



July 5, 2019

NOTICE TO STOCKHOLDERS:

Gilberto R. Duavit, Jr.
Felipe L. Gozon
Joel Marcelo G. Jimenez
Jaime C. Laya
Artemio V. Panganiban
Manuel P. Quiogue (Deceased)
Felipe S. Yalong

Dear Stockholder:

Please be informed that the Annual Meeting of the Stockholders of GMA Holdings, Inc. is on **August 9, 2019 (Friday) at 10:00 a.m. at Dario (formerly Balducci) G/F Serendra, Bonifacio Global City, Fort Bonifacio, Taguig City** to consider, discuss or vote on the following:

1. Call to order
2. Certification and Notice of Quorum
3. Approval of the Minutes of the Stockholders Meeting held on August 20, 2018.
4. Report of the President
5. Ratification of Acts of the Board of Directors for the previous year
6. Election of Directors, including the Independent Directors
7. Election of the External Auditor
8. Consideration of such other business as may properly come before the meeting
9. Adjournment

Any stockholder may vote by proxy provided that such authorization remains unrevoked and on file with, or is submitted to, the undersigned at the 15/F Sagittarius Building, H.V. De la Costa Street, Salcedo Village, Makati City.

For purposes of the meeting, only stockholders of record as of July 10, 2019 shall be entitled to vote.

The Organizational Meeting of the Board of Directors shall be held immediately after the Annual Stockholders' Meeting. Thank you.

For the Board of Directors:


ANNA TERESA M. GOZON-VALDES
Corporate Secretary

We are not soliciting your proxy. However, if you are unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein provided below and submit the same to the Office of the Corporate Secretary on or before August 6, 2019. You may deliver the proxy or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on August 8, 2019 at 10:00 a.m. at the GMA Network Center.

PROXY

I/We hereby name and appoint _____, or in his/her absence, the Chairman of the meeting, as my/our proxy at the Annual Stockholders' Meeting of GMA Holdings, Inc. to be held at **Dario (formerly Balducci), G/F Serendra, Bonifacio Global City, Fort Bonifacio, Taguig City on Monday, August 9, 2019** at 10:00 a.m. and at any postponement or adjournment thereof.

Name

Signature

Date

No. of Shares Held

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

GMA HOLDINGS, INC.

1. Check the appropriate box:

[☒] Preliminary Information Statement

[☐] Definitive Information Statement

2. Name of Registrant as specified in its charter: **GMA HOLDINGS, INC.**

3. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

4. SEC Identification Number **CS200602356**

5. BIR Tax Identification Code **244-658-896-000**

6. Address of principal office Postal Code

**UNIT 5D TOWER ONE, ONE MCKINLEY PLACE, NEW BONIFACIO GLOBAL CITY,
FORT BONIFACIO, TAGUIG CITY**

7. Registrant's telephone number, including area code **(632) 9827777**

8. Date, time and place of the meeting of security holders

DATE : August 9, 2019

TIME : 10:00 a.m.

**PLACE: Dario (formerly) Balducci, G/F Serendra, Bonifacio Global City,
Fort Bonifacio, Taguig City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders

July 19, 2019

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **NOT APPLICABLE**

Address and Telephone No.: **NOT APPLICABLE**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Philippine Depositary Receipts ("PDRs")	730,023,500

12. Are any or all of registrant's securities listed in a Stock Exchange?

PDRs/PHILIPPINE STOCK EXCHANGE

GMA HOLDINGS, INC.

This Information Statement dated July 5, 2019, is being furnished to the stockholders of record of GMA Holdings, Inc. as of July 10, 2019 in connection with the Annual Stockholders' Meeting.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE
REQUESTED NOT TO SEND US A PROXY.**

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

- (a) State the date, time and place of the meeting

Date : August 9, 2019
Time : 10:00 a.m.
Place: **Dario (formerly Balducci), G/F Serendra, Bonifacio Global City,
Fort Bonifacio, Taguig City**

- (b) Approximate date on which copies of the information statement are first to be sent to the security holders:

July 19, 2019

Item 2. Dissenters' Right of Appraisal

Title X of the Revised Corporation Code of the Philippines (Revised Corporation Code (2019)) grants to a shareholder the right to dissent and demand payment of the fair value of his share in certain instances, to wit: (1) in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class; (2) in case of any sale, lease, exchange, transfer, mortgage or other disposition of all or substantially all of the corporate property or assets; (3) in case of merger or consolidation; and (4) in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose.

6. Under Section 41 of the Revised Corporation Code (2019), a stockholder is likewise given an appraisal right in cases where a corporation decides to invest its funds in another corporation or business.

7. The appraisal right may be exercised in accordance with Sections 81 and 82 of the Revised Corporation Code (2019), viz.:

SEC. 81. *How Right is Exercised.* – The dissenting stockholder who votes against a proposed corporate action may exercise the right of appraisal by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: *Provided*, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: *Provided*, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: *Provided, further*, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

SEC. 82. *Effect of Demand and Termination of Right.* – From the time of demand for payment of the fair value of a stockholder's shares until either the abandonment of the corporate action involved or the purchase of the said shares by the corporation, all rights accruing to such shares, including voting and dividend rights, shall be suspended in accordance with the provisions of this Code, except the right of such stockholder to receive payment of the fair value thereof: *Provided*, That if the dissenting stockholder is not paid the value of the said shares within thirty (30) days after the award, the voting and dividend rights shall immediately be restored.

None of the proposed corporate actions for the Company qualifies as an instance for a possible exercise by security holders of their appraisal rights under Title X of the Revised Corporation Code (2019).

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) There is no matter to be acted upon in which any Director or Executive Officer is involved or had a direct, indirect or substantial interest.
- (b) No Director has informed the Company of his opposition to any matter to be acted upon.

B. CONTROL AND COMPENSATION INFORMATION

Securities and Principal Holders Thereof

- (a) GMA Holdings, Inc. ("the Company") has 10,000 common shares subscribed and outstanding as of June 30, 2019. Every stockholder shall be entitled to one vote for each common share held as of the established record date.
- (b) All stockholders of record as of the closing of business on July 10, 2019 are entitled to notice of and to vote at the Company's Annual Stockholders' Meeting.
- (c) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him multiplied by the whole number of directors to be elected.
- (d) The following are the information on security ownership of certain record and beneficial owners and management:

Security Ownership of Certain Record and Beneficial Owners as of June 30, 2019

As of June 30, 2019, the following persons owned at least 5% of the Company's outstanding common shares:

Title of class	Name, Address of Record Owner and Relationship with Company	Name of Beneficial Owner and Relationship with Record	Citizenship	No. of Shares Held	Percentage of Class
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		Owner			
Common	Felipe L. Gozon GMA Network Center, EDSA corner Timog Avenue, Diliman	The Record owner is the Beneficial Owner	Filipino	3,330	33.30
Common	Gilberto R. Duavit, Jr. GMA Network Center, EDSA corner Timog Avenue, Diliman	The Record owner is the Beneficial Owner	Filipino	3,330	33.30
Common	Joel Marcelo G. Jimenez GMA Network Center, EDSA corner Timog Avenue, Diliman	The Record owner is the Beneficial Owner	Filipino	3,330	33.30
			Total	9,990	99.90

Felipe L. Gozon, Gilberto R. Duavit, Jr. and Joel Marcelo G. Jimenez are significant stockholders of the Company.

Security Ownership of Management as of June 30, 2019:

As of June 30, 2019, the Company's directors and senior officers owned an aggregate of 96,996 common shares of the Company, equivalent to 99.96% of the Company's issued and outstanding common capital stock.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percentage of Class
Common	Felipe L. Gozon	Direct 3,330	Filipino	33.30
Common	Gilberto R. Duavit, Jr.	Direct 3,330	Filipino	33.30
Common	Joel Marcelo G. Jimenez	Direct 3,330	Filipino	33.30
Common	Artemio V. Panganiban	Direct 4	Filipino	.04
Common	Jaime C. Laya	Direct 1	Filipino	.01
Common	Felipe S. Yalong	Direct 1	Filipino	.01
	Total	99,996		99.96

Voting Trust Holders of more than 5%

The Company is not aware of any person holding more than 5% of shares under a voting trust or similar arrangement.

Changes in Control

The Company is not aware of any arrangement which may have resulted in a change in control of the Company during the period covered by this report.

Foreign Equity

The Company's equity (consisting of common shares) are wholly-owned by Filipinos. While the PDRs issued by the Company may be owned by any person regardless of citizenship or nationality, the exercise of which is subject to the nationality restriction under the Philippine Constitution prohibiting foreign ownership in mass media companies. As a result, the Underlying Shares (GMA Network, Inc. common shares) resulting from an exercise of the PDRs may only be issued to Philippine citizens or corporations, cooperatives or associations wholly owned and managed by Philippine citizens. Although holders of PDRs will enjoy economic rights upon occurrence of certain events in respect of the Underlying Shares, they will not have any voting rights in respect of the Underlying Shares. Such voting rights will, until exercise of the PDR, be retained and exercised by GHI or the Company. Pending exercise of the PDRs, the Shares deliverable on exercise of the PDRs shall be owned by and registered in the name of the Issuer. The Shares underlying the PDRs have been delivered and pledged by the Issuer to the Pledge Trustee, and held to the order and for the benefit of the Holders as security for the delivery of the Shares upon exercise of the PDRs pursuant to the Pledge. Until an exercise of a PDR, the Issuer, as owner of Shares underlying the relevant PDR, will retain and exercise such voting rights relating to such Shares.

