COVER SHEET

CS200602356
SEC Registration Number

GMA HOLDINGS, INC.

(Company's Full Name)

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

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

Mr. Ronaldo P. Mastrili
(Contact Person)

982-7777
(Group Telephone Number)

06 30
Month *Day*

17-Q
(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

7
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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

1. For the quarterly period ended **June 30, 2014**

2. SEC Identification Number **CS200602356**

3. BIR Tax Identification No. **244-658-896-000**

4. Exact name of issuer as specified in its charter **GMA Holdings, Inc.**

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
   Industry Classification Code

7. **Unit 5D Tower One, One McKinley Place,**
   New Bonifacio Global City, Fort Bonifacio,Taguig City **1604**
   Address of principal office Postal Code

8. **(632) 982-7777**
   Issuer's telephone number, including area code

9. **Not applicable** ....
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC and Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding.................
Philippine Depositary Receipts (PDRs)	**857,509,800 shares**

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [✓] No [ ]

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
    Yes [✓] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [✓] No [ ]

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2014

GMA Holdings ended the first half of 2014 with a net loss of ₱87 thousand, an improvement from last year's losses of ₱201 thousand as a result of the decrease in operating expenses amidst shortfall in revenues.

Revenues, which came solely from interest income on cash placements and savings deposit, registered lower at ₱578 thousand versus last year's ₱607 thousand. This year's interest rates on cash placements ranged from 1.15% to 1.23% against 1.19% to 2.97% in 2013.

Operating expenses amounted to ₱550 thousand, 19% or ₱131 thousand less than ₱681 thousand posted a year ago mainly due to lower PSE listing fees and professional fees. Listing fees of ₱345 thousand dropped by 14% from ₱400 thousand last year as an offshoot of lower market cap. The unexpired portion of listing fees amounting to ₱345 thousand was shown under "Prepaid expenses and other current assets" in the statements of financial position.

Professional fees for the services of a law firm, trust fees and audit fees aggregating to ₱158 thousand decreased by 34% from ₱240 thousand posted a year ago as a result of reduced billings for legal and other services. Taxes and licenses representing the monthly amortization of local business tax amounted to ₱21 thousand versus ₱17 thousand in 2013 due to higher tax base.

Financial Condition

Total assets amounted to ₱47.64 million a tad lower versus 2013 year-end's ₱48.29 million primarily due to the drop in cash and cash equivalents owing to payment for audit and listing fees.

KEY PERFORMANCE INDICATORS

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

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

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

   As of June 30, 2014, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

As of June 30, 2014, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

   There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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

   For the period January 1, 2014 to June 30, 2014, there were no commitments for capital expenditures.

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

   The Company's results of operations depend largely on its ability to meet PDR holders' expectations from the dividends it receives and to monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation. There are 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.

f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

   As of June 30, 2014, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

g) Causes for material changes in the Financial Statements.

   Statements of Financial Position (June 30, 2014 (Unaudited) vs. December 31, 2013 (Audited))

   - Cash and cash equivalents decreased by ₱1.06 million to ₱46.86 million as a result of payment of PSE listings fees, audit fees and local taxes.

   - Current liabilities, on the other hand decreased by ₱117 thousand to ₱47.44 million due to lower billing for legal fees and other services.

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

   There were no seasonal aspects that had a material effect on the financial condition or results of operations.

