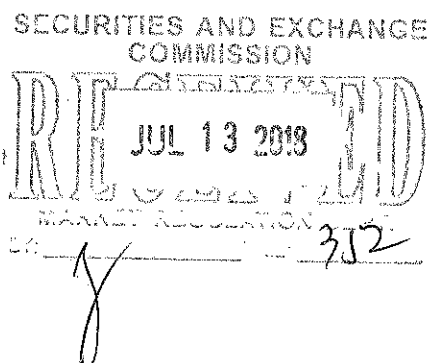




July 12, 2018

**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 20, 2018 (Monday) 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:

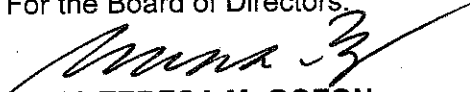
1. Call to order
2. Certification and Notice of Quorum
3. Approval of the Minutes of the Stockholders Meeting held on August 18, 2017.
4. Report of the President
5. Ratification of Acts of the Board of Directors for the previous year
6. Election of Directors, including the Independent Directors
7. Election 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 April 25, 2018 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**  
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 15, 2018. You may deliver the proxy or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on August 17, 2018 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 20, 2018** at 10:00 a.m. and at any postponement or adjournment thereof.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
No. of Shares Held

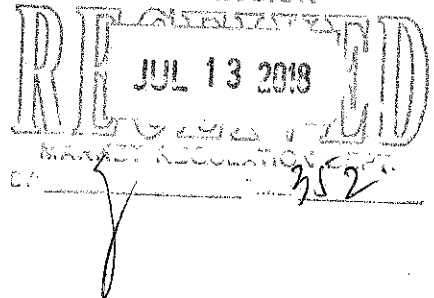
SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 20-IS

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

**GMA HOLDINGS, INC.**

SECURITIES AND EXCHANGE  
COMMISSION



1. Check the appropriate box:

☒ Preliminary Amended Information Statement

☐ Definitive Amended 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 20, 2018**

**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 30, 2018**

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
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<b>Philippine Depositary Receipts ("PDRs")</b>	<b>743,444,300</b>
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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 12, 2018 is being furnished to the stockholders of record of GMA Holdings, Inc. as of April 25, 2018 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 20, 2018  
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 30, 2018

## **Item 2. Dissenters' Right of Appraisal**

Title X of the Corporation Code of the Philippines 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; (4) in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and (5) extension or shortening of the term of corporate existence.

Under Section 42 of the Corporation Code, a stockholder is likewise given an appraisal right in cases where a corporation decides to invest its funds in another corporation or business. The appraisal right may be exercised by a stockholder who shall have voted against any of the foregoing corporate actions proposed in a meeting by making written demand on the corporation for the payment of the fair value of his/its shares within 30 days after the date on which the vote is taken. Failure to make written demand within such period shall be deemed a waiver of such right. If the proposed action is implemented, the corporation shall pay to a stockholder surrendering his/its stock certificates the fair value of such shares as of the day prior to the date on which the vote was taken; however, no payment shall be made to any stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment. Within ten days after demanding payment for his shares, a dissenting stockholder shall submit his stock certificates for notation thereon that such shares are dissenting shares, failing which, his/its appraisal right shall, at the option of the corporation, terminate. Upon payment of the purchase price for the shares, the stockholder must transfer his shares to the corporation.

From the time a demand for payment of fair value until either the abandonment of the corporate action involved or the purchase of said shares by the corporation, all rights accruing to such shares, including voting and dividend rights, shall be suspended. If the dissenting stockholder is not paid the value of the shares within 30 days after the award, his voting and dividend rights shall be restored.

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

### 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 July 29, 2018. 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 April 25, 2018 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 July 29, 2018**

As of July 29, 2018, the following persons owned at least 5% of the Company's outstanding common shares:

<b>Title of class</b>	<b>Name, Address of Record Owner and Relationship with Company</b>	<b>Name of Beneficial Owner and Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percent-age of Class</b>
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	The Record owner is	Filipino	3,330	33.30

	Network Center, EDSA corner Timog Avenue, Diliman	the Beneficial Owner			
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
			<b>Total</b>	<b>9,990</b>	<b>99.90</b>

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

#### **Security Ownership of Management as of July 29, 2018:**

As of July 29, 2018, 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.

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Citizenship</b>	<b>Percentage of Class</b>
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
	<b>Total</b>	<b>99,996</b>		<b>99.96</b>

#### **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 (2018-2019):

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 July 29, 2018, 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	78
Gilberto R. Duavit, Jr.	Filipino	Director	2007	President/Chief Executive Officer	2007	54
Joel Marcelo G. Jimenez	Filipino	Director	2007	N/A	N/A	54
Felipe S. Yalong	Filipino	Corporate Treasurer	2007	Chief Financial Officer/Chief Operating Officer	2012	61
Artemio V. Panganiban	Filipino	Independent Director	2009	N/A	N/A	81
Jaime C. Laya	Filipino	Independent Director	2008	N/A	N/A	79
Ronaldo P. Mastrilli	Filipino	N/A	N/A	Comptroller/Chief Accounting Officer	2007	52
Anna Teresa M. Gozon	Filipino	Corporate Secretary	2007	N/A	N/A	46
Roberto Rafael V. Lucila	Filipino	N/A	N/A	Vice-President/Compliance Officer	2013	61

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

**Felipe L. Gozon**, Filipino, 78 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., and Environmental Heroes Foundation, Inc. He is also an Advisory Board Member of the Asian TV Awards (2010 to present).

Atty. Gozon is a recipient of several 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, 54 years old, is the President and Chief Operating Officer of the GMA Network, Inc. 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, 61 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, 79 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., Philippine AXA Life Insurance Company, Inc., and Charter Ping An Insurance Corporation. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other organizations. He writes a weekly column for the *Manila Bulletin*. He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984; Chairman, National Commission for Culture and the Arts, 1996-2001. He was faculty member of the University of the Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

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

**Chief Justice Artemio V. Panganiban**, Filipino, 81 years old, has been an Independent Director of GMA Network, Inc. since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also an Adviser of Metropolitan Bank and Bank of the Philippine Islands (BPI), Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. Recently, he was named a Member of the Permanent Court of Arbitration based in The Hague, Netherlands. He also is a column writer of The Philippine Daily Inquirer.

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

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

**Anna Teresa M. Gozon**, Filipino, 46 years old, has been a Director of GMA Network, Inc. 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, 52 years old, is the Senior Vice President of GMA Network, Inc.'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, 61 years old, has been the Corporate Secretary of GMA Network, Inc. since March 27, 2017. He is a co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He currently sits as director in the Philippine affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc. as well as a member of the Board of Regents of the Bicol University. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., eMerchant Asia Inc., and eMerchant Pay Asia Inc.. 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 for Constitutional Law 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, Avenue Capital Global Investor Conference in 2005, and The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997. He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and 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.

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, Getting the Deal Done, and the Clifford Chance's "Asia-Pacific Guide to Restructuring and Insolvency Practices Philippine Chapter" 2013 and 2018, 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.

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, and Getting the Deal Through, 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	2015	-	-	-	-
	2016	-	-	-	-
	2017	-	-	-	-
	2018 (estimate)	-	-	-	-
Aggregate compensation paid to all officers and directors as a group unnamed	2015	-	-	-	-
	2016	-	-	-	-
	2017	-	-	-	-
	2018 (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 20, 2018.
- (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. Marydith C. Miguel, partner of SGV & Co., to sign the Company's 2017 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 2017 and 2016. The Company accrued audit fee of Seventy-Five Thousand Pesos (P75,000) for year 2017 which is the same fee with year 2016. 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, 2016 and 2017;
- 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, 2017.
- b. Approval of the Minutes of the Annual Stockholders' Meeting held on August 18, 2017. The salient matters are summarized as follows:

- (1) Approval of the Minutes of the Stockholders' Meeting held on September 30, 2016.
- (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 18, 2017 to August 20, 2018 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 September 30, 2017
- > 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 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 will be 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 shall be distributed to the PDR holders as of April 19, 2018 and will be paid out to the PDR holders on May 16, 2018.

(ii) 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 will be 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 shall be distributed to the PDR Holders as of April 20, 2017 and will be paid out to the PDR holders on May 16, 2017;

(i) Declaration on April 8, 2016 by the Company of 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 paid out to the PDR holders on May 17, 2016;

(ii) All acts and resolutions of the Board of Directors and Management for the period covering August 18, 2017 to May 25, 2018 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 18, 2017
- > 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 12, 2018.

**GMA HOLDINGS, INC.**

By:

  
**ANNA TERESA M. GOZON**  
*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 July 29, 2018 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>2017</u>	<u>in</u> <u>Highest</u> <u>Closing</u>	<u>Lowest</u> <u>Closing</u>
1Q	6.10	5.83
2Q	6.34	5.69
3Q	6.05	5.74
4Q	5.78	5.39

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 11, 2018 is P 5.13 for GMAP (PDRs).