Item 5. Directors and Executive Officers

Nominees for Election as Members of the Board of Directors

The following were nominated as members of the Board of Directors for the ensuing year (2019-2020):

Gilberto R. Duavit, Jr.
Felipe L. Gozon
Joel Marcelo G. Jimenez
Jaime C. Laya (*Independent Director*)
Artemio V. Panganiban (*Independent Director*)

All the nominees are incumbent directors. The nominees were formally nominated by Gilberto R. Duavit, Jr. Gilberto R. Duavit, Jr. has no relationship with the nominated independent directors, Jaime C. Laya and Artemio V. Panganiban.

The Company's By-laws provide that all nominations to the Board of Directors shall be submitted in writing to the Nomination Committee before the date of the regular annual meeting of the stockholders. The Nomination Committee has reviewed the qualifications of the nominees and approved the final list of candidates.

The members of the Nomination Committee are as follows:

Felipe L. Gozon (Chairman)
 Gilberto R. Duavit, Jr.
 Joel Marcelo G. Jimenez
 Jaime C. Laya

Board of Directors, Officers and Senior Management

Under the Articles of Incorporation of the Company, the Board of Directors of the Company comprises five directors, two of whom are independent. The directors have a term of one year and are elected annually at the Company's stockholders meeting. A director who is elected to fill a vacancy holds the office only for the unexpired term of his predecessor. As of June 30, 2019, the Company's Board of Directors and Senior Management were composed of the following:

Board of Directors				Senior Management		
Directors and Senior Management	Nationality	Position	Year Position was Assumed	Position	Year Position was Assumed	Age
Felipe L. Gozon	Filipino	Chairman/Director	2007	N/A	N/A	79
Gilberto R. Duavit, Jr.	Filipino	Director	2007	President/Chief Executive Officer	2007	55
Joel Marcelo G. Jimenez	Filipino	Director	2007	N/A	N/A	55
Felipe S. Yalong	Filipino	Corporate Treasurer	2007	Chief Financial Officer/Chief Operating Officer	2012	62
Artemio V. Panganiban	Filipino	Independent Director	2009	N/A	N/A	82
Jaime C. Laya	Filipino	Independent Director	2008	N/A	N/A	80
Ronaldo P. Mastrili	Filipino	N/A	N/A	Comptroller/Chief Accounting Officer	2007	53
Anna Teresa M. Gozon-Valdes	Filipino	Corporate Secretary	2007	N/A	N/A	47
Roberto Rafael V. Lucila	Filipino	N/A	N/A	Vice-President/Compliance Officer	2013	62

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

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.

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.

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.

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 is an Associate Professor in the University of the Philippines, College of Law where she taught Taxation and Legal History.

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

Ronaldo P. Mastrili, Filipino, 53 years old, is the Senior Vice President of GMA's Finance and ICT Departments. He obtained his Bachelor of Science in Business and Economics Degree, Major in Accounting from De La Salle University. He attended the Master in Business Administration Program from the same university and completed the Executive Development Program of the Asian Institute of Management. He is a Certified Public Accountant with expertise in the fields of accounting, auditing, finance, taxation and general management. He was formerly the Assistant Vice President of Controllershship of ABS-CBN and also served as its Group Internal Auditor before joining GMA Network in March 2001. He also worked with SGV and Co. in the early part of his career. Mr. Mastrili concurrently holds key positions in GMA Subsidiaries namely: Comptroller/Chief Accounting Officer of GMA Holdings, Treasurer of Alta Productions, Director of Script2010 and GMA Kapuso Foundation, and Comptroller of GMA Films, GMA Kapuso Foundation and GMA Worldwide.

Roberto Rafael V. Lucila, Filipino, 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 the GMA Network Inc. since March 27, 2017 and concurrently the Compliance Officer starting 2018. He currently sits as director in the affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc.. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., eMerchant Asia Inc., eMerchant Pay Asia Inc. as well as the Philippine Cockfighting International Inc. all local companies doing business in the Philippines. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer on Constitutional Law I and II at the University of the Philippines, College of Law and the University of Asia and the Pacific, School of Law and

Government. He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010 (Subic), Avenue Capital Global Investor Conference in 2005 (New York City), The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997 (Manila), and Global Best Practices for several years (Makati and Mandaluyong). He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and for the Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012 and in East Asia Power Resources Corporation.

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

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

Significant Employees

Although the Company will continue to rely on the individual and collective contributions of their executive officers, the Company is not dependent on the services of any particular employee.

Family Relationships

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

Involvement in Certain Legal Proceedings

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

- Any filing of an insolvency or bankruptcy petition by or against any business of which such person was a general partner or executive officer, either at the time of the insolvency or within two years prior to that time;
- Any conviction by final judgment in a criminal proceeding, domestic or foreign, or any pending criminal proceeding, domestic or foreign, of any such person, excluding traffic violations and other minor offenses;
- Any final and executory order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, against any such person, permanently or temporarily enjoining, barring, suspending, or otherwise limiting involvement in any type of business, securities, commodities, or banking activities; and
- Any final and executory judgment of any such person by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC, or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, for violation of a securities or commodities law.

Resignation of Directors

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

Certain Relationships and Related Transactions

On May 30, 2008, the Company engaged as its legal counsel Belo Gozon Elma Parel Asuncion & Lucila ("BGEPAL") where Atty. Felipe L. Gozon is a Senior Partner. Atty. Gozon is the Chairman and one of the major stockholders of the Company. The Company and BGEPAL are currently negotiating the fees in relation to the services provided, ensuring that the same is done on an arm's length basis.

On July 30, 2007, the Company issued PDRs relating to GMA Network, Inc. Common Shares. The proceeds owing to the selling shareholders of GMA Network, Inc. ("Selling Shareholders") whose Common Shares formed the underlying shares of the PDRs in the Company's Initial Public Offering were initially held by the Company then remitted to these Selling Shareholders. Please see Note 10 of the Company's Financial Statements.

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

Item 6. Compensation of Directors and Executive Officers

Compensation of Directors and Executive Officers

The following sets forth the summary of the Company's compensation to its executive officers:

Name and Position

Gilberto R. Duavit, Jr.	President and Chief Executive Officer
Felipe S. Yalong	Chief Financial Officer/ Chief Operating Officer
Ronaldo P. Mastrili	Chief Accounting Officer/ Comptroller

	Year	Salaries (in thousands)	Bonuses (in thousands)	Other Income	Total (in thousands)
CEO and the highest compensated officers named above	2016	-	-	-	-
	2017	-	-	-	-
	2018	-	-	-	-
	2019	-	-	-	-
	(estimate)				
Aggregate compensation paid to all officers and directors as a group unnamed	2016	-	-	-	-
	2017	-	-	-	-
	2018	-	-	-	-
	2019	-	-	-	-
	(estimate)				

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

The Company has no other arrangement with regard to the remuneration of its existing directors and officers aside from the compensation received as herein stated.

Employment Contracts, Termination of Employment, Change-in-control Arrangements

The directors and executive officers do not have any employment contracts, and are elected to their respective positions on a yearly basis. The Company has no compensatory plans or

arrangements with respect to any executive officer that would result from the resignation, retirement or any other termination of such executive officer's employment.

Item 7. Independent Public Accountants

- (a) SyCip Gorres Velayo & Co. ("SGV & Co.") has acted as the Company's external auditors since 2007. SGV & Co. is being recommended for re-election at the scheduled Annual Stockholders' Meeting on August 9, 2019.
- (b) Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company became publicly listed with the Philippine Stock Exchange on July 30, 2007. Pursuant to Rule 68 paragraph 3 (b) (iv), the Company has engaged Ms. Belinda T. Beng Hui, partner of SGV & Co., to sign the Company's 2018 audited financial statements.

- (c) Changes in and disagreements with accountants on accounting and financial disclosure.

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

- (d) SGV & Co. professional fees billed for its year-end financial audit of the Company covering the years 2018 and 2017. The Company accrued audit fee of Seventy-Five Thousand Pesos (P75,000) for year 2018 which is the same fee with year 2017. These included the fees related to financial audit and services for general tax compliance. No other fees of any nature were paid.
- (e) The Company's Audit Committee was formed in 2008. The Audit Committee reviews the fee arrangements with the external auditor and recommends the same to the Board of Directors.