GMA HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30, 2014 Unaudited	December 31, 2013 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 11, and 12)	**₱46,868,126**	₱47,929,988
Accounts receivable (Notes 11 and 12)	**52,614**	153,310
Prepaid expenses and other current assets	**723,538**	207,488
	₱47,644,278	₱48,290,786
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 7, 11, and 12)	**₱170,032**	₱729,558
Due to shareholders (Notes 10, 11, and 12)	**47,271,600**	47,271,600
Total Current Liabilities	**47,441,632**	₱48,001,158
Equity		
Capital stock	**100,000**	100,000
Retained Earnings	**102,646**	189,628
Total Equity (Note 11)	**202,646**	289,628
	₱47,644,278	₱48,290,786

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter Ended June 30		Six Months Ended June 30	
	2014	2013	**2014**	2013
REVENUES				
Interest income (Note 6)	**₱292,116**	₱281,975	**₱578,229**	₱607,460
OPERATING EXPENSES (Note 8)	**277,927**	351,022	**549,565**	680,883
INCOME (LOSS) BEFORE INCOME TAX	**14,189**	(69,048)	**28,664**	(73,423)
PROVISION FOR INCOME TAX (Note 9)	**58,423**	59,627	**115,646**	127,507
NET LOSS	**(44,234)**	(128,675)	**(86,982)**	(200,930)
OTHER COMPREHENSIVE INCOME	–	–	–	–
TOTAL COMPREHENSIVE IN LOSS	**(₱44,234)**	(₱128,675)	**(₱86,982)**	(₱200,930)
Basic/Diluted Losses Per Share (Note 13)	**(₱4.42)**	(₱12.87)	**(₱8.70)**	(₱20.09)

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

STATEMENTS OF CHANGES IN EQUITY

	Six Months ended June 30	
	2014	2013
CAPITAL STOCK - 10 par value		
Authorized and subscribed - 10,000 shares	**₱100,000**	₱100,000
RETAINED EARNINGS		
Balance at January 1	**189,628**	569,418
Total Comprehensive Loss	**(86,982)**	(200,930)
Balance at June 30	**102,646**	368,488
	₱202,646	₱468,488

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
STATEMENTS OF CASH FLOWS

	2nd Quarter Ended June 30		Six Months Ended June 30	
	2014	**2013**	**2014**	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**₱14,189**	(₱69,047)	**₱28,664**	(₱73,423)
Non-cash adjustments to reconcile income before income tax to net cash flows:				
Interest income	**(292,116)**	(281,975)	**(578,229)**	(607,460)
Working capital adjustments:				
Decreases (Increases) in:				
Accounts receivable	**80,630**	142,730	**80,630**	(8,381.00)
Prepaid expenses and other current assets	**181,398**	205,613	**(516,050)**	(514,566)
Increase (decrease) in accounts payable and accrued expenses	**(45,592)**	59,959	**(559,526)**	117,184
Cash flows provided by operating activities	**(61,491)**	57,280	**(1,544,511)**	(1,086,646)
Interest received	**370,399**	222,578	**598,295**	713,088
Income and final taxes paid	**(58,423)**	(59,627)	**(115,646)**	(127,507)
Net cash provided by operating activities	**250,485**	220,231	**(1,061,862)**	(501,065)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**250,485**	220,231	**(1,061,862)**	(501,065)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**46,617,641**	47,340,257	**47,929,988**	48,061,553
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**₱46,868,126**	₱47,560,488	**₱46,868,126**	₱47,560,488

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM 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 Unit 5D Tower One, One McKinley Place, New Bonifacio Global 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), an affiliate.

In 2007, the Company issued Philippine Deposit Receipts (PDRs), which were listed and traded in the Philippine Stock Exchange (PSE) (see Note 5).

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.

2. Basis of Preparation andChanges in Accounting Policies and Disclosures

<u>Basis of Preparation</u>
The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The accompanying financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency. All values are rounded to the nearest Philippine peso, except when otherwise indicated.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended Philippine Accounting Standards ("PAS"), PFRS and Philippine Interpretations which were adopted as at January 1, 2013.

The adoption of the following amendments and new PFRS has no impact on the Company's financial statements:

- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments),* the amendment requires an entity to disclose information about rights of offset and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are offset in accordance with PAS 32, *Financial Instruments: Presentation.* These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format, unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a. The gross amounts of those recognized financial assets and recognized financial liabilities;
  b. The amounts that are set-off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
  c. The net amounts presented in the statement of financial position;
  d. The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. Amounts related to financial collateral (including cash collateral); and
  e. The net amount after deducting the amounts in (d) from the amounts in (c) above.