##### Holders

The total number of shareholders as of July 29, 2018 was seven. The number of shares subscribed as of July 29, 2018 was 10,000 or P100,000.00. All the common shareholders of are listed hereunder:

<u>Name of Shareholder</u>	<u>No. of Shares Subscribed</u>	<u>Percentage of Ownership</u>
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
<b>Total</b>	<b>10,000</b>	<b>100.00</b>

##### 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 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 will be 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 shall be distributed to the PDR holders as of April 19, 2018 and will be 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 will be 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 shall be distributed to the PDR holders as of April 20, 2017 and will be 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.

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

On April 2, 2014, the Company approved a cash distribution to PDR holders of P0.27 per share, in relation to dividends declared by GMA, totaling P231.53 million to all shareholders of record as of April 24, 2014. These were remitted to PDR holders on May 20, 2014.

### *Cash Dividends to Common Shareholders*

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 will be paid out to the Company's commons stockholders on or before 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 will be paid out to the Company's commons stockholders on or before May 9, 2017.

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

On August 25, 2015, the BOD approved the Company's declaration and distribution of Php 500 thousand from the retained earnings of the corporation as of December 31, 2015. This was paid out to the Company's common stockholders on October 21, 2015.

The company has no dividend declaration in 2014 and 2013.

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 April 5, 2018, the Company's BOD approved a cash distribution to the PDR holders of P0.50 per PDR to all 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 the 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 P0.73 per PDR totaling to P595.24 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 the 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 P0.40 per PDR totaling to P338.54 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.

On March 30, 2015, the Company's BOD approved a cash distribution to PDR holders of P0.25 per PDR totaling P211.75 million to all shareholders of record as at April 24, 2015. 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 2015 projected operating expenses. The dividends were remitted to PDR holders on May 19, 2015.

## **KEY PERFORMANCE INDICATORS**

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

## **Results of Operations of GMA Holdings Inc.**

### *For the three months ended March 31, 2018 and 2017*

GMA Holdings Inc. ended the first quarter of 2018 with a net income of P1.35 million, 33% higher than last year's net income of P1.02 million, as a result of higher exercise fees.

Revenues for the first quarter reached P1.70 million, 24% higher than last year's level brought about by higher exercise fees of P1.23 million, generated from the conversion of 27,602,100 PDR shares to common shares as compared to 20,144,700 PDR shares converted in same period last year which generated exercise fees of P899 thousand. Likewise, interest income slightly increased to P472 thousand from last year's P471 thousand due to higher interest income earned on cash placement with Unicapital.

Operating expenses for the first quarter amounted to P237 thousand vis-a-vis P242 thousand in same quarter of 2017 mainly due to lower PSE listing fees, partly negated by higher professional fees, taxes and licenses, and PDR conversion fees. Listing fees for the quarter amounted to P114 thousand, a decrease of 9% as compared to P124 thousand in 2017 due to the offshoot of lower market cap. The P341 thousand unexpired portion of listing fee was included under "Other current assets" in the statements of financial position.

Professional fees for the first quarter ended higher at P108 thousand versus P104 thousand last year, which include accrual of audit fee, BDO trust fee and BGE professional fee. In the same manner, taxes and licenses representing amortization of local business tax for the quarter, went up to P9,481 from P8,753 in comparative period due to higher 2017 revenue which is the tax base for 2018 payment. Also, PDR conversion fees for the quarter increased to P3 thousand versus last year's P2 thousand due to higher number of PDR shares converted to common shares this year versus last year. Meanwhile, miscellaneous expenses of P2 thousand which represents maintenance fee on available-for-sale investment remained at par versus a year ago.

*Financial Condition.* Total assets as of March 31, 2018 amounted to P51.72 million, higher by 2% from P50.51 million as of end-2017 primarily due to the increase in cash and cash equivalents, on account of interest received from Unicapital cash placement and payment of receivables.

*For the years ended December 31, 2017 and 2016*

GMA Holdings Inc. ended the year with a total comprehensive income amounting to P2.77 million, 164% higher than last year's total comprehensive income of P1.05M, due to higher exercise fees of P2.80 million generated from the conversion of 62,722,000 PDR shares to common shares as compared to P508 thousand exercise fees from 11,387,000 PDR shares converted in 2016. Likewise, net income after tax grew to P3.03 million, an increase of P2.00 million from last year's net income after tax of P1.03 million. This year's revenues reached P4.72 million, an improvement of 88% or P2.21 million from last year's level of P2.51 million mainly brought about by the increase in exercise fees as mentioned earlier. Interest income, however, declined to P1.92 million in 2017 versus P2.00 million in 2016 due to lower interest income earned on cash placement.

Operating expenses for the year 2017 totaled P1.11 million vis-a-vis P1.06 million in 2016 mainly due to the increase in professional fees to P518 thousand versus P383 thousand in 2016. Local business tax went up to P35 thousand from last year's P32 thousand due to higher 2016 tax base used in assessing the 2017 business tax payment. On the other hand, listing fees amounted to P498 thousand, a decrease of 19% as compared with P614 thousand in 2016 due to the offshoot of lower market cap.

On April 5, 2018, the Board of Directors approved the cash dividend of P3.10 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 P50.51 million, higher by 4% than last year's P48.71 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 P1.05 million, a reversal from previous year's P91 thousand total comprehensive loss due to 2016 unrealized gain on Available-for-sale (AFS) investment of P20 thousand, brought about by changes in its fair value. Likewise, net income after tax amounted to P1.03 million, an increase of P397 thousand from 2015 net income after tax of P635 thousand mainly due to higher revenues coupled with lower operating expenses. Revenues for 2016 reached P2.51 million, an improvement of 17% or P363 thousand from previous year's level of P2.14 million mainly brought about by the increase in exercise fees generating P508 thousand from the conversion of 11,387,000 PDR shares to common shares compared with P89 thousand from the 1,995,900 PDR shares converted during the same period of 2015. Interest income, however, declined to P2.00 million in 2016 versus P2.05 million in 2015 due to lower interest income earned on cash placement.

Operating expenses for the year 2016 totaled P1.06 million vis-a-vis P1.09 million in 2015 mainly due to the decrease in professional fees to P308 thousand versus P400 thousand in 2015. On the other hand, listing fees amounted to P614 thousand, an increase of 7% as compared with P576 thousand in 2015 due to the offshoot of higher market cap. Local business tax went up to P32 thousand from previous year's P20 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 P1.00 million to its common stockholders from the retained earnings of the Company as of December 31, 2016.

*Financial Condition.* Total assets amounted to P48.71 million, a tad higher than P48.22 million in 2015, primarily due to the increase in accounts receivable caused by more conversion of PDR shares to common shares in 2016.

For the years ended December 31, 2015 and 2014

GMA Holdings Inc. ended the year 2015 with a pre-tax income of P1.05 million, an increase of P443 thousand from 2014 pre-tax income of P607 thousand mainly due to higher revenues despite higher operating expenses. Likewise, net income after tax amounted to P635 thousand versus P350 thousand net income after tax in 2014. Revenues in 2015 reached P2.14 million, an improvement of 30% or P490 thousand from 2014 level of P1.65 million mainly brought about by the climb in interest income of P2.05 million. For 2015, a total of P2.00 million PDR shares were converted to common shares which generated exercise fees of P89 thousand vis-a-vis P9.16 million PDR shares in 2014, for an exercise fee of P409 thousand.

Operating expenses inched up by 5% to P1.09 million from P1.05 million in 2014 due to higher professional fees partly negated by lower PSE listing fees and miscellaneous expenses. Professional fees settled at P400 thousand, 95% more than the P205 thousand posted in 2014 which included payment to BGE for the amendment of Articles of Incorporation. On the other hand, listing fees of P576 thousand dropped by 17% from P690 thousand in 2014 as an offshoot of lower market cap.

On April 8, 2016, the BOD approved the company's declaration and distribution of P600 thousand dividends from the retained earnings of the corporation as of December 31, 2015. These were paid out to the Company's common stockholders on May 17, 2016.

*Financial Condition.* Total assets amounted to P48.52 million, a tad lower from P48.91 million in 2014, primarily due to the decrease in the fair market value of Available-for-sale investment (under non-current asset).

## **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 March 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 March 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 March 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 March 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 March 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 Company's continuing operations.

As of March 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 [March 31, 2018 (Unaudited) vs. December 31, 2017 (Audited)]

- Current assets increased by P1.57 million to P31.51 million, mainly as a result of the increase in cash and cash equivalents, on account of interest received from Unicapital cash placement and payment of receivables.
- Current liabilities increased by P223 thousand to P47.92 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 March 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 ifrs 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 23, 2017) as well as the Company's Integrated Annual Corporate Governance Report for 2017 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.





