To effectively manage liquidity risk, the Board of Trustees invests at least the equivalent amount of actuarially computed expected compulsory retirement benefit payments for the year to liquid/semi-liquid assets such as treasury notes, treasury bills, and savings and time deposits with commercial banks.

The Group performs an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans.

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the Philippine Stock Exchange. In order to effectively manage price risk, the Board of Trustees continuously assesses these risks by closely monitoring the market value of the securities and implementing prudent investment strategies.

However, in the event a benefit claim arises under the retirement plan and the retirement fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable to the retirement fund from the Group.

The principal assumptions used in determining pension liability for the Group's plans are shown below:

	2018	2017	2016
Discount rate	**7.09-7.70%**	4.70-5.90%	4.7-5.9%
Expected rate of salary increase	**2.5-5.00%**	4.00%	4.00%
Turn-over rates:			
19-24 years old	**7.26-32.00%**	7.5-9.54%	7.5-9.54%
25-29 years old	**5.56-25.50%**	6.00-7.26%	6.00-7.26%
30-34 years old	**3.25-20.00%**	3.79-4.5%	3.79-4.5%
35-39 years old	**0.00-8.00%**	3.00-3.20%	3.00-3.20%
40-44 years old	**0.00-6.50%**	2.00-2.31%	2.00-2.31%
≥45 years old	**0.00-8.25%**	0.00-1.96%	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		
		2018	2017	2016
Discount rate	50	**(₱151,033,648)**	(₱147,053,322)	(₱130,821,241)
	(50)	**163,215,384**	160,848,171	142,741,801
Future salary increases	50	**166,759,223**	154,891,568	132,347,649
	(50)	**(155,480,126)**	(142,790,665)	(122,666,215)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2018:

Less than one year	₱279,167,499
More than 1 year to 3 years	1,189,031,936
More than 3 years to 7 years	1,742,318,266
More than 7 years to 15 years	3,156,019,371
More than 15 years to 20 years	4,306,561,185
More than 20 years	10,005,760,987

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 ₱298.84 million and ₱284.66 million as at December 31, 2018 and 2017, 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 ₱4.82 million and ₱7.4 million as at December 31, 2018 and 2017, respectively (see Note 16).

27. Agreements

Lease Agreements

Operating Lease Commitments - Group as Lessee. The Group entered into various lease agreements for the land, building, studio spaces, satellite and airtime that it presently occupies and uses for periods ranging from three to twenty five years. The leases are cancellable at the Group's option.

Also, in June 2012, the Parent Company agreed to extend its non-cancellable Co-production/ Blocktime Rental Agreement with ZOE Broadcasting Network, Inc. (ZBN) for another seven years from June 2012 to May 2019. On the first year of the contract renewal, the Parent Company pays ZBN an amount equivalent to total payments from June 2011 to May 2012, subject to yearly escalation of 10.00%.

The future minimum rentals payable under the non-cancellable operating lease with ZBN follow:

	2018	2017
Within one year	**₱100,691,244**	₱232,505,236
After one year but not more than five years	–	100,691,244
	₱100,691,244	₱333,196,480

The Group's other lease arrangements consist of short-term leases, on a need basis.

Total rental expense amounted to ₱992.66 million, ₱936.40 million and ₱899.89 million in 2018, 2017, and 2016, respectively (see Notes 22 and 23).

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and broadcast equipment. Total rental income amounted to ₱8.27 million, ₱8.18 million and ₱6.56 million in 2018, 2017 and 2016, 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 ₱1,160.34 million, ₱1,154.84 million and ₱1,068.93 million in 2018, 2017 and 2016, respectively (see Note 21).

28. Income Taxes

Current Income Tax
The current income tax consists of the following:

	2018	2017	2016
RCIT	**₱1,056,837,806**	₱1,094,393,014	₱1,510,149,656
MCIT	**16,100**	493,093	773,934
	₱1,056,853,906	₱1,094,886,107	₱1,510,923,590

The reconciliation between the statutory income tax rates and effective income tax rates are shown below:

	2018	2017	2016
Statutory income tax	**30.00%**	30.00%	30.00%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	**(0.64)**	(0.24)	(0.13)
Nondeductible interest expense	**0.23**	0.09	0.06
Nondeductible tax deficiency payment	**0.42**	0.01	0.05
Equity in net losses of joint ventures	**–**	–	(0.02)
Others - net	**–**	0.16	0.02
Effective income tax	**30.02%**	30.02%	29.98%