- PFRS 13, *Fair Value Measurement,* establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS. PFRS 13 defines fair value as an exit price.

  As a result of the guidance in PFRS 13, the Company re-assessed its policies for measuring fair values. The Company has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Company. Fair value hierarchy is provided in Note 13.

The following new and amended PFRS, PAS and Philippine Interpretations are not applicable to the Company. Thus, adoption of these standards has no impact on the Company's financial statements:

- PFRS 1, *First-time Adoption of International Financial Reporting Standards-Government Loans (Amendments)*

- PFRS 10, *Consolidated Financial Statements*, replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*

- PFRS 11, *Joint Arrangements*, replaces PAS 31, *Interests in Joint Ventures* and SIC13, *Jointly-controlled Entities (JCEs) - Nonmonetary Contributions by Venturers*

- PFRS 12, *Disclosure of Interests in Other Entities*

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income or OCI (Amendments)*

- PAS 19, *Employee Benefits (Revised)*

- PAS 27, *Separate Financial Statements (as revised in 2011)*

- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011)*, as a consequence of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*

The *Annual Improvements to PFRS* (2009-2011 cycle) contain non-urgent but necessary amendments to PFRS. The adoption of these standards has no impact on the Company's financial statements:

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*,the amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition.

- PAS 1, *Clarification of the requirement for comparative information*, these amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements.

- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*, the amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise.

- PAS 32, *Tax effect of distribution to holders of equity instruments*, the amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.

- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*, the amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment.

Future Changes in Accounting Policies

The Company will adopt the following new standard, interpretation, amendments and improvements to existing standards when these become effective. Except as otherwise indicated, the Company does not expect these changes to have a significant impact on its financial statements.

Effective in 2014

- Investment Entities (Amendments to PFRS 10, PFRS 12 and PAS 27), becomes effective for annual periods beginning on or after January 1, 2014. They provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

- Philippine Interpretation IFRIC 21, *Levies*, becomes effective for annual periods beginning on or after January 1, 2014. The amendment clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments), amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014.The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect Company's financial statements presentation only.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments), amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied. These amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36.In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which impairment loss has been recognized or reversed during the period.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments), becomes effective for annual periods beginning on or after January 1, 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

Effective in 2015

- PAS 19, *Employee Benefits- Defined Benefit Plans: Employee Contributions* (Amendment), amendments are to be retrospectively applied for annual periods beginning on or after July 1, 2014.The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

*Annual Improvements to PFRS (2010–2012 cycle).*The Annual Improvements to PFRS (2010–2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition,* amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination,*the amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9, *Financial Instruments* (or PAS 39, if PFRS 9 is not yet adopted).

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets,* these amendments are to be retrospectively applied for annual periods beginning on or after July 1, 2014. The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables,*the amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendments only affect Company's financial statements disclosures.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation,* becomes effective for annual periods beginning on or after July 1, 2014 after the date of initial application of this amendment and in the immediately preceding annual period. The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

    a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.

    b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

- PAS 24, *Related Party Disclosures - Key Management Personnel,* becomes effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization,* becomes effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

Annual Improvements to PFRS (2011–2013 cycle.) The Annual Improvements to PFRS (2011–2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards-Meaning of 'Effective PFRSs'*, the amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements,* becomes effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception,* becomes effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts.

- PAS 40, *Investment Property,* becomes effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment clarifies the interrelationship between PFRS

3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3.

Standard with No Mandatory Effectivity

- PFRS 9, *Financial Instruments*,as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Company will not adopt the standard before the completion of the limited amendments and the second phase of the project.

Interpretation with Deferred Effective Date

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate,* this interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and short-term deposits with maturities of three (3) months or less.