ANNEX A

STATEMENT OF MANAGEMENT'S RESPONSIBILITY  
FOR FINANCIAL STATEMENTS

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

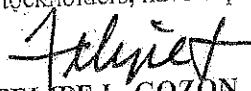
The management of **GMA Holdings, Inc.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended **December 31, 2017 and 2016**, in accordance with the prescribed financial reporting framework indicated therein, 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.

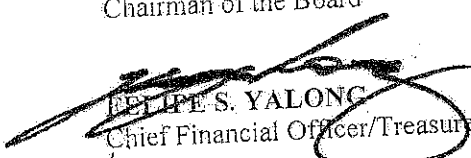
The Board of Directors is responsible for overseeing the Company's financial reporting process.


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 5<sup>th</sup> day of April 2018.

SUBSCRIBED AND SWORN to before me this APR 11 2018 day of 2018, 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. 398  
Page No. 2  
Book No. 308  
Series of 2018

**ATTY. VIRGILIO R. BATALLA**

NOTARY PUBLIC FOR MAKATI CITY

APPOINTMENT NO. M-88

UNTIL DECEMBER 31, 2018

POLL OF ATTY. NO. 48348

MCLE COMPLIANCE NO. IV-C016333/4-10-2013

IBP O.R. NO. 706/62-LIFETIME MEMBER JAN. 23, 2007

PTA No. 6602510 JAN 03, 2018

EXECUTIVE BLDG. CENTER

MAKATI AVE., COR., JUPITER

**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., Dilliman, Quezon City 1103 Philippines

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

# COVER SHEET

for  
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C S 2 0 0 6 0 2 3 5 6

## COMPANY NAME

G M A H O L D I N G S , I N C .

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

5 D T o w e r O n e , O n e M c K i n l e y P l a  
c e , N e w G l o b a l B o n i f a c i o C i t y ,  
F o r t B o n i f a c i o , T a g u i g C i t y

Form Type

A A F S

Department requiring the report

S E C

Secondary License Type, if Applicable

## COMPANY INFORMATION

Company's Email Address

-

Company's Telephone Number

816-3716

Mobile Number

-

No. of Stockholders

7

Annual Meeting (Month / Day)

August 18

Fiscal Year (Month / Day)

December 31

## CONTACT PERSON INFORMATION

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

Name of Contact Person

Mr. Ronaldo P. Mastrili

Email Address

rpmastrili@gmanetwork.com

Telephone Number/s

816-3716

Mobile Number

-

## CONTACT PERSON'S ADDRESS

GMA Network Center, Timog Avenue corner EDSA, Quezon City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.  
2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



Building a better  
working world

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,  
December 14, 2015, valid until December 31, 2018  
SEC Accreditation No. 0012-FR-4 (Group A),  
November 10, 2015, valid until November 9, 2018

## 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, 2017 and 2016, 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, 2017, 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, 2017 and 2016, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2017 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.

BUREAU OF INTERNAL REVENUE  
LARGE TAXPAYERS SERVICE  
LARGE TAXPAYERS ASSISTANCE DIVISION

Date

APR 13 2018

TSIS

MA. GRACIA A. BORDALLO

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 Available-for-Sale Investment***

As at December 31, 2017, the Company has an available-for-sale (AFS) investment in an unquoted debt security amounting to ₱20,570,501. The valuation of this investment is a key audit matter as it is material to the financial statements, representing 41% of the Company's total assets as at December 31, 2017, 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 AFS investment 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 AFS investment 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, 2017, 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, 2017 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.

Date	APR 13 2018	TSIS
BUREAU OF INTERNAL REVENUE LARGE TAXPAYERS SERVICE DIVISION		
MA. GRACIA ALBORAL		

## 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.

Date

APR 13 2018

TSIS

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

*Belinda T. Beng Hui*

Belinda T. Beng Hui  
Partner

CPA Certificate No. 88823

SEC Accreditation No. 0923-AR-2 (Group A),

May 1, 2016, valid until May 1, 2019

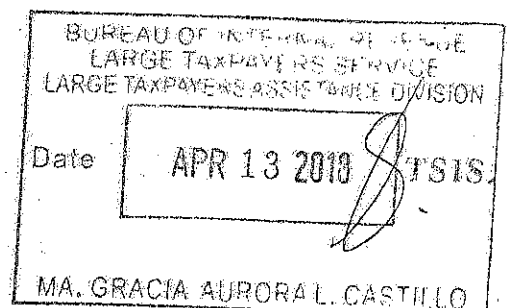
Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2015,

June 26, 2015, valid until June 25, 2018

PTR No. 6621231, January 9, 2018, Makati City

April 5, 2018



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

	December 31,	
	2017	2016
<b>ASSETS</b>		
<b>Current Assets</b>	<b>P28,805,419</b>	<b>P26,888,153</b>
Cash and cash equivalents (Notes 7, 14 and 15)	881,262	555,810
Accounts receivable (Notes 14 and 15)	248,277	441,598
Input value-added tax	29,934,958	27,885,561
Total Current Assets		
<b>Noncurrent Asset</b>	<b>20,570,501</b>	<b>20,825,264</b>
Available-for-sale investment (Notes 8, 14 and 15)	P50,505,459	P48,710,825
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 9, 14 and 15)	P427,045	P403,212
Due to shareholders (Notes 13, 14 and 15)	47,271,600	47,271,600
Income tax payable	—	3,526
Total Liabilities	47,698,645	47,678,338
<b>Equity</b>	<b>100,000</b>	<b>100,000</b>
Capital stock (Note 10)	3,136,313	1,107,223
Retained earnings (Note 10)	(429,499)	(174,736)
Unrealized loss on available-for-sale investment (Note 8)	2,806,814	1,032,487
Total Equity	P50,505,459	P48,710,825

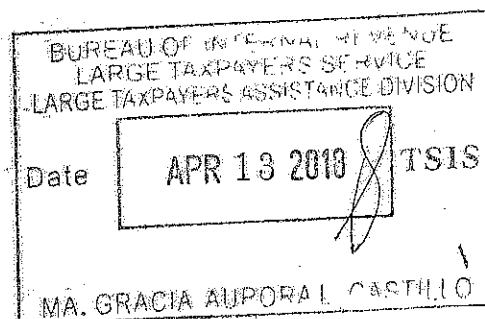
See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE LARGE TAXPAYERS SERVICE LARGE TAXPAYERS ASSISTANCE DIVISION	
Date	APR 13 2013 TSIS.
MA. GRACIA AURORA L. CASTILLO	

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

	Years Ended December 31		
	2017	2016	2015
<b>REVENUE</b>			
Interest income (Notes 7 and 8)	P1,919,260	P1,996,694	P2,052,857
Exercise fees (Note 6)	2,800,089	508,348	89,103
	4,719,349	2,505,042	2,141,960
<b>OPERATING EXPENSES (Note 11)</b>	1,109,892	1,063,320	1,094,413
<b>INCOME BEFORE INCOME TAX</b>	3,609,457	1,441,722	1,047,547
<b>PROVISION FOR INCOME TAX (Note 12)</b>	580,367	409,506	412,354
<b>NET INCOME</b>	3,029,090	1,032,216	635,193
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Item to be reclassified to profit or loss in subsequent periods-</i>			
Unrealized gain (loss) on available-for-sale investment (Note 8)	(254,763)	19,741	(725,928)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	P2,774,327	P1,051,957	(P90,735)
<b>Basic/Diluted Earnings Per Share (Note 16)</b>	P302.91	P103.22	P63.52

See accompanying Notes to Financial Statements.





# GMA HOLDINGS, INC.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Capital Stock (Note 10)	Retained Earnings (Note 10)	Unrealized Gain (Loss) on Available-for-Sale Investment (Note 8)	Total
Balance as at January 1, 2017	P100,000	P1,107,223	(P174,736)	P1,032,487
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	P100,000	P3,136,313	(P429,499)	P2,806,814
Balance as at January 1, 2016	P100,000	P675,007	(P194,477)	P580,530
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	P100,000	P1,107,223	(P174,736)	P1,032,487
Balance as at January 1, 2015	P100,000	P539,814	P531,451	P1,171,265
Net income	-	635,193	-	635,193
Other comprehensive loss	-	-	(725,928)	(725,928)
Total comprehensive loss	-	635,193	(725,928)	(90,735)
Cash dividends	-	(500,000)	-	(500,000)
Balance as at December 31, 2015	P100,000	P675,007	(P194,477)	P580,530

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE LARGE TAXPAYERS SERVICE LARGE TAXPAYERS ASSISTANCE DIVISION	
Date	APR 13 2018
TSIS	
MA. GRACIA ALBORAL CASTILLO	

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

	Years Ended December 31		
	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱3,609,457	₱1,441,722	₱1,047,547
Adjustment for interest income (Notes 7 and 8)	(1,919,260)	(1,996,694)	(2,052,857)
Operating income (loss) before working capital changes	1,690,197	(554,972)	(1,005,310)
Decrease (increase) in:			
Accounts receivable	(346,415)	(389,230)	15,550
Input value-added tax	193,321	(74,599)	(64,126)
Increase in accounts payable and other current liabilities	23,473	36,763	124,580
Cash flows provided by (used in) operations	1,560,576	(982,038)	(929,306)
Interest received	1,940,223	2,029,629	2,021,179
Income taxes paid	(583,893)	(406,249)	(410,958)
Net cash provided by operating activities	2,916,906	641,342	680,915
<b>CASH FLOW FROM A FINANCING ACTIVITY</b>			
Payment of cash dividends (Notes 10 and 17)	(999,640)	(599,730)	(499,595)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,917,266	41,612	181,320
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	26,888,153	26,846,541	26,665,221
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)</b>	₱28,805,419	₱26,888,153	₱26,846,541

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE LARGE TAXPAYERS SERVICE LARGE TAXPAYERS ASSISTANCE DIVISION	
Date	APR 13 2018 TSIS
MA. GRACIA AUPORAL CASTILLO	

# 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 April 5, 2018.

### 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 available-for-sale (AFS) investment, which is 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.