Deferred Taxes
The components of the Group's net deferred tax assets and liabilities are as follows:

	2018	2017
Deferred tax assets:		
Pension liability	**₱654,385,915**	₱500,215,593
Allowance for doubtful accounts	**157,327,702**	91,847,244
Other long-term employee benefits	**89,653,118**	88,108,821
Accruals for research	**27,405,542**	10,061,847
Intercompany sale of intangible assets	**27,000,000**	31,500,000
Allowance for probable losses in advances	**7,044,910**	15,622,045

(Forward)

	2018	2017
Customers' deposits	**₱6,600,000**	₱13,243,552
Unamortized past service cost	**4,110,253**	–
Unrealized loss on financial assets at FVOCI	**2,396,535**	–
Excess MCIT over RCIT	**700,684**	1,068,164
Accrued rent	–	13,676,991
Others	–	442,887
Unrealized loss on AFS financial assets	–	340,455
	976,624,659	766,127,599
Deferred tax liabilities:		
Revaluation increment on land	**(733,073,652)**	(435,963,012)
Unrealized foreign exchange gain	–	(18,692,539)
Discounting of noncurrent obligation for program and other rights	–	(19,921,659)
Others	**(611,143)**	(381,000)
	(733,684,795)	(474,958,210)
	₱242,939,864	₱291,169,389

The components of deferred tax assets (liabilities) pertaining to accounts presented under equity in the consolidated statements of financial position are as follows:

	2018	2017
Revaluation increment on land	**(₱733,073,652)**	(₱435,963,012)
Pension liability - remeasurement loss on retirement plan	**446,690,600**	286,227,805
Revaluation of financial assets at FVOCI	**2,396,535**	–
Revaluation of AFS financial assets	–	(45,545)
	(₱283,986,517)	(₱149,780,752)

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:

	2018	2017
Allowance for doubtful accounts	**₱2,761,683**	₱4,637,981
Allowance for inventory stock	**2,093,486**	1,670,219
Pension liability	**512,326**	831,564
Unamortized past service cost	**103,954**	–
NOLCO	–	4,568,684
Excess MCIT over RCIT	–	2,941,699
Other long-term employee benefits	–	176,828
Others	**12,088**	–
	₱5,483,537	₱14,826,975

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱1.65 million and ₱6.51 million as at December 31, 2018 and 2017, 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, 2018, the Group's MCIT and NOLCO are as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT	NOLCO
2016	2019	₱585,583	₱3,557,616
2017	2020	29,092	776,438
2018	2021	86,009	3,626,616
		₱700,684	₱7,960,670

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

The movements in MCIT and NOLCO in 2017 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱3,895,590	₱11,644,457
Additions	117,273	2,724,874
Expirations	(3,000)	(9,800,647)
	₱4,009,863	₱4,568,684

29. EPS Computation

The computation of basic and diluted EPS follows:

	2018	2017	2016
Net income attributable to equity holders of the Parent Company (a)	**₱2,304,793,288**	₱2,543,897,957	₱3,626,334,921
Less attributable to preferred shareholders	**711,150,895**	784,927,359	1,119,119,934
Net income attributable to common equity holders of the Parent Company (b)	**1,593,642,393**	1,758,970,598	2,507,214,987
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

(Forward)

	2018	2017	2016
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(492,816)**	(492,816)	(492,816)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,859,804,184**	4,859,804,184	4,859,804,184
Basic EPS (b/c)	**₱0.474**	₱0.523	₱0.746
Diluted EPS (a/d)	**₱0.474**	₱0.523	₱0.746

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Group's operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and 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 and other long-term employee benefits, which arise directly from its operations, AFS financial assets 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:

			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**
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**

(Forward)

			2018		
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
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 statements of financial position (see Note 15).*
***Excluding payable to government agencies, customer deposits and contract liabilities amounting to ₱713.76 million ₱63.67 million and ₱22.04 million, respectively (see Note 16).*
****Gross contractual payments.*