Financial Assets

Initial Recognition and Measurement. Financial assets within the scope of PAS 39 are classified 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. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets recorded at FVPL.

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's financial assets include cash and cash equivalents and accounts receivable.

As at June 30, 2014 and December 31, 2013, the Company does not have any financial asset at FVPL, HTM investments, AFS financial assets and derivatives designated as hedging instruments.

"Day 1" Profit or Loss. Where the transaction price is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value of the financial instruments (a "Day 1" profit or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data which is not observable is used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" profit or loss amount.

Subsequent Measurement. 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 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 effective interest rate. The effective interest amortization is included in interest income in profit or loss. The losses arising from impairment are recognized in profit or loss in interest expense for loans and in other operating expenses for receivables.

Derecognition of Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized 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; or
- 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 asset is recognized to the extent of the Company's continuing involvement in the asset. 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 period, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that 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 when observable data indicate 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 objective evidence of 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. Financial 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. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the financial 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 effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest income in profit or 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 future write-off is later recovered, the recovery is credited to interest expense in profit or loss.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include accounts payable and other current liabilities (excluding withholding tax payable) and due to shareholders.

As at June 30, 2014 and December 31, 2013, the Company does not have any financial liabilities at FVPL or derivatives designated as hedging instruments.

Subsequent Measurement. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate 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 effective interest rate. The effective interest rate amortization is included in interest expense in profit or loss.

Derecognition of Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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 profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only 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. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented at gross in the statements of financial position.

Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting period is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's-length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

Equity

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

Earnings per share

Basic earnings per share (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.

Revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured, regardless of when the payment is being made. 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.

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" in the statements 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 period.

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

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Prepaid tax" or "Accounts payable and other current liabilities" accounts in the statements of financial position.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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 Reporting Period

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

4. Summary of Significant Accounting Judgment, Estimates and Assumptions

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

Judgment

In the process of applying the Company's accounting policies, management has made judgment on its functional currency, which has the most significant effect on the amounts recognized in the financial statements.

Functional Currency. The Company has determined that its functional currency is the Philippine peso. It is the currency of the primary economic environment in which the Company operates.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The 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 they occur.

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

In 2012, the Company made a reassessment on the realizability of the deferred tax assets. Based on the Company's judgment, taxable income in the future periods may not be sufficient against which the deductible temporary difference and carryforward benefits of MCIT and NOLCO, respectively, can be utilized. This resulted to the reversal of deferred tax assets previously recorded.

The Company did not recognize deferred tax assets amounting to ₱1.05 million as at December 31, 2013.

Fair Value of Financial Assets and Liabilities. The Company carries certain financial assets and liabilities at fair value, which requires the use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rates). However, the timing and amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect the reported fair value of these financial assets and liabilities.

The fair values of the Company's financial assets and liabilities are discussed in Note 12.

5. Philippine Deposit Receipts

On July 30, 2007, the Company issued 822,115,000 PDRs relating to 822,115,000 GMA shares. On August 21, 2007, additional 123,317,000 PDRs were issued relating to 123,317,000 GMA shares. Each PDR was issued for a total consideration of ₱8.50.

Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) GMA share or the sale of and delivery of the proceeds of such sale of one (1) 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 per share shall be paid by the PDR holders. The exercise price is shown as "Exercise fees" account in the statements of comprehensive income. No exercise fee was recorded as of June 30, 2014 and 2013.

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 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 mentioned 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 period ended June 30:

	PDRs		Number of Shares	
	2014	2013	**2014**	2013
Balance at beginning of the period	**₱7,288,833,300**	₱7,288,833,300	**857,509,800**	857,509,800
Exercise of PDRs	**-**	-	**-**	-
Balance at end of the period	**₱7,288,833,300**	₱7,288,833,300	**857,509,800**	857,509,800

On March 21, 2013, the company approved cash distribution to PDR holders of ₱0.25 per share in relation to dividends declared by GMA, totaling ₱ 214.38 million to all shareholders of record as at April 17, 2013. These were remitted to PDR holders on May 15, 2013.