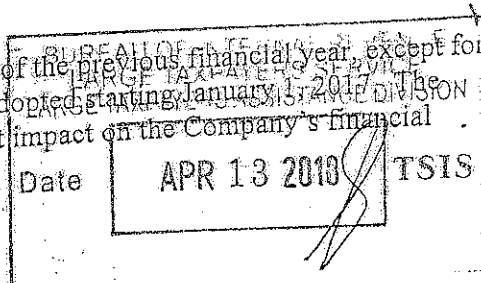
#### Statement of Compliance

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, 2017. The adoption of these pronouncements did not have significant impact on the Company's financial position or performance unless otherwise indicated.



- Amendment to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Adoption of these amendments did not have any impact on the Company's financial statements.

- Amendments to Philippine Accounting Standards (PAS) 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Company has provided the required information in Note 17 to the financial statements. As allowed under the transition provisions of the standard, the Company did not present comparative information for the year ended December 31, 2016.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Since the Company's practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

#### Future Changes in Accounting Policies

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, 2018*

- 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.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

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

■ PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities.

The Company is currently assessing the impact of adopting this standard.

■ Amendments to PFRS 4, *Insurance Contracts*, Applying PFRS 9 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 the Company has no activities that are predominantly connected with insurance or issue insurance contracts.

■ PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is 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. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS-28, *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. The amendments should be applied retrospectively, with earlier application permitted.

The amendments are not applicable to the Company since the Company does not have 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. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

The amendments are not expected to have any impact on the Company's financial statements.

- 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 non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

This interpretation is not expected to have any impact on the Company's financial statements.

*Effective beginning on or after January 1, 2019*

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

The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The amendments are not applicable to the Company since the Company has no debt instruments with negative compensation prepayment features.

▪ 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.

Early application is permitted, but not before an entity applies PFRS 15. 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.

This standard is not expected to have any impact on the Company's financial statements.

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

The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

The amendments are not expected to have any impact on the Company's financial statements.

▪ *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 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.

*Deferred effectivity*

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

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

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (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.

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#### 4. **Summary of Significant Accounting Policies**

##### Current versus Noncurrent Classification

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or



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

A liability is current when:

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

The Company classifies all other assets and liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent.

#### Cash and Cash Equivalents

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

#### Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

#### Financial Instruments

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

#### Financial Assets

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

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 FVPL, HTM investments and derivatives designated as hedging instruments in an effective hedge as at December 31, 2017 and 2016.

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

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

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

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

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

*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

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:

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

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

#### 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 ventures, 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 VAT" or part of "Accounts payable and other current liabilities" accounts in the statement of financial position, respectively.

#### Earnings per Share (EPS)

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

#### Provisions

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

#### Contingencies

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

#### Events after the Reporting Date

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

### 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 AFS Investment.* The Company has no intention of selling its 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 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 AFS investment is discussed in Note 15.

*Impairment of AFS Investment.* The assessment for impairment of AFS debt instrument requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining if allowance is required. Such estimates are based on assumptions about a number of factors and actual results may differ. Allowance may be based on deterioration in the internal rating of the investment since it was acquired. These internal ratings take into consideration factors such as any deterioration in risk, industry, and the financial health and near-term business outlook of the issuer, as well as identified structural weaknesses or deterioration in cash flows.

There was no provision for impairment loss in 2017, 2016 and 2015. The carrying value of AFS investment amounted to P20.57 million and P20.83 million as at December 31, 2017 and 2016, respectively (see Note 8).

*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 P0.50 million and P0.73 million as at December 31, 2017 and 2016, respectively as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 12).

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## 6. Philippine Deposit Receipts

On July 30, 2007 and August 21, 2007, the Company issued 822,115,000 and 123,317,000 PDRs relating to GMA shares, respectively. Total number of issued PDRs is 945,432,000 for a consideration of P8.50 per share or P8,036,172,000.

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 ₱2.80 million, ₱0.51 million and ₱0.09 million in 2017, 2016 and 2015, 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	
	2017	2016	2017	2016
Balance at beginning of year	P7,097,177,850	P7,193,967,350	834,962,100	846,349,100
Exercise of PDRs	(533,137,000)	(96,789,500)	(62,722,000)	(11,387,000)
Balance at end of year	P6,564,040,850	P7,097,177,850	772,240,100	834,962,100

On March 27, 2017, the Company's BOD approved a cash distribution to PDR holders of P0.73 per share totaling P595.24 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 P0.40 per share totaling P338.54 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 2017 and 2016 projected operating expenses on 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 and AFS investment.

As discussed in Note 18, on April 5, 2018, the BOD approved a cash distribution to PDR holders in relation to dividends declared by GMA.

#### 7. Cash and Cash Equivalents

	2017	2016
Cash on hand and in banks	P2,810,924	P1,540,880
Short-term deposits	25,994,495	25,347,273
	P28,805,419	P26,888,153

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

Interest income earned from cash in banks and short-term deposits amounted to P0.79 million, P0.87 million and P0.92 million in 2017, 2016 and 2015, respectively.

#### 8. Available-for-Sale Investment

In 2014, the Company purchased at par a ten-year Union Bank of the Philippines (UBP) Tier Note with a face value of P21.00 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.

Interest income earned from the UBP Tier Note amounted to P1.13 million in 2017, 2016 and 2015.

The movement in AFS investment is as follows:

	2017	2016
Balance at beginning of year	P20,825,264	P20,805,523
Change in fair value	(254,763)	19,741
Balance at end of year	P20,570,501	P20,825,264

Movement of net unrealized loss on AFS investment is as follows:

	2017	2016
Balance at beginning of year	(P174,736)	(P194,477)
Gain (loss) due to changes in fair value of AFS investment	(254,763)	19,741
Balance at end of year	(P429,499)	(P174,736)

9. Accounts Payable and Other Current Liabilities

	2017	2016
Accounts payable	P65,845	P9,643
Accrued expenses:		
Professional and trust fees (Note 13)	275,000	342,857
Others	1,714	3,702
Deferred output VAT	81,437	44,321
Dividends payable	3,049	2,689
	P427,045	P403,212

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 P10.00 par value 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	P8.50

b. Retained Earnings

On March 30, 2015, the BOD approved the Company's declaration and distribution of cash dividends amounting to P0.50 million to all stockholders of record as at December 31, 2014.

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 (see Note 18).

#### 11. Operating Expenses

	2017	2016	2015
Professional fees	₱517,910	₱382,857	₱475,291
Listing fees	497,692	614,064	576,046
Taxes and licenses	35,011	31,509	20,382
Others	59,279	34,890	22,694
	<u>₱1,109,892</u>	<u>₱1,063,320</u>	<u>₱1,094,413</u>

#### 12. Income Taxes

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

	2017	2016	2015
Final tax on interest income	₱383,852	₱399,339	₱410,572
RCIT	204,698	—	—
Benefit from deferred tax	(8,183)	—	—
MCIT	—	10,167	1,782
	<u>₱580,367</u>	<u>₱409,506</u>	<u>₱412,354</u>

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:

	2017	2016	2015
Provision for income tax computed at statutory income tax rate of 30%	₱1,082,837	₱432,517	₱314,264
Income tax effects of:			
Movement in unrecognized deferred tax assets	(310,544)	(226,597)	36,306
Interest income subjected to final tax	(191,926)	(199,669)	(205,285)
Expired NOLCO and MCIT	—	403,255	267,069
	<u>₱580,367</u>	<u>₱409,506</u>	<u>₱412,354</u>

### Deferred Tax Assets

The components of unrecognized deferred tax assets are as follows:

	2017	2016
NOLCO	₱356,488	₱658,849
Unrealized loss on AFS investment	128,850	52,421
MCIT	11,949	20,132
	₱497,287	₱731,402

The component of deferred tax asset pertaining to unrealized loss on AFS investment is related to equity.