The members of the Audit Committee are as follows:

Dr. Jaime C. Laya (*Chairman*)
Gilberto R. Duavit, Jr.
Chief Justice Artemio V. Panganiban
Felipe S. Yalong (*Corporate Treasurer*)

Item 8. Compensation Plans

No action shall be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action shall be taken with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

No action shall be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

In connection with Item 11 hereof, the Company has incorporated by reference the following as contained in the Management Report prepared in accordance with Rule 68 of the Securities and Regulation Code:

- a. Audited Financial Statements for December 31, 2017 and 2018;
- b. Management's Discussion and Analysis or plan of operation; and
- c. Information on business overview, properties, legal proceedings, market price of securities and dividends paid out, and corporate governance

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action is to be taken with respect to the mergers, consolidations, acquisitions and similar matters.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- a. Approval of the Annual Report of Management and the Audited Financial Statements for the year ending December 31, 2018.
- b. Approval of the Minutes of the Annual Stockholders' Meeting held on August 20, 2018. The salient matters are summarized as follows:
 - (1) Approval of the Minutes of the Stockholders' Meeting held on August 18, 2017.
 - (2) Report of the President
 - (3) Ratification of Acts of the Board of Directors for the Previous Year
 - (4) Election of Directors, including the Independent Directors
 - (5) Election of the External Auditor
- c. Ratification of Acts of the Board of Directors for the previous year

All acts and resolutions of the Board of Directors and Management for the period covering August 20, 2018 to August 9, 2019 adopted in the ordinary course of business involving

- > Approval of borrowings, opening of accounts and bank transactions;
- > Appointment of signatories;
- > Approval of the minutes of the organizational meeting last August 20, 2018
- > Approval of the record date and venue of the Annual Stockholders' Meeting
- > Approval of the Financial Statements

Item 16. Matters Not Required to be Submitted

All actions or matters to be submitted in the meeting will require the vote of the security holders.

Item 17. Amendment of Charter, Bylaws or Other Documents

No action is to be taken with respect to any amendment of the registrant's charter, by-laws or other documents.

Item 18. Other Proposed Action

- (a) Ratification of the Acts of the Board of Directors/Corporate Officers:

(i) Declaration on March 29, 2019 by the Company of cash distribution to the PDR holders of Php .45 per share or the same dividend rate that was paid by GMA Network, Inc. to its common shareholders, undiminished by the PDR holders' proportionate share in the operating cost of GMA Holdings, Inc.. The foregoing cash distribution in the amount of Php 0.45 per PDR was distributed to the PR holders as of April 22, 2019 and was paid out to the PDR Holders on May 15, 2019.

(ii) Declaration on April 5, 2018 by the Company of cash distribution to the PDR holders of Php of Php 0.50 per share or the same dividend rate that was paid by GMA Network, Inc. to its common, shareholders, undiminished by the PDR holders' proportionate share in the operating cost of GMA Holdings, Inc.. The foregoing cash distribution in the amount of Php 0.50 per PDR was distributed to the PDR holders as of April 19, 2018 and was paid out to the PDR holders on May 16, 2018.

(iii) Declaration on March 27, 2017 by the Company of cash distribution to the PDR holders of Php 0.73 per PDR or the same dividend rate that was paid by GMA Network, Inc. to its common shareholders, undiminished by the PDR holders' proportionate share in the operating cost of GMA Holdings, Inc. The foregoing cash distribution in the amount of Php 0.73 per PDR was distributed to the PDR Holders as of April 20, 2017 and was paid out to the PDR holders on May 16, 2017;

(i) All acts and resolutions of the Board of Directors and Management for the period covering August 20, 2018 to August 9, 2019 adopted in the ordinary course of business involving

- > Approval of borrowings, opening of accounts and bank transactions;
- > Appointment of signatories;
- > Approval of the minutes of the organizational meeting last August 20, 2018
- > Approval of the record date and venue of the Annual Stockholders' Meeting
- > Approval of the Financial Statements

(b) Election of the Members of the Board of Directors, including two independent directors for the ensuing calendar year

(c) Election of the External Auditor

Item 19. Voting Procedures

(a) Vote Required: Motions, in general, require the affirmative vote of a majority of the shares of the Company's common stock present and/or represented and entitled to vote. However, under Philippine law, certain proposed actions may require the vote of at least two thirds

(2/3) of the outstanding capital stock of the Company. The manner of voting is non-cumulative, except as to the election of directors.

- (b) Method: *Straight and cumulative voting*. In the election of directors, the five (5) nominees garnering the highest number of votes shall be elected directors. The stockholder may vote such number of shares for as many person as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected.

If there are more than five nominees, voting shall be done by secret ballot. If there are only five nominees, voting shall be done by a show of hands.

The Corporate Secretary or the Secretary of the meeting shall be responsible for validating the votes if the voting is done by secret ballot. The Corporate Secretary or the Secretary of the meeting shall likewise be responsible if the voting is done by a show of hands.

Other than the nominees' election as directors, no director, executive officer, nominee or associate of the nominees has any substantial interest, direct or indirect by security holdings or otherwise in any way of the matters to be taken upon during the meeting. The Company has not received any information that an officer, director or stockholder intends to oppose any action to be taken at the Annual Stockholders' Meeting.

Upon written request of the stockholders, the Company undertakes to furnish said stockholder with a copy of the SEC Form 17-A free of charge. Any written request for a copy of the SEC Form 17-A shall be addressed to the following:

**GMA HOLDINGS, INC.
9/F GMA NETWORK CENTER
EDSA corner Timog Avenue
Diliman, Quezon City**

**Attention: Ronaldo P. Mastrili
 Chief Accounting Officer**

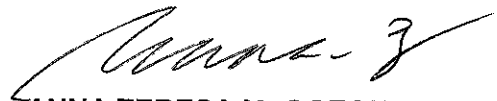
Copies of the latest Unaudited Interim Financial Statements (IFS) will be made available to each stockholder at least five (5) calendar days before the Annual Meeting. Such report can be viewed at the GMA Network Inc.'s official website and hard copies of the company's IFS and management discussion may be available upon request five (5) calendar days before the said meeting. This notice shall be published in two (2) newspapers of general circulation five (5) days before the meeting.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on July 5, 2019.

GMA HOLDINGS, INC.

By:



ANNA TERESA M. GOZON-VALDES
Corporate Secretary

MANAGEMENT'S REPORT

I. Business

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

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

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

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

Transactions with/and or dependence on related parties:

Not applicable.

Employees

The Company had no full-time employees as of June 30, 2019 and does not anticipate in hiring any employees within the next 12 months. No labor unions are present within the Company.

II. Properties

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

III. Legal Proceedings

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

IV. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The Company first offered PDRs relating to GMA Network, Inc. Common Shares on July 30, 2007. These PDRs were listed on the Philippine Stock Exchange on the same date.

<u>Period</u> <u>2018</u>	<u>in</u> <u>Highest</u> <u>Closing</u>	<u>Lowest</u> <u>Closing</u>
1Q	6.32	5.50
2Q	6.32	5.11
3Q	5.35	5.07
4Q	5.44	4.91

The Company's Philippine Deposit Receipts have been listed with the Philippine Stock Exchange since 2007. The price information as of the close of the latest practicable trading date, July 3, 2019 is P 5.49 for GMAP (PDRs).

Holders

The total number of shareholders as of June 30, 2019 was seven. The number of shares subscribed as of June 30, 2019 was 10,000 or P100,000.00. All the common shareholders of are listed hereunder:

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

Dividend Information

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

Distribution of GMA Network, Inc. Cash Dividends to the Company's PDR Holders

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

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

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

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

Cash Dividends to Common Shareholders

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

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

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

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

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

Any cash dividends distributed in respect of Common Shares underlying the PDRs received by the Company shall be applied towards its operating expenses then due for the preceding and current year. A further amount equal to the operating expenses in the preceding year shall be set aside to meet operating or other expenses for the succeeding year. Amounts remaining in excess of such requirements shall be distributed pro rata amongst the outstanding PDRs.

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

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

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

Recent Sales of Unregistered or Exempt Securities

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

V. Management's Discussion and Analysis or Plan of Operation.

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

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

Any cash dividends or other cash distributions distributed in respect of Common Shares received by the Company (or the Pledge Trustee on its behalf) shall be applied toward the operating expenses then due (including but not limited to applicable taxes, fees and

maintenance costs charged by the Philippine Stock Exchange) of the Company (the "Operating Expenses") for the current and preceding year (as certified by an independent auditor). A further amount equal to the operating expenses in the preceding year (as certified by an independent auditor) (the "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding year. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (as certified by the independent auditor of the PDR Issuer) shall be distributed to Holders pro rata on the first Business Day after such cash dividends are received by the Company.

On March 29, 2019 the Company's BOD approved a cash distribution to the PDR holders of Php 0.45 per PDR totaling to Php 329.20 million to all the shareholders of record as of April 22, 2019. On the same date, the BOD also approved a resolution to pass on the entire amount of cash dividends received from GMA without deducting the Company's 2019 projected operating expenses. The dividends were remitted to the PDR holders on May 15, 2019.

On April 5, 2018 the Company's BOD approved a cash distribution to the PDR holders of Php 0.50 per PDR totaling to Php 371.96 million to all the shareholders of record as of April 23, 2018. On the same date, the BOD also approved a resolution to pass on the entire amount of cash dividends received from GMA without deducting the Company's 2018 projected operating expenses. The dividends were remitted to the PDR holders on May 16, 2018.

On March 27, 2017, the Company's BOD approved a cash distribution to the PDR holders of Php 0.73 per PDR totaling to Php 595.24 million to all shareholders of record as of April 20, 2017. On the same date, the BOD also approved a resolution to pass on the entire amount of cash dividends received from GMA without deducting the Company's 2017 projected operating expenses. The dividends were remitted to the PDR holders on May 16, 2017.