			2017		
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents	₱1,285,979,018	₱993,859,477	₱–	₱–	₱2,279,838,495
Trade receivables:					
Television and radio airtime	861,990,654	3,596,961,215	–	–	4,458,951,869
Subscriptions	98,286,060	194,081,015	–	–	292,367,075
Others	64,223,614	69,482,625	–		133,706,239
Nontrade receivables:					
Advances to officers and employees	74,423	2,414,602	–	–	2,489,025
Others	204,175	18,145,828		–	18,350,003
Refundable deposits*	–	–	–	13,697,898	13,697,898
AFS financial assets	–	–	–	245,741,881	245,741,881
	2,310,757,944	4,874,944,762	–	259,439,779	7,445,142,485
Other financial liabilities:					
Trade payables and other current liabilities**	462,449,326	939,793,903	27,764,939	–	1,430,008,168
Short-term loans***	–	3,875,000	501,937,500	–	505,812,500
Obligations for program and other rights	–	139,571,493	–	–	139,571,493
Dividends payable	15,437,102	–	–	–	15,437,102
	477,886,428	1,083,240,396	529,702,439	–	2,090,829,263
Liquidity Portion (Gap)	₱1,832,871,516	₱3,791,704,366	(₱529,702,439)	₱259,439,779	₱5,354,313,222

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
***Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱762.89 million ₱31.75 million and ₱162.25 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:

	2018		2017	
Assets				
Cash and cash equivalents	**$19,661,959**	**₱1,033,825,779**	$5,653,614	₱282,284,947
	C$1,951,866	**75,602,601**	C$1,073,427	42,632,227
Trade receivables	**$2,995,217**	**157,488,524**	$4,184,458	208,929,988
	C$1,041,796	**40,352,392**	C$1,967,742	78,150,841
	S$145,148	**5,583,556**	S$150,727	5,625,554
	¥3,659,217	**1,738,494**	¥485,806	214,872
	A$26,529	**983,424**	A$51,697	2,011,272
	DH49,371	**708,731**	DH75,612	1,027,930
	£–	**–**	£6,331	424,915
		₱1,316,283,501		₱621,302,546
Liabilities				
Trade payables	**$1,286,974**	**₱67,669,073**	$3,413,632	₱170,442,646
Obligations for program and other rights	**1,966,624**	**103,405,104**	2,405,795	120,121,344
		₱171,074,177		₱290,563,990
		₱1,145,209,324		₱330,738,556

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱52.58 to US$1.00 and ₱49.93 to US$1.00, the Philippine peso to U.S. dollar exchange rate, as at December 31, 2018 and 2017, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱38.73 to CAD$1.00 as at December 31, 2018. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham, UK Pound and Japanese Yen are ₱38.47, ₱37.07 and ₱14.36, ₱66.73 and ₱0.48, 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**	**GBP**	**JPY**	Total
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**
2017	0.50	(₱2,009,323)	(₱1,520,585)	(₱75,364)	(₱25,849)	(₱37,806)	(₱3,166)	(₱242,903)	(₱3,914,996)
	(0.50)	2,009,323	1,520,585	75,364	25,849	37,806	3,166	242,903	3,914,996

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:

	2018	2017
Financial assets at amortized cost in 2018 and Loans and receivables in 2017:		
Cash and cash equivalents*	**₱2,331,066,120**	₱2,128,344,290
Trade receivables:		
Television and radio airtime	**4,458,228,523**	4,458,951,869
Subscriptions	**176,159,551**	292,367,075
Others	**158,592,028**	133,706,239
Nontrade receivables:		
Advances to officers and employees	**2,354,227**	2,489,025
Others	**16,639,473**	18,350,003
Refundable deposits**	**14,174,904**	13,697,898
	7,157,214,826	7,047,906,399
Financial assets at FVOCI	**240,255,846**	–
AFS financial assets	–	245,741,881
	₱7,397,470,672	₱7,293,648,280

**Excluding cash on hand amounting to ₱206.51 million and ₱129.67 million as at December 31, 2018 and 2017, 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.

With respect to 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 as at December 31, 2018:

	Trade Receivables					
		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

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

- *High Grade.* Pertains to a counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes prime financial institutions and companies and top 20 advertisers in terms of volume of sales, who consistently pay on or before the maturity date and related parties.

- *Standard Grade.* Pertains to a counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Group. The delays may be due to cut-off differences. This includes customers outside the top 20 advertisers in terms of volume of sales, who consistently pay on maturity date and officers and employees.