As at December 31, 2017, 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, 2015	December 31, 2018	₱633,322	₱1,782
December 31, 2016	December 31, 2019	554,972	10,167
		₱1,188,294	₱11,949

The movements in NOLCO and MCIT follow:

	2017	2016
NOLCO:		
Balance at beginning of year	₱2,196,165	₱2,985,377
Addition	—	554,972
Application	(1,007,871)	—
Expiration	—	(1,344,184)
Balance at end of year	₱1,188,294	₱2,196,165
MCIT:		
Balance at beginning of year	₱20,132	₱9,965
Addition	—	10,167
Application	(8,183)	—
Balance at end of year	₱11,949	₱20,132

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, making the new tax law enacted as of the reporting date. Although the TRAIN changes the existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same will not have any significant impact on the financial statement balances as of the reporting date.

### 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		P-	P47,271,600	On demand upon	Unsecured
Portion of proceeds retained from the issuance of PDRs	2017	-	47,271,600	exercise of PDRs, noninterest-bearing	
	2016				
Belo, Gozon, Elma Law Firm	2017	202,910	200,000	On demand, noninterest-bearing	Unsecured
	2016	67,857	267,857		

The outstanding balance of "Due to shareholders" account in the statements of financial position pertains to the portion of the original proceeds from the issuance of PDRs retained by the Company as the PDR issuer in consideration for the rights granted under the PDRs equivalent to P0.05 per PDR. This amount will be used for the liquidation of expenses related to the issuance of the PDRs. Any excess is to be remitted to the selling shareholders.

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

### 14. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and cash equivalents and AFS investment. 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:

	2017			Total
	On Demand	3 to 12 Months	More than 1 year	
<b>Financial Assets</b>				<b>P28,805,419</b>
Cash and cash equivalents	P28,805,419	P-	P-	881,262
Accounts receivable	881,262	-	-	20,570,501
AFS investment	-	882,136	19,688,365	P50,257,182
	<b>P29,686,681</b>	<b>P882,136</b>	<b>P19,688,365</b>	
<b>Financial Liabilities</b>				<b>P345,608</b>
Accounts payable and other current liabilities*	P345,608	P-	P-	47,271,600
Due to shareholders	8,659,595	38,612,005	-	P47,617,208
	<b>P9,005,203</b>	<b>P38,612,005</b>	<b>P-</b>	
	2016			Total
	On Demand	3 to 12 Months	More than 1 year	
<b>Financial Assets</b>				<b>P26,888,153</b>
Cash and cash equivalents	P26,888,153	P-	P-	555,810
Accounts receivable	555,810	-	-	20,825,264
AFS investment	-	879,968	19,945,296	P48,269,227
	<b>P27,443,963</b>	<b>P879,968</b>	<b>P19,945,296</b>	
<b>Financial Liabilities</b>				<b>P358,891</b>
Accounts payable and other current liabilities*	P358,891	P-	P-	47,271,600
Due to shareholders	5,523,495	41,748,105	-	P47,630,491
	<b>P5,882,386</b>	<b>P41,748,105</b>	<b>P-</b>	

\*Excluding deferred output VAT amounting to P81,437 and P44,321 as at December 31, 2017 and 2016, respectively.

### Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's AFS investment which are subject to fair value interest rate risk.

**Fair Value Interest Rate Risk.** The Company's AFS investment 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	
		2017	2016
AFS investment	50 (50)	(P995,748) 157,470	(P653,500) 709,352

### Credit Risk

With respect to credit risk arising from cash and cash equivalents, accounts receivable and AFS investment, the Company's exposure to credit risk arises from default of the counterparty. The maximum exposure of accounts receivables and AFS investment are equal to their carrying amounts. For cash and cash equivalents, the maximum exposure is P28.30 million and P26.30 million as at

December 31, 2017 and 2016, respectively, or the carrying amount less insured amount by the Philippine Deposit Insurance Corporation equivalent to the actual cash in bank balance to a maximum of ₱0.50 million per depositor per bank. It is the Company's policy to enter into transactions with a diversity of 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, 2017 and 2016, 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, 2017 and 2016.

#### 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 AFS investment as high grade financial assets as at December 31, 2017 and 2016.

#### 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, 2017, 2016 and 2015.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱3.24 million and ₱1.21 million as at December 31, 2017 and 2016, respectively.

The Company is not subject to externally imposed capital requirements.



## 15. Financial Assets and Liabilities

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.

### AFS Investment

The estimated fair value of AFS debt 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 2 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	
		2017	2016
AFS investment	50	(P566,250)	(P536,113)
	(50)	586,968	554,042

## 16. Basic/Diluted Earnings Per Share Computation

Basic/diluted EPS is computed as follows:

	2017	2016	2015
Net income attributable to equity holders (a)	P3,029,090	P1,032,216	P635,193
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	P302.91	P103.22	P63.52

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:

	January 1, 2017	Declaration of dividends	Cash flows used	December 31, 2017
Dividends payable	P2,689	P1,000,000	(P999,640)	P3,049

#### 18. Events after the Reporting Date

On April 5, 2018, the Company's BOD approved a cash distribution to PDR holders of P0.50 per share in relation to dividends declared by GMA to all shareholders of record as at April 23, 2018 and will be paid on May 16, 2018.

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 AFS investment to cover for these expenses.

Further, the BOD approved the Company's declaration and distribution of cash dividends amounting to P3.10 million to all stockholders of record as at April 19, 2018.

#### 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 2017:

##### 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 P298,895 for the year based on the gross receipts of exercise fees of P2,490,790 as included in the "Exercise fee" account in the statement of comprehensive income.

- b. Input VAT

Balance at January 1, 2017	P441,598
Current year's domestic purchases for services	105,574
Total input VAT	547,172
Applied against output VAT	(298,895)
Balance at December 31	P248,277

##### Other Taxes and Licenses

All other local and national taxes paid for the year ended December 31, 2017 consist of:

Local taxes and license fees	P34,511
Registration fees	500
	P35,011

Withholding Taxes

Withholding taxes paid and/or withheld for the year ended December 31, 2017 consist of:

Final withholding tax	P57,891,880
Expanded withholding tax	11,568
	<u>P57,903,448</u>

Tax Assessments and Cases

As at December 31, 2017, 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, 2017.



Building a better  
working world

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BOA/PRC Reg. No. 0001,  
December 14, 2015, valid until December 31, 2018  
SEC Accreditation No. 0012-ER-4 (Group A),  
November 10, 2015, valid until November 9, 2018

## 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, 2017 and for each of the three years in the period ended December 31, 2017, and have issued our report thereon dated April 5, 2018. 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*

Belinda T. Beng Hui  
Partner

CPA Certificate No. 88823

SEC Accreditation No. 0923-AR-2 (Group A),  
May 1, 2016, valid until May 1, 2019

Tax Identification No. 153-978-243

BIR Accreditation No. 08-001998-78-2015,  
June 26, 2015, valid until June 25, 2018

PTR No. 6621231, January 9, 2018, Makati City

April 5, 2018

**GMA HOLDINGS, INC.**  
**INDEX TO THE FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**  
**DECEMBER 31, 2017**

**I) Annex 68 - E**

A. Financial Assets	Attached
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	Not applicable
C. Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	Not applicable
D. Intangible Assets and Other Assets	Not applicable
E. Long-term Debt	Not applicable
F. Indebtedness to Related Parties (Long-term Loans from Related Companies)	Not applicable
G. Guarantees of Securities of Other Issuers	Not applicable
H. Capital Stock	Attached

**Additional Components**

II) List of Philippine Financial Reporting Standards Effective as at December 31, 2017	Attached
III) Reconciliation of Retained Earnings Available for Dividend Declaration	Attached
IV) Schedule of Financial Ratios	Attached

**GMA HOLDINGS, INC.**  
**Index to the Financial Statements and**  
**Supplementary Schedules**  
**December 31, 2017**

Schedule I: Supplementary Schedules Required by Annex 68-E

Schedule II: List of Philippine Financial Reporting Standards (PFRS) and Interpretations as at December 31, 2017

Schedule III: Reconciliation of Retained Earnings Available for Dividend Declaration

Schedule IV: Schedule of Financial Ratios

## SCHEDULE I

GMA HOLDINGS, INC.

GMA HOLDINGS, INC.  
Supplementary Schedules Required by Annex 68-E  
December 31, 2017

### Schedule A. Financial Assets

Name of issuing entity and association of each issue	Amount shown in the statements of financial position	Income received and accrued
<b>Cash and cash equivalents</b>	<b>P2,300</b>	<b>P-</b>
Cash on hand	2,808,624	7,667
Cash in bank - Union Bank of the Philippines	2,810,924	7,667
Cash equivalents - Unicapital, Inc.	25,994,495	780,048
	P28,805,419	P787,715
Available-for-sale investment	P20,570,501	PT,131,545

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, 2017	Additions	Deductions		Current	Noncurrent	Balance as at December 31, 2017
			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, 2017.							