On April 8, 2016, the Company's BOD approved a cash distribution to the PDR holders of Php 0.40 per PDR totaling to Php 338.54 million to all shareholders of record as of April 25, 2016. On the same date, the BOD also approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company's 2016 projected operating expenses. The dividends were remitted to the PDR holders on May 17, 2016.

KEY PERFORMANCE INDICATORS

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

Results of Operations of GMA Holdings Inc.

For the three months ended March 31, 2019 and 2018

GMA Holdings Inc. ended the first quarter of 2019 with a net income of Php 375 thousand, 72% lower than last year's Php 1.35 million net income due to lower revenues.

Revenues for first quarter of 2019 reached Php 714 thousand, 58% behind last year's level brought about by lower exercise fees of Php 102 thousand, generated from the conversion of 2,282,700 PDR shares to common shares as compared to 27,602,100 PDR shares converted in same period last year which resulted to exercise fees of Php 1.23 million. On the other hand, interest income slightly increased to Php 612 thousand from last year's Php 472 thousand due to higher interest income earned on cash placement, owing to the higher interest rate from 3.0% in first quarter of 2018 to 5.0% in the same quarter of 2019.

Operating expenses for the first quarter of 2019 amounted to Php 229 thousand versus Php 237 thousand in the same quarter of 2018, a decrease of 3%, mainly due to lower PSE listing fees and PDR conversion fees, partly negated by higher professional fees. Listing fees for the quarter amounted to Php 98 thousand, a decrease of 13% as compared to Php 114 thousand in 2018 due to the offshoot of lower market cap. The Php 295 thousand unexpired portion of listing fee was included under "Other current assets" in the statement of financial position.

Taxes and licenses representing amortization of local business tax for the first quarter of 2019 went down to Php 9,007 from Php 9,481 in comparable period due to lower 2018 revenues declared which was the tax base for 2019 payment. In the same manner, PDR conversion fees decreased to Php 263 versus last year's Php 2,794, due to lower number of PDR shares converted to common shares this year versus last year. On the other hand, professional fees for the quarter ended higher at Php 119 thousand versus Php 108 thousand last year, which included the accrual of audit fee, BDO trust fee and BGE professional fee. Meanwhile, miscellaneous and transportation expenses totaled Php 2,642, 7% higher than last year's Php 2,468 brought about by higher notarial fees.

Financial Condition. Total assets as of March 31, 2019 amounted to Php 49.75 million, higher by 2% from Php 48.85 million as of end-2018 primarily due to the increase in debt instrument at fair value through other comprehensive income.

For the years ended December 31, 2018 and 2017

GMA Holdings Inc. ended the year with a total comprehensive income amounting to Php 1.42 million, 49% lower than last year's total comprehensive income of Php 2.77 million, due to lower exercise fees of Php 1.71 million generated from the conversion of 38,392,800 PDR shares to common shares as compared to Php 2.80 million exercise fees from 62,722,000 PDR shares converted in 2017. Likewise, net income after tax settled at Php 2.27 million, a decrease of Php 760 thousand from last year's net income after tax of Php 3.03 million. This year's revenues reached Php 3.71 million, a decline of 21% or Php 1.01 million from last year's level of Php 4.72 million mainly brought about by the decrease in exercise fees as mentioned earlier. However, interest income grew to Php 2.00 million in 2018 versus Php 1.92 million in 2017 due to higher interest income earned on cash placement.

Operating expenses for the year 2018 totaled Php 1.01 million vis-a-vis Php 1.11 million in 2017 mainly due to the decrease in listing fees amounting to Php 455 thousand as compared with Php 498 thousand in 2017 due to lower market cap. Also, professional fees decreased to Php 475 thousand versus Php 518 thousand in 2017, which included the accrual of audit fee, BDO trust fee and legal fee. On the other hand, Local business tax went up to Php 38 thousand from last year's Php 35 thousand due to higher 2017 tax base used in assessing the 2018 business tax payment.

On March 29, 2019, the Board of Directors approved the cash dividend of Php 2.21 million to be paid to the common stockholders from the retained earnings of the Company as of December 31, 2018.

Financial Condition. Total assets amounted to Php 48.85 million, lower by 3% than last year's Php 50.51 million primarily due to the decreases in Available-for-sale (AFS) investment and Accounts receivable subsequent to higher exercise fees.

For the years ended December 31, 2017 and 2016

GMA Holdings Inc. ended the year with a total comprehensive income amounting to Php 2.77 million, 164% higher than last year's total comprehensive income of Php 1.05M, due to higher exercise fees of Php 2.80 million generated from the conversion of 62,722,000 PDR shares to common shares as compared to Php 508 thousand exercise fees from 11,387,000 PDR shares converted in 2016. Likewise, net income after tax grew to Php 3.03 million, an increase of Php 2.00 million from last year's net income after tax of Php 1.03 million. This year's revenues reached Php 4.72 million, an improvement of 88% or Php 2.21 million from last year's level of Php 2.51 million mainly brought about by the increase in exercise fees as mentioned earlier. Interest income, however, declined to Php 1.92 million in 2017 versus Php 2.00 million in 2016 due to lower interest income earned on cash placement.

Operating expenses for the year 2017 totaled Php 1.11 million vis-a-vis Php 1.06 million in 2016 mainly due to the increase in professional fees to Php 518 thousand versus Php 383 thousand in 2016. Local business tax went up to Php 35 thousand from last year's Php 32 thousand due to higher 2016 tax base used in assessing the 2017 business tax payment. On the other hand, listing fees amounted to Php 498 thousand, a decrease of 19% as compared with Php 614 thousand in 2016 due to the offshoot of lower market cap.

On April 5, 2018, the Board of Directors approved the cash dividend of Php 3.10 million to be paid to the common stockholders from the retained earnings of the Company as of December 31, 2017.

Financial Condition. Total assets amounted to Php 50.51 million, higher by 4% than last year's Php 48.71 million primarily due to the increase in cash and cash equivalents, on account of interest received from Unicapital cash placement and Available-for-sale (AFS) investment. Receivables also increased subsequent to higher exercise fees.

For the years ended December 31, 2016 and 2015

GMA Holdings Inc. ended the year 2016 with a total comprehensive income amounting to Php 1.05 million, a reversal from previous year's Php 91 thousand total comprehensive loss due to 2016 unrealized gain on Available-for-sale (AFS) investment of Php 20 thousand, brought about by changes in its fair value. Likewise, net income after tax amounted to Php 1.03 million, an increase of Php 397 thousand from 2015 net income after tax of Php 635 thousand mainly due to higher revenues coupled with lower operating expenses. Revenues for 2016 reached Php 2.51 million, an improvement of 17% or Php 363 thousand from previous year's level of Php 2.14 million mainly brought about by the increase in exercise fees generating Php 508 thousand from the conversion of 11,387,000 PDR shares to common shares compared with Php 89 thousand from the 1,995,900 PDR shares converted during the same period of 2015.

Interest income, however, declined to Php 2.00 million in 2016 versus Php 2.05 million in 2015 due to lower interest income earned on cash placement.

Operating expenses for the year 2016 totaled Php 1.06 million vis-a-vis Php 1.09 million in 2015 mainly due to the decrease in professional fees to Php 308 thousand versus Php 400 thousand in 2015. On the other hand, listing fees amounted to Php 614 thousand, an increase of 7% as compared with Php 576 thousand in 2015 due to the offshoot of higher market cap. Local business tax went up to Php 32 thousand from previous year's Php 20 thousand due to higher 2015 tax base used for 2016 payment.

On March 27, 2017, the Board of Directors approved the Company's cash dividend declaration of Php 1.00 million to its common stockholders from the retained earnings of the Company as of December 31, 2016.

Financial Condition. Total assets amounted to Php 48.71 million, a tad higher than Php 48.22 million in 2015, primarily due to the increase in accounts receivable caused by more conversion of PDR shares to common shares in 2016.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

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

As of December 31, 2018, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

As of December 31, 2018, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relations of the company with unconsolidated entities or other persons created as of December 31, 2018.

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

For the period January 1, 2018 to December 31, 2018, there were no material commitments for capital expenditures.

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

The Company's results of operations depend largely on its ability to meet PDR holders' expectations from the dividends it receives and to monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation. As of December 31, 2018, there were no known trends, events or uncertainties that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

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

As of December 31, 2018, there were no significant elements of income or loss that did not arise from the issuer's continuing operations.

- vii. Causes for Material Changes in the Financial Statements

Statements of Financial Position (December 31, 2018 vs. December 31, 2017)

- o Current assets decreased by Php 805 thousand to Php 29.13 million, mainly as a result of the decrease in Receivables subsequent to higher exercise fees.
- o Current liabilities increased by Php 25 thousand to Php 47.72 million due to the VAT payable, unpaid professional and audit fees.