As at December 31, 2017, the credit quality of the Group's financial assets is as follows:

	2017				
	Neither Past Due Nor Impaired		Past Due but	Past Due and	
	High Grade	Standard Grade	not Impaired	Impaired	Total
Loans and receivables:					
Cash and cash equivalents*	₱2,150,174,152	₱–	₱–	₱–	₱2,150,174,152
Trade receivables:					
Television and radio airtime	2,932,227,638	463,495,382	1,063,228,849	300,279,286	4,759,231,155
Subscriptions	180,069,041	7,649,963	104,648,071	–	292,367,075
Others	40,585,643	17,475,408	75,645,188	11,431,908	145,138,147
Nontrade receivables:					
Advances to officers and employees	2,414,602	35,423	39,000	–	2,489,025
Others	17,568,445	541,960	239,598	–	18,350,003
Refundable deposits**	13,697,898	–	–	–	13,697,898
	5,336,737,419	489,198,136	1,243,800,706	311,711,194	7,381,447,455
AFS financial assets	245,741,881	–	–	–	245,741,881
	₱5,565,247,335	₱489,198,136	₱1,261,032,671	₱311,711,194	₱7,627,189,336

**Excluding cash on hand amounting to ₱129.66 million as at December 31, 2017.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

As at December 31, 2017, the aging analysis of receivables that are not impaired follows:

	2017				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade	Total
Neither past due nor impaired	₱3,395,723,020	₱187,719,004	₱58,061,051	₱20,560,430	₱3,662,063,505
Past due but not impaired:					
1-30 days	317,900,137	7,128,832	15,212,225	32,021	340,273,215
31-60 days	154,168,708	5,928,618	10,016,375	8,483	170,122,184
61-90 days	118,012,576	16,907,691	6,408,342	40,967	141,369,576
91-180 days	236,108,444	1,782,287	7,123,818	27,024	245,041,573
181-365 days	209,797,368	11,293,583	10,184,329	92,610	231,367,890
Over 1 year	27,241,616	61,607,060	26,700,099	77,493	115,626,268
	₱4,458,951,869	₱292,367,075	₱133,706,239	₱20,839,028	₱4,905,864,211

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, 2018, 2017 and 2016.

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 ₱500.00 million and ₱500.00 million as at December 31, 2018 and 2017, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2018 and 2017 amounted to ₱9,525.27 million and ₱9,403.09 million, respectively.

31. **Fair Value Measurement**

The table below presents the carrying values and fair values of the Group's assets and liabilities, by category and by class, as at December 31:

	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**
Loans and receivables - 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).*

	2017			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	₱1,806,511,193	₱–	₱–	₱1,806,511,193
AFS financial assets - quoted	127,820,000	118,435,000	9,385,000	–
Assets for which Fair Values are Disclosed				
Investment properties	51,048,514	–	–	135,434,290
Loans and receivables - Refundable deposits*	13,697,898	–	–	12,845,135
	₱1,999,077,605	₱118,435,000	₱9,385,000	₱1,954,790,618

**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 valuation of the Group's financial assets in 2018:

		Range	
Description	**Unobservable Inputs**	**December 31**	**January 1**
Listed equity instrument:			
Casinos and gaming industry	Price-to-book value multiple	1.2-2.4	1.5-3.3
	Discount for lack of marketability	10%-30%	10%-30%
Non-listed equity instruments:			
Media and entertainment industry	Enterprise value-to-EBITDA multiple	9.9-25.9	8.5-14.2
	Discount for lack of marketability	10%-30%	10%-30%

An increase (decrease) in the significant unobservable inputs used in the valuation of the equity investments will decrease (increase) the fair value of the equity investments.

Movements in the fair value of equity investments classified under Level 3 are as follows:

Balance at beginning of year	₱–
Reclassification from AFS financial assets	228,811,090
Fair value adjustment recognized under "net unrealized loss on financial assets at FVOCI" in OCI as at January 1, 2018 due to adoption of PFRS 9	26,385,412
Fair value adjustment in 2018 recognized under "net unrealized loss on financial assets at FVOCI" in OCI	(28,201,657)
Balance at end of year	₱226,994,845

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 3.64% to 4.83% in 2018 and 2.05% to 2.52% in 2017.

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.