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, 2017	Additions	Deductions		Current	Noncurrent	Balance as at December 31, 2017
			Amount collected	Amount written off			
Not Applicable: The Company has no receivable from/payable to related parties which are consolidated as at December 31, 2017.							

### 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, 2017.					

# 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, 2017.

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

Name of related party	Balance at January 1, 2017	Balance at December 31, 2017
-----------------------	----------------------------	------------------------------

Not Applicable: The Company has no long-term loan from a related party as at December 31, 2017.

## 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, 2017.

## 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, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements		✓		✓
Conceptual Framework Phase A: Objectives and qualitative characteristics				✓
PFRSs Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendment to PFRS 2: Definition of Vesting Condition			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions*	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination			✓
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements			✓
				✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9 with PFRS 4*	Not Early Adopted		

# SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
	Amendments to PFRS 5: Changes in Methods of Disposals			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓
	Amendments to PFRS 7: Disclosures - Servicing Contracts			✓
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓
PFRS 8	Operating Segments			✓
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			✓
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investments Entities: Applying the Consolidation Exception			✓
	Amendment to PFRS 12: Clarification of the Scope of the Standard			✓

# SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception			✓
PFRS 14	Regulatory Deferral Accounts		Not Early Adopted	
PFRS 15	Revenue from Contracts with Customers*		Not Early Adopted	
PFRS 16	Leases*			
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Information	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment			✓
	Amendments to PAS 16: Classification of Servicing Equipment			✓
	Amendment to PAS 16 and PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
	Amendment to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases			

# SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 18	Revenue	✓		✓
PAS 19 (Revised)	Employee Benefits			✓
	Amendments to PAS 19: Actuarial Gains and Losses; Group Plans and Disclosures			✓
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution			✓
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate			✓
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates			✓
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel	✓		✓
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28 - Investment Entities: Applying the Consolidation Exception			✓
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*	Not Early Adopted		
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			✓
PAS 33	Earnings per Share	✓		

# SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
	Amendments to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization			✓
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization			✓
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property			✓
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property			✓
	Amendments to PAS 40: Transfers of Investment Property*	Not Early Adopted		
PAS 41	Agriculture			✓
	Amendment to PAS 16 and PAS 41: Bearer Plants			✓

# SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
<b>Philippine Interpretations</b>				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment	✓		✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies			
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not Early Adopted		
IFRIC 23	Uncertainty over Income Tax Treatments*	Not Early Adopted		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓

# SCHEDULE II

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

\*Standards and interpretations which will become effective subsequent to December 31, 2017.

Effectivity of Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture was deferred.

Note: Standards and Interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the year ended December 31, 2017.

**GMA HOLDINGS, INC.**

**Reconciliation of Retained Earnings Available for Dividend Declaration  
As at December 31, 2017**

Unappropriated retained earnings, beginning	₱1,107,223
Net income during the year closed to retained earnings	3,029,090
Dividend declaration during the year	(1,000,000)
Unappropriated Retained Earnings Available for Dividend Declaration, end	₱3,136,313



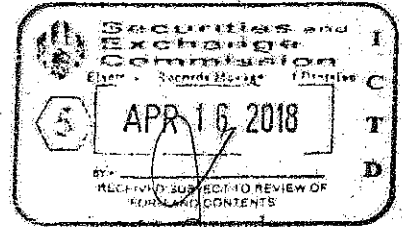
# SCHEDULE IV

## GMA HOLDINGS, INC. Schedule of Financial Ratios

Financial Ratios	Description	December 31	
		2017	2016
Current/liquidity ratio	Current assets over current liabilities	0.63	0.58
Asset to equity ratio	Total assets over total equity	17.99	47.18
Debt to equity ratio	Total liabilities over total equity	16.99	46.18

Financial Ratios	Description	Years ended December		
		2017	2016	2015
Return on equity	Net income over total equity	107.92%	99.97%	109.42%
Return on asset	Net income over total assets	6.00%	2.12%	1.32%
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	76.48%	57.55%	48.91%

**TREASURER'S CERTIFICATION**



I, FELIPE S. YALONG, of legal age, Filipino and with office address at GMA Complex, EDSA corner Timog, Diliman, Quezon City, after being sworn in accordance with law, hereby certify that:

1. I am the Treasurer of GMA Holdings, Inc., a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines under SEC Certificate of registration CS200602356 with the principal office at Unit 5D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City.
2. The General Form for Financial Statements ("GFFS") Compact Disc submitted contains the same basic and material data in the Audited Financial Statements of the Corporation.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the SEC.

Witness my hand on this APR 11 2018 day of APRIL at City of MAKATI CITY

*[Signature]*  
**FELIPE S. YALONG**  
Corporate Treasurer

**Acknowledgement**

SUBSCRIBED AND SWORN to before me this APR 11 2018 day of APRIL at MAKATI CITY  
affiants exhibited to me his TIN 102-874-052 (Felipe S. Yalong).

Doc. No. 292  
Page No. 20  
Book No. 2708  
Series of 2018

**ATTY. VIRGILIO R. BATALLA**  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M-88  
UNTIL DECEMBER 31, 2018  
ROLL OF ATTY. NO. 48348  
MCLE COMPLIANCE NO. IV-0016333/4-10-2013  
IOP O.R. No. 706762-LIFETIME MEMBER JAN. 29, 2007  
PTR No. 6607619- JAN 03, 2018  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR., JUPITER

**GMA HOLDINGS, INC.**

Unit 5-D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City 1634 Philippines  
MAILING ADDRESS: GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City 1103 Philippines  
Telephone No. (632) 982-7777 loc. 8001 Fax (632) 928-5133

## GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: GMA HOLDINGS, INC.CURRENT ADDRESS: 5D Tower One, One McKinley Place, New Bonifacio Global City, Taguig CityTEL. NO.: 982-7777 loc 8001/8889

FAX NO.: \_\_\_\_\_

PSIC: \_\_\_\_\_

COMPANY TYPE: Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2017	2016
	(in Philippine Peso)	
<b>A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)</b>	<b>50,505,459</b>	<b>48,710,825</b>
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	29,934,958	27,885,561
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	2,700	5,000
A.1.1.1 On hand	28,802,719	26,883,153
A.1.1.2 In domestic banks/entities		
A.1.1.3 In foreign banks/entities	881,262	555,810
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	881,262	555,810
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	760,075	413,660
A.1.2.1.1 Due from customers (trade)		
A.1.2.1.2 Due from related parties	121,187	142,150
A.1.2.1.3 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	121,187	142,150
A.1.2.1.3.1 Interest Receivable		
A.1.2.1.3.2 Others		
A.1.2.1.4 Allowance for doubtful accounts (negative entry)		
A.1.2.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4)		
A.1.2.2.1		
A.1.2.2.2		
A.1.2.2.3		
A.1.2.2.4 Allowance for doubtful accounts (negative entry)		
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)		
A.1.3.1 Raw materials and supplies		
A.1.3.2 Goods in process (including unfinished goods, growing crops, unfinished		
A.1.3.3 Finished goods		
A.1.3.4 Merchandise/Goods in transit		
A.1.3.5 Unbilled Services (in case of service providers)		
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)		
A.1.3.6.1		
A.1.3.6.2		
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)		
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)		
A.1.4.1.1 National Government		
A.1.4.1.2 Public Financial Institutions		
A.1.4.1.3 Public Non-Financial Institutions		
A.1.4.1.4 Private Financial Institutions		
A.1.4.1.5 Private Non-Financial Institutions		
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)		
A.1.4.2.1 National Government		
A.1.4.2.2 Public Financial Institutions		
A.1.4.2.3 Public Non-Financial Institutions		
A.1.4.2.4 Private Financial Institutions		
A.1.4.2.5 Private Non-Financial Institutions		