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

As of December 31, 2018, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

INTERIM PERIODS

Copies of the latest unaudited Interim Financial Statements will be made available to each stockholder at least five (5) calendar days before the Annual Meeting. Such report can be viewed at the GMA Network Inc.'s official website and hard copies of the company's ifcs and management discussion may be available upon request and shall be published in a news paper of general circulation five (5) calendar days before the said meeting. This notice shall be published in two (2) newspapers of general circulation five (5) days before the meeting.

VI. Corporate Governance

The Board of Directors has established a set of policies and initiatives to ensure that GMA Holding's business practices are compliant with the best practices in corporate governance. 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 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 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.

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

VII. Financial Statements

Kindly see attached Audited Financial Statements.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

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

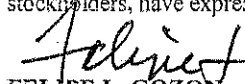
The management of **GMA Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2018 and 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

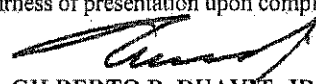
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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

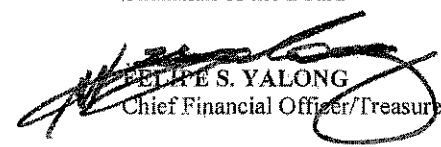
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

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


FELIPE L. GOZON
Chairman of the Board


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


FELIPE S. YALONG
Chief Financial Officer/Treasurer

Signed this 29th day of March 2019.

APR 04 2019

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2019, affiants exhibited to me their Passport No. P3551628A issued on Jul. 3, 2017 (Felipe L. Gozon), SSS No. 33-1841930 (Gilberto R. Duavit, Jr.), and Passport No. P2459589A issued on Mar. 27, 2017 (Felipe S. Yalong).

Doc. No. 69
Page No. 15
Book No. III
Series of 2019


ATTY. JANELLE CRYSTEL J. JAVIER

Notary Public-Quezon City
Until December 31, 2019
Adm. Matter No. NP-223(2018-2019)
PTR No. 5981127-Feb. 19, 2018, QC
IBP Lifetime No. 016879
Roll of Attorney's No. 69611

GMA HOLDINGS, INC.

Unit 5-D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City 1634 Philippines
MAILING ADDRESS: GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City 1103 Philippines



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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GMA Holdings, Inc. (the Company), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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

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

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

As at December 31, 2018, the Company has an unquoted debt security classified as financial asset at fair value through other comprehensive income (FVOCI) amounting to ₱19,721,738. The valuation of this investment is a key audit matter as it is material to the financial statements, representing 40% of the Company's total assets as at December 31, 2018, and its valuation involves the exercise of Management's judgment and the use of estimates. The Company used the discounted cash flow model to value the investment, and the discount rates used were based on the spot yield curve derived from government securities of different tenors plus an estimate of the counterparty's credit spread.

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

Audit Response

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- 4 -

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

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

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

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

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

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

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

SYCIPGORRESVELAYO & CO.


Belinda T. Beng Hui

Partner

CPA Certificate No. 88823

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

March 14, 2019, valid until March 13, 2022

Tax Identification No. 153-978-243

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

March 14, 2018, valid until March 13, 2021

PTR No. 7332528, January 3, 2019, Makati City

March 29, 2019

GMA HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 14 and 15)	₱28,827,996	₱28,805,419
Accounts receivable (Notes 14 and 15)	272,433	881,262
Input value-added tax	29,256	248,277
Total Current Assets	29,129,685	29,934,958
Noncurrent Assets		
Debt instrument at fair value through other comprehensive income (Notes 8, 14 and 15)	19,721,738	—
Available-for-sale investment (Notes 8, 14 and 15)	—	20,570,501
Total Noncurrent Assets	19,721,738	20,570,501
	₱48,851,423	₱50,505,459
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 9, 14 and 15)	₱450,505	₱427,045
Due to shareholders (Notes 13, 14 and 15)	47,271,600	47,271,600
Income tax payable	1,733	—
Total Liabilities	47,723,838	47,698,645
Equity		
Capital stock (Note 10)	100,000	100,000
Retained earnings (Note 10)	2,305,847	3,136,313
Unrealized loss on debt instrument at fair value through other comprehensive income (Note 8)	(1,278,262)	—
Unrealized loss on available-for-sale investment (Note 8)	—	(429,499)
Total Equity	1,127,585	2,806,814
	₱48,851,423	₱50,505,459

See accompanying Notes to Financial Statements.

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

	Years Ended December 31		
	2018	2017	2016
REVENUE			
Interest income (Notes 7 and 8)	₱1,997,599	₱1,919,260	₱1,996,694
Exercise fees (Note 6)	1,713,964	2,800,089	508,348
	3,711,563	4,719,349	2,505,042
OPERATING EXPENSES (Note 11)	1,008,230	1,109,892	1,063,320
INCOME BEFORE INCOME TAX	2,703,333	3,609,457	1,441,722
PROVISION FOR INCOME TAX (Note 12)	433,799	580,367	409,506
NET INCOME	2,269,534	3,029,090	1,032,216
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized loss on debt instrument at fair value through other comprehensive income (Note 8)	(848,763)	—	—
Unrealized gain (loss) on available-for-sale investment (Note 8)	—	(254,763)	19,741
TOTAL COMPREHENSIVE INCOME	₱1,420,771	₱2,774,327	₱1,051,957
Basic/Diluted Earnings Per Share (Note 16)	₱226.95	₱302.91	₱103.22

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

	Capital Stock (Note 10)	Retained Earnings (Note 10)	Unrealized Loss on Debt Instrument at Fair Value Through Other Comprehensive Income (Note 8)	Unrealized Gain (Loss) on Available-for-Sale Investment (Note 8)	Total
Balance as at January 1, 2018	₱100,000	₱3,136,313	—	(₱429,499)	₱2,806,814
Impact of adoption of PFRS 9 - Reclassification of unrealized loss on available-for-sale investment	—	—	(429,499)	429,499	—
At January 1, 2018, as restated	100,000	3,136,313	(429,499)	—	2,806,814
Net income	—	2,269,534	—	—	2,269,534
Other comprehensive loss	—	—	(848,763)	—	(254,763)
Total comprehensive income	—	2,269,534	(848,763)	—	1,420,771
Cash dividends	—	(3,100,000)	—	—	(3,100,000)
Balance as at December 31, 2018	₱100,000	₱2,305,847	(1,278,262)	₱—	₱1,127,585
Balance as at January 1, 2017	₱100,000	₱1,107,223	₱—	(₱174,736)	₱1,032,487
Net income	—	3,029,090	—	—	3,029,090
Other comprehensive loss	—	—	—	(254,763)	(254,763)
Total comprehensive income	—	3,029,090	—	(254,763)	2,774,327
Cash dividends	—	(1,000,000)	—	—	(1,000,000)
Balance as at December 31, 2017	₱100,000	₱3,136,313	₱—	(₱429,499)	₱2,806,814
Balance as at January 1, 2016	₱100,000	₱675,007	₱—	(₱194,477)	₱580,530
Net income	—	1,032,216	—	—	1,032,216
Other comprehensive income	—	—	—	19,741	19,741
Total comprehensive income	—	1,032,216	—	19,741	1,051,957
Cash dividends	—	(600,000)	—	—	(600,000)
Balance as at December 31, 2016	₱100,000	₱1,107,223	₱—	(₱174,736)	₱1,032,487

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱2,703,333	₱3,609,457	₱1,441,722
Adjustment for interest income (Notes 7 and 8)	(1,997,599)	(1,919,260)	(1,996,694)
Operating income (loss) before working capital changes	705,734	1,690,197	(554,972)
Decrease (increase) in:			
Accounts receivable	743,895	(346,415)	(389,230)
Input value-added tax	219,021	193,321	(74,599)
Increase in accounts payable and other current liabilities	22,623	23,473	36,763
Cash flows provided by (used in) operations	1,691,273	1,560,576	(982,038)
Interest received	1,862,533	1,940,223	2,029,629
Income taxes paid	(432,066)	(583,893)	(406,249)
Net cash provided by operating activities	3,121,740	2,916,906	641,342
CASH FLOW FROM A FINANCING ACTIVITY			
Payment of cash dividends (Notes 10 and 17)	(3,099,163)	(999,640)	(599,730)
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,577	1,917,266	41,612
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	28,805,419	26,888,153	26,846,541
CASH AND CASH EQUIVALENTS AT END OF YEAR(Note 7))	₱28,827,996	₱28,805,419	₱26,888,153

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

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

The accompanying financial statements of the Company were approved and authorized for issuance in accordance with a resolution of the Board of Directors (BOD) on March 29, 2019.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for debt instrument at fair value through other comprehensive income (FVOCI) in 2018 and available-for-sale (AFS) investment in 2017, which are measured at fair value. The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

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

3. Summary of Significant Changes in Accounting Policies and Disclosures

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the following new pronouncements which the Company adopted starting January 1, 2018. The adoption of these pronouncements did not have significant impact on the Company's financial position or performance unless otherwise indicated.

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

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. Entities are required to apply the amendments to: (1) share-based payment transactions that are unvested or vested but unexercised as at January 1, 2018, (2) share-based payment transactions granted on or after January 1, 2018 and (3) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

The amendments are not applicable since the Company has no share-based payment transactions.

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

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

The amendments are not applicable to the Company since it does not have activities that are predominantly connected with insurance or issues insurance contracts.