AFS Financial Assets
These are investments in quoted and unquoted shares of stock. The fair value of quoted shares is based on quoted market prices. The unquoted shares are stated at cost as there are no reliable sources and bases for subsequent fair value measurement.

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.

32. Changes in Liabilities Arising from Financing Activities

	January 1, 2018	**Additions**	**Cash flows**	**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**

	January 1, 2017	Additions	Cash flows	December 31, 2017
Short-term loans	₱646,360,000	₱1,501,092,000	(₱1,647,452,000)	₱500,000,000
Dividends payable	12,705,059	3,565,794,859	(3,563,062,816)	15,437,102
Accrued interest expense	767,015	23,018,650	(22,967,610)	818,055
Total liabilities from financing activities	₱659,832,074	₱5,089,905,509	(₱5,233,482,426)	₱516,255,157

DIRECTORY

TELEVISION

LUZON

TV-7 Metro Manila (GMA)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 931-9183/(02) 924-2497

TV-27 Metro Manila (GNTV)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 931-9183/(02) 924-2497

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-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)
Bo. Tamburong, Jordan, Guimaras
0915-4417084

TV-28 Iloilo (GNTV)
Alta Tierra Subdivision, Jaro, Iloilo
0915-4417084

TV-13 Bacolod (GMA)
Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

RGMA TV-48 Bacolod (GNTV)
Security Bank 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

BAGUIO
FM – DWRA (92.7 mhz.) 10kW
2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
CP #: 0917-813-2986 / 0998-845-2446
FM Tx Site: Brgy. Lamut, Beckel, La Trinidad, Benguet

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 Complez, 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: 857-4664 • 857-4627
Fax: 857-4665 • 857-4633
Website: www.gmanmi.com

CityNet Network Marketing and Productions, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777

GMA Network Films, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777 local 9980/9981
Telefax: 926-1842

GMA Worldwide (Philippines), Inc.
10/F GMA Network Center, EDSA corner
Timog Avenue, Diliman, Quezon City
Tel: 928-5072
982-7777 local 9381
928-5065
Fax: 928-5065

RGMA Marketing and Productions and Productions, Inc. (GMA Records)
Unit 1405 Future Point Plaza, 112 Panay Avenue,
Brgy. South Triangle, Quezon City
Website: www.gmarecords.com.ph
Tel: 411-7521
Telefax: 376-3395

Script2010, Inc. (Formerly Capitalex Holdings, Inc.)
GMA Complex, EDSA corner Timog Avenue,
Diliman, Quezon City
Tel: 982-7777 local 9921
928-5507
Telefax: 928-7482

Scenarios, Inc.
GMA Complez, EDSA cor. Timog Avenue,
Diliman Quezon City
Tel: 982-7777 local 9921
928-5507
Telefax: 928-7482

Alta Productions, Inc.
10/F Sagittarius Building, H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 816-3881
Fax: 813-3982

GMA Marketing and Productions, Inc.
15/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777
Fax: 928-2044

MediaMerge Corporation
6/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777 local 1308
927-6268
Fax: 927-6210

Digify, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
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Telefax: 928-4553

AFFILIATES

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RGMA Network, Inc.
GMA Complex, EDSA cor. Timog Avenue, Diliman,
Quezon City
Tel: 925-2094
Telefax: 925-8188

JOINT VENTURES

INQ7 Interactive, Inc.
9/F Rufino Building, Ayala Avenue corner Rufino Street,
Makati City
Tel: 892-1828 to 29
Fax: 813-0818

Philippine Entertainment Portal, Inc.
Level 2, Robinsons Galleria, EDSA
cor. Ortigas Avenue, Quezon City
Tel: 633-1368
Telefax: 634-6140
Website: www.pep.ph

SOCIO-CIVIC ORGANIZATIONS

GMA Kapuso Foundation, Inc.
2/F Kapuso Center, GMA Network Drive cor.
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Tel: 982-7777 loc. 9901 and 9905
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GMA Network Drive cor. Samar St.,
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8/F Strata 2000, Emerald Avenue,
Ortigas Center, Pasig City
Tel: 635-6092 to 94
Fax: 635-6245

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

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Stock Trading Information
GMA Network, Inc. is listed in the Philippine Stock Exchange.

Trading symbol

GMA7 – Common Shares
GMAP – Philippine Deposit Receipts (PDRs)

RIDING THE WAVE OF DISRUPTION

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