## NOTE:

This general form is applicable to companies engaged in Agriculture, Fishery, Forestry, Mining, and Quarrying, Manufacturing, Electricity, Gas and Water, Construction, Wholesale and Retail Trade, Transportation, Storage and Communications, Hotels and Restaurants, Real Estate, Community, Social and Personal Services, other forms of production, and general business operations. This form is also applicable to other companies that do not have industry-specific Special Forms. Special forms shall be used by publicly-held companies and those engaged in non-bank financial intermediation activities, credit granting, and activities auxiliary to financial intermediation, which require secondary license from SEC.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial Institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: GMA HOLDINGS, INC.  
CURRENT ADDRESS: 5D Tower One, One McKinley Place, New Bonifacio Global City, Taguig City  
TEL. NO.: 982-7777 loc 8001/8689 FAX NO.:  
COMPANY TYPE: Holding Company PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2017	2016
	(In Philippine Peso)	
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)		
A.1.4.3.1 National Government		
A.1.4.3.2 Public Financial Institutions		
A.1.4.3.3 Public Non-Financial Institutions		
A.1.4.3.4 Private Financial Institutions		
A.1.4.3.5 Private Non-Financial Institutions	20,670,501	20,825,264
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)		
A.1.4.4.1 National Government		
A.1.4.4.2 Public Financial Institutions		
A.1.4.4.3 Public Non-Financial Institutions	20,670,501	20,825,264
A.1.4.4.4 Private Financial Institutions		
A.1.4.4.5 Private Non-Financial Institutions		
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1 + A.1.4.5.2 + A.1.4.5.3 + A.1.4.5.4)		
A.1.4.5.1 Financial Assets at fair value through profit or loss		
A.1.4.5.2 Held-to-maturity investments		
A.1.4.5.3 Loans and Receivables		
A.1.4.5.4 Available-for-sale financial assets		
A.1.4.6 Allowance for decline in market value (negative entry)	248,277	441,598
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)		
A.1.5.1 Prepaid Tax Asset	248,277	441,598
A.1.5.2 Input Vat		
A.1.5.3		
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)		
A.2.1 Land		
A.2.2 Building and improvements including leasehold improvement		
A.2.3 Machinery and equipment (on hand and in transit)		
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery equipment		
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)		
A.2.5.1 Property, or equipment used for education purposes		
A.2.5.2 Construction in progress		
A.2.5.3		
A.2.5.4		
A.2.5.5		
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4)		
A.2.6.1		
A.2.6.2		
A.2.6.3		
A.2.6.4		
A.2.7 Accumulated Depreciation (negative entry)		
A.2.8 Impairment Loss or Reversal (if loss, negative entry)		
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)		
A.3.1 Equity in domestic subsidiaries/affiliates		
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4)		
A.3.3.1		
A.3.3.2		
A.3.3.3		
A.3.3.4		
A.4 Investment Property		
A.5 Biological Assets		
A.6 Intangible Assets (A.6.1 + A.6.2)		
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2 + A.6.1.3 + A.6.1.4)		
A.6.1.1		
A.6.1.2		
A.6.1.3		
A.6.1.4		
A.6.2 Others, specify (A.6.2.1 + A.6.2.2 + A.6.2.3 + A.6.2.4)		
A.6.2.1		
A.6.2.2		
A.6.2.3		
A.6.2.4		
A.7 Assets Classified as Held for Sale		
A.8 Assets Included in Disposal Groups Classified as Held for Sale		

GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION: GMA HOLDINGS, INC.  
CURRENT ADDRESS: 5D Tower One, One McKinley Place, New Bonifacio Global City, Taguig City  
TEL. NO.: 982-7777 loc 8001/8889 FAX NO.: PSIC:  
COMPANY TYPE: Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2017	2016
	(In Philippine Peso)	
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)		
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3 + A.9.1.4)		
A.9.1.1		
A.9.1.2		
A.9.1.3		
A.9.1.4		
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3 + A.9.2.4)		
A.9.2.1		
A.9.2.2		
A.9.2.3		
A.9.2.4		
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)		
A.10.1 Deferred charges - net of amortization		
A.10.2 Deferred Income Tax		
A.10.3 Advance/Miscellaneous deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4)		
A.10.4.1 Deferred Tax Asset		
A.10.4.2		
A.10.4.3		
A.10.4.4		
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	47,698,645	47,678,338
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	47,698,645	47,678,338
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	47,695,596	47,672,123
B.1.1 Trade and Other Payables to Domestic Entities		
B.1.1.1 Loans/Notes Payables	65,845	9,643
B.1.1.2 Trade Payables	47,271,600	47,271,600
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	47,271,600	47,271,600
B.1.1.3.1 Due to shareholders		
B.1.1.3.2		
B.1.1.3.3	358,151	390,880
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3)	81,437	44,321
B.1.1.4.1 Deferred output VAT	276,714	346,559
B.1.1.4.2 Accrued Expenses		
B.1.1.4.3		
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3 + B.1.2.4)		
B.1.2.1		
B.1.2.2		
B.1.2.3		
B.1.2.4		
B.1.3 Provisions		
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions)		
(B.1.4.1 + B.1.4.2 + B.1.4.3)		
B.1.4.1		
B.1.4.2		
B.1.4.3		
B.1.4.4		3,526
B.1.5 Liabilities for Current Tax		
B.1.6 Deferred Tax Liabilities	3,049	2,689
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	3,049	2,689
B.1.7.1 Dividends declared and not paid at balance sheet date		
B.1.7.2 Acceptances Payable		
B.1.7.3 Liabilities under Trust Receipts		
B.1.7.4 Portion of Long-term Debt Due within one year		
B.1.7.5 Deferred Income		
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify:		
(B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)		
B.1.7.6.1		
B.1.7.6.2		
B.1.7.6.3		
B.1.7.6.4		

GENERAL FORM FOR FINANCIAL STATEMENTS

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TEL. NO.: 982-7777 loc. 8001/8889 FAX NO.: PSIC:  
COMPANY TYPE: Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA		2017	2016
		(In Philippine Peso)	
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)			
B.2.1 Domestic Public Financial Institutions			
B.2.2 Domestic Public Non-Financial Institutions			
B.2.3 Domestic Private Financial Institutions			
B.2.4 Domestic Private Non-Financial Institutions			
B.2.5 Foreign Financial Institutions			
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)			
B.4 Liabilities included in the Disposal Groups Classified as Held for Sale			
B.5 Other Liabilities (B.5.1 + B.5.2)			
B.5.1 Deferred Income Tax			
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4)			
B.5.2.1			
B.5.2.2			
B.5.2.3			
B.5.2.4		2,806,814	1,032,487
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9 + C.10)		100,000	100,000
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details)		100,000	100,000
(C.1.1 + C.1.2 + C.1.3)			
C.1.1 Common shares 10,000 shares par value of P10			
C.1.2 Preferred Shares			
C.1.3 Others		100,000	100,000
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		100,000	100,000
C.2.1 Common shares 10,000 shares par value of P10			
C.2.2 Preferred Shares			
C.2.3 Others		100,000	100,000
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		100,000	100,000
C.3.1 Common shares 10,000 shares par value of P10			
C.3.2 Preferred Shares			
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus			
C.5 Minority Interest		(429,499)	(174,736)
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4 + C.6.5)		(429,499)	(174,736)
C.6.1 Unrealized loss on available-for-sale investment			
C.6.2			
C.6.3			
C.6.4			
C.6.5			
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		3,136,313	1,107,223
C.8 Retained Earnings (C.8.1 + C.8.2)		3,136,313	1,107,223
C.8.1 Unappropriated			
C.8.2 Appropriated			
C.9 Head / Home Office Account (for Foreign Branches only)			
C.10 Cost of Stocks Held in Treasury (negative entry)		50,505,459	48,710,825
D. TOTAL LIABILITIES AND EQUITY (B + C)			

**GENERAL FORM FOR FINANCIAL STATEMENTS**

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COMPANY TYPE: Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

**Table 2. Income Statement**

FINANCIAL DATA	2017	2016	2015
	(In Philippine Peso)		
<b>A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)</b>	<b>4,719,349</b>	<b>2,505,042</b>	<b>2,141,960</b>
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	2,800,089	508,348	89,103
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the			
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)			
A.3.1 Rental Income from Land and Buildings			
A.3.2 Receipts from Sale of Merchandise (trading) (from Secondary Activity)			
A.3.3 Sale of Real Estate or other Property and Equipment			
A.3.4 Royalties, Franchise Fees, Copyrights (books, films, records, etc.)			
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7)			
A.3.5.1 Rental Income, Equipment			
A.3.5.2			
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	1,919,260	1,996,694	2,052,857
A.4.1 Interest Income	1,919,260	1,996,694	2,052,857
A.4.2 Dividend Income			
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2 + A.4.3.3 + A.4.3.4 + A.4.3.5 + A.4.3.6 + A.4.3.7)			
A.4.3.1			
A.4.3.2			
A.4.3.3			
A.4.3.4			
A.4.4 Gain / (Loss) on Foreign Exchange (A.4.4.1 + A.4.4.2 + A.4.4.3 + A.4.4.4)			
A.4.4.1			
A.4.4.2			
A.4.4.3			
A.4.4.4			
<b>B. COST OF GOODS SOLD (B.1 + B.2 + B.3)</b>			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
<b>C. COST OF SALES (C.1 + C.2 + C.3)</b>			
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
<b>D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6)</b>			
D.1			
D.2			
D.3			
D.4			
D.5			
D.6			

Control No.: CS200602356

Form Type: GFFS (rev 2006)