- PFRS 9, *Financial Instruments*

PFRS 9 replaces Philippine Accounting Standards (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 Company applied PFRS 9 using a modified retrospective approach, with an initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under PAS 39. There are no adjustments in retained earnings and other components of equity upon adoption of PFRS 9.

The impact of adoption of PFRS 9 on the Company's financial statements is as follows:

- (a) *Classification and measurement*

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or FVOCI. The classification is based on two criteria: the Company'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.

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

- Cash and cash equivalents and accounts receivable 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.
- Unquoted debt security amounting to ₱20.57 million previously classified as AFS financial asset is now classified and measured as financial asset designated at FVOCI beginning January 1, 2018. It was classified as financial asset at FVOCI since its contractual terms gives rise to cash flow that are solely payments of principal and interest on the principal amounts outstanding, and it is held within a business model that has an objective of both collecting contractual cash flows and selling financial assets as the Company holds the debt security to manage its liquidity needs. The Company did not elect the conditional fair value option (see Note 8).

The cumulative unrealized loss of ₱0.43 million related to this investment, that was previously presented under unrealized loss on available-for-sale investment, was reclassified to unrealized loss on debt instrument at FVOCI (see Note 8).

There are no changes in classification and measurement of the Company's financial liabilities.

In summary, upon adoption of PFRS 9, the Company had the following required or elected reclassification as at January 1, 2018:

	Original Measurement Category under PAS 39	New Measurement Category under PFRS 9	Original Carrying Amount under PAS 39	New Carrying Amount under PFRS 9
Financial assets:				
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost	₱28,805,419	₱28,805,419
Accounts receivable	Loans and receivables	Financial assets at amortized cost	881,262	881,262
Debt security	AFS investments	Financial assets at FVOCI	20,570,501	20,570,501
			₱50,257,182	₱50,257,182

(b) Impairment

The adoption of PFRS 9 has fundamentally changed the Company'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 Company to recognize an allowance for ECLs for all debt instruments not held at FVTPL.

The impairment requirements of PFRS 9 did not have a significant impact on the Company as its financial assets are considered to have low credit risk.

- 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 and 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 judgement, 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 adoption of PFRS 15 has no significant impact on the Company's financial statements since the amount and timing of revenue recognition under PFRS 15 is similar with how the Company recognized its revenue using the previous standard.

- Amendments to 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)

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

The amendments are not applicable since the Company has no investment in associate or joint venture.

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

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

The amendments are not applicable since the Company has no investment property.

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

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or nonmonetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

The Company does not expect any effect on its financial statements upon adoption of these amendments.

Standards Issued but not yet Effective

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

Effective beginning on or after January 1, 2019

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

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

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

- 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.

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

- 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 Company.

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

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

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

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

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

The amendments are not applicable since the Company has no investment in associate or joint venture.

- 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 Company 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.

These amendments are currently not applicable to the Company but may apply to future business combination.

- 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 is permitted. These amendments are not expected to have significant impact to the Company.

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

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

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

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required.

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

Deferred effectivity

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

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

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

4. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

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

An asset as current when it is:

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

A liability is current when:

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

The Company classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

Cash and Cash Equivalents

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments

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

Financial Assets

a. Initial Recognition and Subsequent Measurement of Financial Assets Upon Adoption of PFRS 9

Initial Recognition. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI and FVTPL.

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

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

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

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

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

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

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

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

Financial Assets at Amortized Cost (Debt Instruments). This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

As at December 31, 2018, the Company's cash and cash equivalents and accounts receivable are classified under this category.

Financial Assets at FVOCI (Debt Instruments). The Company measures debt instruments at FVOCI if both the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

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

b. Initial Recognition and Subsequent Measurement of Financial Assets Before Adoption of PFRS 9

Initial Recognition and Measurement. Financial assets are classified, at initial recognition, as financial assets at FVTPL, 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 FVTPL, 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 Company commits to purchase or sell the asset.

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

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

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

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

The Company's cash and cash equivalents and accounts receivable are included under this category.

AFS Investments. The Company's AFS financial asset pertains to debt securities. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

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

Derecognition of Financial Assets

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

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

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

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

Impairment of Financial Assets

a. Impairment of Financial Assets Upon Adoption of PFRS 9

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

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial

recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

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

b. Impairment of Financial Assets Before Adoption of PFRS 9

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

Financial Assets Carried at Amortized Cost. For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in the statement of comprehensive income.

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

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

Financial Liabilities

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

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

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

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

Payables. After initial recognition, payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the statement of comprehensive income.

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

Offsetting of Financial Instruments

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

Equity

Capital Stock. Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

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

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

Revenue Recognition

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

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

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

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

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

b. Revenue Recognition Outside the Scope of PFRS 15

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

c. Revenue Recognition Prior to Adoption of PFRS 15

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

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

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

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

Expenses

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

Taxes

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been to be enacted or substantively enacted at the reporting date.

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

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

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

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

The net amount of VAT recoverable from, or payable to, the taxation authority is presented as "Input value-added tax" or part of "Accounts payable and other current liabilities" accounts in the statement of financial position, respectively.

Earnings per Share (EPS)

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

Provisions

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

Contingencies

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

Events after the Reporting Date

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

5. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

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

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

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

The Company did not recognize deferred income tax assets amounting to ₱0.57 million and ₱0.50 million as at December 31, 2018 and 2017, respectively as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 12).

6. Philippine Deposit Receipts

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

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

The GMA shares are still subject to ownership restrictions on shares of corporations engaged in mass media and GMA may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the PSE on July 30, 2007, and the same may be exercised at any time from said date. Any cash dividends or other cash distributions in respect of GMA shares received by the Company shall be applied toward the operating expenses of the Company for the current and preceding years. A further amount equal to the operating expenses in the preceding year shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the operating expenses paid and the operating fund for such period shall be distributed to PDR holders pro-rata on the first business day after such cash dividends are received by the Company.

Upon exercise of the PDRs, an exercise price of ₱0.05 (VAT inclusive) per share shall be paid by the PDR holders. The exercise price is shown as "Exercise fees" account in the statement of comprehensive income. Exercise fees amounted to ₱1.71 million, ₱2.80 million and ₱0.51 million in 2018, 2017 and 2016, respectively.

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

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

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

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

The following are the details and movements of the PDRs and the underlying GMA shares for the years ended December 31:

	PDRs		Number of Shares	
	2018	2017	2018	2017
Balance at beginning of year	₱6,564,040,850	₱7,097,177,850	772,240,100	834,962,100
Exercise of PDRs	(326,338,800)	(533,137,000)	(38,392,800)	(62,722,000)
Balance at end of year	₱6,237,702,050	₱6,564,040,850	733,847,300	772,240,100

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

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

On April 8, 2016, the Company’s BOD approved a cash distribution to PDR holders of ₱0.40 per share totaling to ₱338.54 million, in relation to dividends declared by GMA to all shareholders of record as at April 25, 2016. These were remitted to the PDR holders on May 17, 2016.

The BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company’s 2018, 2017 and 2016 projected operating expenses on April 5, 2018, March 27, 2017 and April 8, 2016, respectively. Such expenses shall be covered by the interest income from the Company’s cash and cash equivalents, AFS investment and debt instrument at FVOCI.

As discussed in Note 18, on March 29, 2019, the BOD approved a cash distribution to PDR holders in relation to dividends declared by GMA.

7. Cash and Cash Equivalents

	2018	2017
Cash on hand and in bank	₱2,279,421	₱2,810,924
Short-term deposits	26,548,575	25,994,495
	₱28,827,996	₱28,805,419

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

Interest income earned from cash in bank and short-term deposits amounted to ₱0.87 million, ₱0.79 million and ₱0.87 million in 2018, 2017 and 2016, respectively.

8. Debt Instrument at Fair Value Through Other Comprehensive Income / Available-for-Sale Investment

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

Debt Instrument at FVOCI (December 31, 2018)

The movements of debt instrument at FVOCI in 2018 are as follows:

Cost	
Balance at beginning of year, as previously presented	₱—
Reclassification from AFS investment	21,000,000
Balance at beginning of year, as adjusted, and end of year	21,000,000
Unrealized loss on debt instrument at FVOCI	
Balance at beginning of year, as previously presented	—
Reclassification from AFS investment	(429,499)
Balance at beginning of year, as adjusted	(429,499)
Unrealized loss during the year	(848,763)
Balance at end of year	(1,278,262)
	₱19,721,738

AFS Investment (December 31, 2017)

The movement of AFS investment in 2017 is as follows:

Cost	
Balance at beginning and end of year	₱21,000,000
Unrealized loss on AFS investments	
Balance at beginning of year	(174,736)
Unrealized loss during the year	(254,763)
Balance at end of year	(429,499)
	₱20,570,501

No portion of the unrealized loss on AFS investment was transferred to profit or loss in 2017.

Interest income earned from the UBP Tier Note amounted to ₱1.13 million in 2018, 2017 and 2016.