## GENERAL FORM FOR FINANCIAL STATEMENTS

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 COMPANY TYPE: Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2017	2016	2015
	(In Philippine Peso)		
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)			
E.1			
E.2			
E.3			
E.4			
E.5			
E.6	4,719,349	2,505,042	2,141,960
F. GROSS PROFIT (A - B - C - D - E)	1,109,892	1,063,320	1,094,413
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)			
G.1 Selling or Marketing Expenses	1,109,892	1,063,320	1,094,413
G.2 Administrative Expenses			
G.3 General Expenses			
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6)			
G.4.1 Interest Expense and Bank Charges			
G.4.2			
G.4.3			
G.4.4			
G.4.5			
G.4.6			
H. FINANCE COSTS	3,609,457	1,441,722	1,047,547
I. NET INCOME (LOSS) BEFORE TAX (F - G - H)	(580,367)	(409,506)	(412,354)
J. INCOME TAX EXPENSE (negative entry)	3,029,090	1,032,216	635,193
K. INCOME (LOSS) AFTER TAX			
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)			
L.1			
L.2			
M. Profit or Loss Attributable to Minority Interest			
N. Profit or Loss Attributable to Equity Holders of the Parent			



GENERAL FORM FOR FINANCIAL STATEMENTS

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TEL. NO.: 982-7777 loc 8001/8889 FAX NO.: PSIC:  
COMPANY TYPE: Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2017	2016	2015
	(in Philippine Peso)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	3,609,457	1,441,722	1,047,547
Net Income (Loss) Before Tax and Extraordinary Items			
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation			
Amortization, specify:			
	(1,919,260)	(1,996,694)	(2,052,857)
Others, specify:			
Interest income			
Interest expense and bank charges	1,940,223	2,029,629	2,021,179
Interest received			
Interest paid	(583,893)	(406,249)	(410,958)
Income taxes paid			
Write-down of Property, Plant, and Equipment			
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	(346,415)	(389,230)	15,550
Prepaid Tax	193,321	(74,599)	(64,126)
Others, specify:			
Increase (Decrease) in:	23,833	37,033	124,580
Accounts payable and accrued expenses			
Withholding taxes payable			
Others, specify: Due to shareholders			
<b>A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)</b>	2,917,266	641,612	680,916
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) Decrease in Long-Term Receivables			
(Increase) Decrease in Investment			
Reductions/(Additions) to Property, Plant, and Equipment			
Others, specify:			
<b>B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from:			
Loans			
Long-term Debt			
Issuance of Securities			
Others, specify: Payment of available-for-sale investment			
Payments of:			
(Loans)			
(Long-term Debt)			
(Stock Subscriptions)			
Others, specify (negative entry):	(1,000,000)	(600,000)	(499,595)
Payment of cash dividends			
<b>C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)</b>	(1,000,000)	(600,000)	(499,595)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	1,917,266	41,612	181,320
Cash and Cash Equivalents	26,888,153	26,846,541	26,665,221
Beginning of year	28,805,419	26,888,153	26,846,541
End of year			

# GENERAL FORM FOR FINANCIAL STATEMENTS

NAME OF CORPORATION:

GMA HOLDINGS, INC.

CURRENT ADDRESS:

5D Tower One, One McKinley Place, New Bonifacio Global City, Taguig City

TEL. NO.:

982-7777 local 8001/8889

FAX NO.:

PSIC:

COMPANY TYPE:

Holding Company

If these are based on consolidated financial statements, please so indicate in the caption.

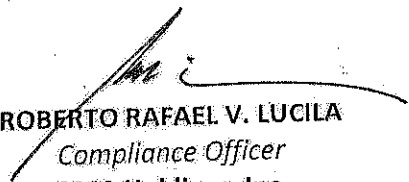
Table 4. Statement of Changes in Equity

FINANCIAL DATA	(In Philippine Peso)						
	Capital Stock	Additional Paid-In Capital	Revaluation Increment	Translation Differences	Unrealized Gain (Loss) on AFS Investment - Net of Tax	Retained Earnings	TOTAL
A. Balance, 2015	100,000				(194,477)	675,007	580,530
A.1 Correction of Error(s)							
A.2 Changes in Accounting Policy							
B. Restated Balance							
C. Surplus							
C.1 Surplus (Deficit) on Revaluation of Properties							
C.2 Surplus (Deficit) on Revaluation of Investments							
C.3 Currency Translation Differences					19,741		19,741
C.4 Other Surplus (specify)							
C.4.1 Other comprehensive income							
C.4.2							
C.4.3							
C.4.4						1,032,216	1,032,216
C.4.5						(600,000)	(600,000)
D. Net Income (Loss) for the Period							
E. Dividends (negative entry)							
F. Appropriation for (specify)							
F.1							
F.2							
F.3							
F.4							
F.5							
G. Issuance of Capital Stock							
G.1 Common Stock							
G.2 Preferred Stock					(174,736)	1,107,223	1,032,487
G.3 Others	100,000						
H. Balance, 2016							
H.1 Correction of Error(s)							
H.2 Changes in Accounting Policy							
I. Restated Balance							
J. Surplus							
J.1 Surplus (Deficit) on Revaluation of Properties							
J.2 Surplus (Deficit) on Revaluation of Investments							
J.3 Currency Translation Differences					(254,763)		(254,763)
J.4 Other Surplus (specify)							
J.4.1 Other comprehensive loss							
J.4.2							
J.4.3							
J.4.4						3,029,090	3,029,090
J.4.5						(1,000,000)	(1,000,000)
K. Net Income (Loss) for the Period							
L. Dividends (negative entry)							
M. Appropriation for (specify)							
M.1							
M.2							
M.3							
M.4							
M.5							
N. Issuance of Capital Stock							
N.1 Common Stock							
N.2 Preferred Stock					(429,499)	3,136,313	2,806,814
N.3 Others	100,000						
O. Balance, 2017							

#### **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 (Director) of the Cultural Center of the Philippines and Atty. Roberto Rafael V. Lucila is a member of the Bicol University Board of Regents.

Issued this 10th day of April 2018.



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

## 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 publicly-listed companies:

Company/Organization	Position/ Relationship	Period of Service
GMA Network, Inc.	Independent Director	2007 - present
First Philippine Holdings Corporation	Independent Director	2007 - present
Metro Pacific Investments Corporation	Independent Director	2007 - present
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 Corporation	Adviser	2014 - present
Bank of the Philippine Islands	Member, Advisory Council	2016 - present
(For my full bio-data, log on to my personal website: <a href="http://cpanganiban.com">cpanganiban.com</a> )		


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

APR 10 2018  
Done this \_\_\_ day of March, 2018 at Makati City.

  
ARTEMIO V. PANGANIBAN  
Affiant

SUBSCRIBED AND SWORN to before me this APR 10 2018 day of March 2018 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number EC2160733 issued on September 22, 2014 by the DFA, Manila and will expire on September 21, 2019.

Doc. No. 285  
Page No. 58  
Book No. 309  
Series of 2018.

  
ATTY. VIRGILIO R. BATALLA  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M-88  
UNTIL DECEMBER 31, 2018  
ROLL OF ATTY. NO. 48348  
MCLE COMPLIANCE NO. IV-0016335/4-10-2013  
IBP O.R. No. 706742 - LIFETIME MEMBER JAN. 29, 2007  
PTR No. 6607619 - JAN 03, 2018  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR., JUPITER

## 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):

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 Norberto Ty Foundation, Inc.	Chairman	2005-present
Cofradía de la Inmaculada Concepción	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
Fundación 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 President of the Cultural Center of the Philippines to be an independent director in GMA Holdings, Inc. pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

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

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

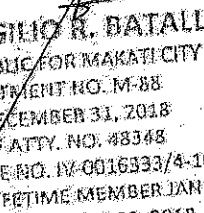
Done this APR 10 2018 day of \_\_\_\_\_, 2018 at Makati City.

  
JAIME C. LAYA  
Affiant

APR 10 2018

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018 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. 245  
Page No. 18  
Book No. 307  
Series of 2018.

  
ATTY. VIRGILIO R. BATALLA  
NOTARY PUBLIC FOR MAKATI CITY  
APPOINTMENT NO. M-88  
UNTIL DECEMBER 31, 2018  
ROLL OF ATTY. NO. 48348  
MCLE COMPLIANCE NO. IV-0016333/4-10-2013  
ISP O.R. NO. 706762-LIFETIME MEMBER JAN. 29, 2007  
PTR No. 6607619- JAN 03, 2018  
EXECUTIVE BLDG. CENTER  
MAKATI AVE., COR., JUPITER



Cultural Center of the Philippines  
SENTRONG PANGKULTURA NG PILIPINAS

To Whom It May Concern:

This is to certify that Mr. JAIME C. LAYA is an incumbent Trustee (Director) of the Cultural Center of the Philippines (CCP).

There is nothing in the law (P.D 15, as amended) governing the CCP which prohibits a trustee of the CCP from becoming a director of a private corporation. Thus, Mr. Laya has the authorization of CCP to be a Director of a private sector corporation.

Issued this 6th day of March 2018.

  
**ARSENIO C. LIZASO**  
President