9. Accounts Payable and Other Current Liabilities

	2018	2017
Accounts payable	₱9,380	₱65,845
Accrued expenses:		
Professional fees	435,000	275,000
Others	505	1,714
Deferred output VAT	1,734	81,437
Dividends payable	3,886	3,049
	₱450,505	₱427,045

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

10. Equity

a. Capital Stock

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

The following summarizes the information on the Company's registration of securities with the SEC as required by Securities Regulation Code Rule 68, As Amended (2011):

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

b. Retained Earnings

On April 8, 2016, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱0.60 million to all shareholders of record as at April 29, 2016 and were paid on May 27, 2016.

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

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

On March 29, 2019, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱2.21 million to all stockholders of record as at April 22, 2019. (see Note 18).

11. Operating Expenses

	2018	2017	2016
Professional fees	₱475,000	₱517,910	₱382,857
Listing fees	454,622	497,692	614,064
Taxes and licenses	37,923	35,011	31,509
Others	40,685	59,279	34,890
	₱1,008,230	₱1,109,892	₱1,063,320

12. Income Taxes

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

	2018	2017	2016
Final tax on interest income	₱399,520	₱383,852	₱399,339
MCIT	34,279	—	10,167
RCIT	—	204,698	—
Benefit from deferred tax	—	(8,183)	—
	₱433,799	₱580,367	₱409,506

The reconciliation of the provision for income tax computed at statutory income tax rate to provision for income tax as shown in the statements of comprehensive income is summarized as follows:

	2018	2017	2016
Provision for income tax computed at statutory income tax rate of 30%	₱811,000	₱1,082,837	₱432,517
Income tax effects of:			
Interest income subjected to final tax	(199,760)	(191,926)	(199,669)
Movement in unrecognized deferred tax assets	(179,223)	(310,544)	(226,597)
Expired NOLCO and MCIT	1,782	—	403,255
	₱433,799	₱580,367	₱409,506

Deferred Tax Assets

The components of unrecognized deferred tax assets are as follows:

	2018	2017
NOLCO	₱144,768	₱356,488
Unrealized loss on debt instrument at FVOCI	383,479	—
MCIT	44,446	11,949
Unrealized loss on AFS investment	—	128,850
	₱572,693	₱497,287

The component of deferred tax asset pertaining to unrealized loss on debt instrument at FVOCI and unrealized loss on AFS investment in 2018 and 2017, respectively, are related to equity.

As at December 31, 2018, NOLCO and MCIT that can be claimed as deduction from future taxable income and RCIT due, respectively, are as follows:

Date Paid/Incurred	Carryforward Benefit Up To	NOLCO	MCIT
December 31, 2016	December 31, 2019	₱482,560	₱10,167
December 31, 2018	December 31, 2021	–	34,279
		₱482,560	₱44,446

The movements in NOLCO and MCIT follow:

	2018	2017
NOLCO:		
Balance at beginning of year	₱1,188,294	₱2,196,165
Application	(705,734)	(1,007,871)
Balance at end of year	₱482,560	₱1,188,294
MCIT:		
Balance at beginning of year	₱11,949	₱20,132
Addition	34,279	–
Application	–	(8,183)
Expiration	(1,782)	–
Balance at end of year	₱44,446	₱11,949

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

13. Related Party Disclosures

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

Terms and Conditions of Transactions with Related Parties

There have been no guarantees provided or recovered for any related party receivables or payables and settlements occur in cash. The Company's financial statements include the following amounts resulting from the transactions with related parties as at December 31:

Category	Year	Amount/Volume of Transactions	Outstanding Payable	Terms	Conditions
Shareholders					
Portion of proceeds retained from the issuance of PDRs	2018 2017	₱– –	₱47,271,600 47,271,600	On demand upon exercise of PDRs, noninterest-bearing	Unsecured
Belo, Gozon, Elma Law Firm	2018 2017	160,000 202,910	360,000 200,000	On demand, noninterest-bearing	Unsecured

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

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

14. Financial Risk Management Objectives and Policies

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

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

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

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

Liquidity Risk

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

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

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

	2018			Total
	On Demand	3 to 12 Months	More than 1 year	
Financial Assets				
Cash and cash equivalents	₱28,827,996	₱—	₱—	₱28,827,996
Accounts receivable	272,433	—	—	272,433
Debt instrument at FVOCI	—	867,200	18,854,538	19,721,738
	₱29,100,429	₱867,200	₱18,854,538	₱48,822,167

	2018			Total
	On Demand	3 to 12 Months	More than 1 year	
Financial Liabilities				
Accounts payable and other current liabilities*	P448,771	P-	P-	P448,771
Due to shareholders	10,579,235	36,692,365	-	47,271,600
	P11,028,006	P36,692,365	P-	P47,720,371

*Excluding deferred output VAT amounting to P1,734.

	2017			Total
	On Demand	3 to 12 Months	More than 1 year	
Financial Assets				
Cash and cash equivalents	P28,805,419	P-	P-	P28,805,419
Accounts receivable	881,262	-	-	881,262
AFS investment	-	882,136	19,688,365	20,570,501
	P29,686,681	P882,136	P19,688,365	P50,257,182
Financial Liabilities				
Accounts payable and other current liabilities*	P345,608	P-	P-	P345,608
Due to shareholders	8,659,595	38,612,005	-	47,271,600
	P9,005,203	P38,612,005	P-	P47,617,208

*Excluding deferred output VAT amounting to P81,437.

Interest Rate Risk

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

Fair Value Interest Rate Risk. The Company's debt security earns interest at a fixed rate of 5.38% from the 1st to the 21st interest payment dates and a rate based on the 5Y PDST-R2 plus 196 bps from the 22nd interest payment date to the last interest payment date. The following table below demonstrates the sensitivity of fair value changes due to possible change in interest rates with all other variables held constant (through the impact on other comprehensive income).

	Increase (Decrease) in Basis Points	Effect on Equity	
		2018	2017
Debt instrument at FVOCI	50	(P1,735,549)	P-
	(50)	(806,192)	-
AFS investment	50	-	(P995,748)
	(50)	-	157,470

Credit Risk

With respect to credit risk arising from cash and cash equivalents, accounts receivable and debt security, the Company's exposure to credit risk arises from default of the counterparty. The maximum exposure of accounts receivable and debt security is equal to their carrying amounts. For cash and cash equivalents, the maximum exposure is P28.32 million and P28.30 million as at December 31, 2018 and 2017, respectively, or the carrying amount less insured amount by the Philippine Deposit Insurance Corporation equivalent to the actual cash in bank balance to a maximum of P0.50 million per depositor per bank. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company has an internal mechanism to monitor the granting of credit and management of credit

exposures. The Company will make provisions, when necessary, for potential losses on credits extended. The Company does not require any collateral for its financial assets.

As at December 31, 2018 and 2017, the financial assets are generally viewed by management as good and collectible considering the credit history of the counterparties. No financial assets were identified by the Company as past due or impaired financial assets as at December 31, 2018 and 2017.

Credit Quality of Financial Assets

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

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

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

The Company classified its cash and cash equivalents (excluding cash on hand), accounts receivable and debt security as high grade financial assets as at December 31, 2018 and 2017.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, payoff existing debts, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the three years ended December 31, 2018, 2017 and 2016.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱2.41 million and ₱3.24 million as at December 31, 2018 and 2017, respectively.

The Company is not subject to externally imposed capital requirements.

15. Fair Value Measurement

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

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

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

Debt Instrument at FVOCI / AFS Investment

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

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

	Increase (Decrease) in Basis Points	Effect on Equity	
		2018	2017
Debt instrument at FVOCI	50	(P457,686)	P-
	(50)	472,071	-
AFS investment	50	-	(566,250)
	(50)	-	586,968

16. Basic/Diluted Earnings Per Share Computation

Basic/diluted EPS is computed as follows:

	2018	2017	2016
Net income attributable to equity holders (a)	P2,269,534	P3,029,090	P1,032,216
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	P226.95	P302.91	P103.22

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

17. Note to Statement of Cash Flows

Change in liability arising from financing activity is as follows:

	2018	2017
Dividends payable, at beginning of year	P3,049	P2,689
Dividend declaration (Note 10)	3,100,000	1,000,000
Cash outflow	(3,099,163)	(999,640)
Dividends payable, at end of year	P3,886	P3,049

18. Events after the Reporting Date

On March 29, 2019, the Company's BOD approved a cash distribution to PDR holders of ₱0.45 per share in relation to dividends declared by GMA to all shareholders of record as at April 22, 2019 and will be paid on May 15, 2019.

On the same date, the BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting its operating expenses and approved the use of the interest income from its cash and cash equivalents and debt instrument at FVOCI to cover for these expenses.

Further, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱2.21 million to all stockholders of record as at April 22, 2019.

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

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

The Company reported and/or paid the following types of taxes in 2018:

VAT

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

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

The Company is a VAT-registered Company with output VAT declaration of ₱285,379 for the year based on the gross receipts of exercise fees of ₱2,378,158 as included in the "Exercise fee" account in the statement of comprehensive income.

b. Input VAT

Balance at January 1, 2018	₱248,277
Current year's domestic purchases for services	66,358
Total input VAT	314,635
Applied against output VAT	(285,379)
Balance at December 31, 2018	₱29,256

Other Taxes and Licenses

All other local and national taxes paid for the year ended December 31, 2018 consist of:

Local taxes and license fees	₱37,423
Registration fees	500
	₱37,923

Withholding Taxes

Withholding taxes paid and/or withheld for the year ended December 31, 2018 consist of:

Final withholding tax	₱32,608,173
Expanded withholding tax	10,663
	<u>₱32,618,836</u>

Tax Assessments and Cases

As at December 31, 2018, the Company has no final tax assessments and cases pending before the Bureau of Internal Revenue (BIR). Likewise, the Company has no other pending tax cases outside the administration of the BIR as at December 31, 2018.



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

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

BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the financial statements of GMA Holdings, Inc. as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, and have issued our report thereon dated March 29, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.


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 HOLDINGS, INC.
Index to the Financial Statements and
Supplementary Schedules
December 31, 2018

Schedule I: Supplementary Schedules Required by Annex 68-E

Schedule II: List of Philippine Financial Reporting Standards (PFRS) and Interpretations as at
December 31, 2018

Schedule III: Reconciliation of Retained Earnings Available for Dividend Declaration

Schedule IV: Schedule of Financial Ratios

GMA HOLDINGS, INC.**Supplementary Schedules Required by Annex 68-E
December 31, 2018****Schedule A. Financial Assets**

Name of issuing entity and association of each issue	Amount shown in the statements of	
	financial position	Income received and accrued
Cash and cash equivalents		
Cash on hand	P5,000	P-
Cash in bank - Union Bank of the Philippines	2,274,421	7,416
	2,279,421	7,416
Cash equivalents - Unicapital, Inc.	26,548,575	861,433
	P28,827,996	P868,849
Debt instrument at fair value through other comprehensive income	P19,721,738	P1,128,750

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

Name and designation	Balance as at January 1, 2018	Additions	Deductions		Current	Noncurrent	Balance as at December 31, 2018
			Amount collected	Amount written off			
Not Applicable: The Company has no receivable from directors, officer, employees, related parties and principal stockholders (other than related parties) as at December 31, 2018.							

Schedule C. Amounts of Receivables and Payable from/to Related Parties which are Eliminated during Consolidation Process of Financial Statements

Name and designation	Balance as at January 1, 2018	Additions	Deductions		Current	Noncurrent	Balance as at December 31, 2018
			Amount collected	Amount written off			
Not Applicable: The Company has no receivable from/payable to related parties which are consolidated as at December 31, 2018.							

Schedule D. Intangible Assets - Other Assets

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Other changes:	Ending balance
				additions (deductions)	
Not Applicable: The Company has no intangible asset as at December 31, 2018.					

SCHEDULE I

Schedule E. Long-term Debt

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

Not Applicable: The Company has no long-term debt as at December 31, 2018.

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

Name of related party	Balance at January 1, 2018	Balance at December 31, 2018
-----------------------	----------------------------	------------------------------

Not Applicable: The Company has no long-term loan from a related party as at December 31, 2018.

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of Securities guaranteed by the Company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which the statement is filed	Nature of guarantee
--	---	---	---	---------------------

Not Applicable: The Company has no guarantees of securities of other issuers as at December 31, 2018.

Schedule H. Capital Stock

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

GMA HOLDINGS, INC.**List of Philippine Financial Reporting Standards (PFRS) and Interpretations
As at December 31, 2018**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Financial Reporting Standards				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments			✓
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements			✓
PFRS 11	Joint Arrangements			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		

SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment			✓
PAS 17	Leases			✓
PAS 19	Employee Benefits			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
PAS 23	Borrowing Costs			✓
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements			✓
PAS 28	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting			✓
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property			✓
	Amendments to PAS 40, Transfers of Investment Property			✓
PAS 41	Agriculture			✓

SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease			✓
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market—Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments			✓
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓

SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-21	Levies	✓		
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration			✓
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance—No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC-15	Operating Leases—Incentives			✓
Philippine Interpretation SIC-25	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets—Web Site Costs			✓

Note: Standards and interpretations tagged as "Not applicable" are those standards which were adopted but the entity has no significant covered transaction as at and for the year ended December 31, 2018.

GMA HOLDINGS, INC.**Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2018**

Unappropriated retained earnings, beginning	₱3,136,313
Net income during the year closed to retained earnings	2,269,534
Dividend declaration during the year	(3,100,000)
Unappropriated retained earnings available for dividend declaration, end	<u>₱2,305,847</u>

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

Financial Ratios	Description	December 31	
		2018	2017
Current/liquidity ratio	Current assets over current liabilities	0.61	0.63
Asset to equity ratio	Total assets over total equity	43.32	17.99
Debt to equity ratio	Total liabilities over total equity	42.32	16.99

Financial Ratios	Description	Years ended December		
		2018	2017	2016
Return on equity	Net income over total equity	201.27%	107.92%	99.97%
Return on asset	Net income over total assets	4.65%	6.00%	2.12%
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	72.84%	76.48%	57.55%

CERTIFICATION

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

Issued this 5th day of July 2019.



ROBERTO RAFAEL V. LUCILA
Compliance Officer
GMA Holdings, Inc.

CERTIFICATION OF INDEPENDENT DIRECTORS

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

1. I am a nominee for independent director of GMA HOLDINGS, INC. and have been its independent director since 2007;
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations) as of December 31, 2018:

Company/Organization	Position	Period of Service
Philippine Trust Company (Philtrust Bank)	Chairman and President	2004-present
GMA Network, Inc. and GMA Holdings, Inc.	Independent Director	2007-present
Ayala Land, Inc.	Independent Director	2010-present
Manila Water Company, Inc.	Independent Director	2014-present
Philippine AXA Life Insurance Co., Inc.	Director	2005-present
Charter Ping An Insurance Corporation	Independent Director	2016-
Escuela Taller Foundation of the Philippines, Inc.	Chairman	2013-present
Don Noberto Ty Foundation, Inc.	Chairman	2005-present
Confradia de la Inmaculada Concepcion	Trustee	1979-present
Heart Foundation of the Philippines, Inc.	Trustee	ca. 1985-present
CIBI Foundation, Inc.	Trustee	1998-present
St. Paul University – Quezon City	Trustee	2002-present
Fundacion Santiago, Inc.	Trustee	2002-present
Cultural Center of the Philippines	Trustee	2003-present
Metropolitan Museum of Manila	Trustee	ca. 2004-present
Yuchengco Museum	Trustee	ca. 2007-present
Society for Cultural Enrichment, Inc.	Trustee	2009-present
Ayala Foundation, Inc.	Trustee	2013-present
Filipinas Opera Society Foundation, Inc.	Trustee	2014-present
Various family corporations	Director	ca. 1960-present



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

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

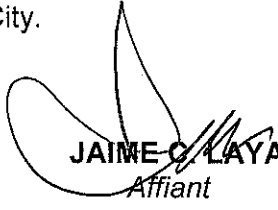
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

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

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

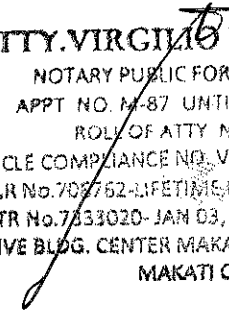
7. I shall inform the Corporate Secretary of GMA HOLDINGS, INC., of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this JUL 04 2019, 2019 at Makati City.


JAIME C. LAYA
Affiant

SUBSCRIBED AND SWORN to before me this JUL 04 2019 day of _____ 2019 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number EC3123777 by the DFA, Manila issued on January 7, 2015.

Doc. No. 24;
Page No. 84
Book No. 24;
Series of 2019.


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. M-87 UNTIL DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. VI0022250/4-4-2019
ISP O.R. No. 709762-LIFETIME MEMBER JAN 29 2007
PTR No. 7333020- JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST.
MAKATI CITY

CERTIFICATION

To Whom It May Concern:

This is to certify that Mr. Jaime C. Laya is an incumbent member of the Board of Trustees of the Cultural Center of the Philippines (CCP).

There is nothing in the law governing the CCP nor in the Article and By-Laws of the CCP, which prohibit Mr. Jaime C. Laya from becoming an Independent Director of any private corporations, local or foreign.

Done this 19 March 2019, in Pasay City


MARIA MARGARITA MORAN FLOIRENDO
Chairperson
Board of Trustees
Cultural Center of the Philippines

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

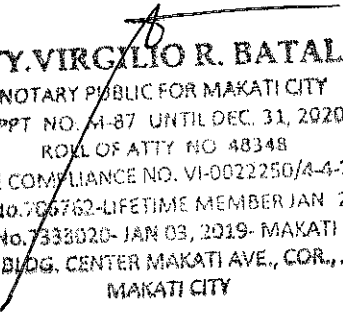
Done this JUL 04 2019 day of _____, 2019 at Makati City.


ARTEMIO V. PANGANIBAN
Affiant

JUL 04 2019

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

Doc. No. 262
Page No. 84
Book No. 24
Series of 2019.


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPT. NO. 44-87 UNTIL DEC. 31, 2020
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. VI-0022250/4-4-2019
ISP O.R. NO. 706762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 7333020- JAN 03, 2019- MAKATI CITY
EXECUTIVE BLDG. CENTER MAKATI AVE., COR., JUPITER ST.
MAKATI CITY