On August 1, 2012, the Company approved a cash distribution to PDR holders of ₱0.26 per share, in relation to dividends declared by GMA, totaling to ₱223.87 million to all shareholders of record as at August 22, 2012. These were remitted to PDR holders on September 14, 2012.

On March 28, 2012, the Company approved a cash distribution to PDR holders of ₱0.40 per share, in relation to dividends declared by GMA, totaling to ₱344.62 million to all shareholders of record as at April 16, 2012. These were remitted to PDR holders on May 9, 2012.

6. Cash and Cash Equivalents

This consists of:

	June 30, 2014	December 31, 2013
Cash on hand and in banks	**₱ 806,223**	₱1,643,366
Short-term placements	**46,061,903**	46,286,622
	₱46,868,126	₱47,929,988

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Interest income, net of final tax, earned from cash and cash equivalents amounted to ₱578 thousand and ₱607 thousand for the period ended June 30, 2014 and 2013, respectively.

7. Accounts Payable and Accrued Expenses

This account consists of:

	June 30, 2014	December 31, 2013
Accounts payable	**₱ 5,270**	₱67,454
Accrued expenses	**164,762**	662,104
	₱170,032	₱729,558

Accounts payable and accrued expenses are noninterest-bearing and are normally settled within the next financial year. Accrued expenses represent accrued audit fees, retainers' fees and petty cash expenses.

8. Operating Expenses

The components of the company's operating expenses are as follows:

	June 30, 2014	June 30, 2013
Listing fees	**₱345,148**	₱399,600
Professional fees	**157,500**	239,918
Taxes and licenses	**21,394**	16,584
Miscellaneous	**25,523**	24,781
	₱549,565	₱680,883

9. Income Taxes

This account consists of final tax on interest income from bank deposits of ₱116 thousand and ₱128 thousand for the period ended June 30, 2014 and 2013, respectively.

10. 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

Transactions with related parties have been entered into at terms no less favorable than could have been obtained if the transactions were entered into with unrelated parties. As of June 30, 2014, no transactions have been entered into by the Company with its related parties.

Category	2nd Quarter	Amount/Volume of Transactions	Due to Shareholders	Terms	Conditions
Shareholders					
Portion of proceeds retained from issuance of PDRs	**2014**	**₱–**	**₱47,271,600**	Upon demand, non-interest bearing	Unsecured, settled in cash
	2013	–	47,271,600		

The outstanding balances of "Due to Shareholders" pertain to the option price amounting to ₱0.05 per PDR which was retained by the Company, as the PDR issuer, in consideration for the rights granted under the PDRs. The PDR issuer agrees that on exercise of any PDRs, only the exercise price amounting to ₱8.45 shall be payable.

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

11. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Company's operations and managing identified financial risks. The Company has other financial assets and liabilities such as accounts receivable, accounts payable and other current liabilities (excluding withholding tax payable) and due to shareholders, which arise directly from its operations. The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk and credit risk.

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

Liquidity Risk. The Company is exposed to the possibility that adverse changes in the business environment and/or its operations would result in substantially higher working capital requirements and subsequently pose difficulty in financing the additional working capital.

The Company manages its liquidity risk by using its cash and cash equivalents from operations 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 table below summarizes 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 June 30, 2014 and December 31, 2013:

	June 30, 2014		
	On Demand	**3 to 12 Months**	**Total**
Cash and cash equivalents	**₱46,868,126**	**₱–**	**₱46,868,126**
Accounts payable and other current liabilities	**₱170,032**	**₱–**	**₱170,032**
Due to shareholders	**47,271,600**	**–**	**47,271,600**
	₱47,441,632	**₱–**	**₱47,441,632**

	December 31, 2013		
	On Demand	3 to 12 Months	Total
Cash and cash equivalents	₱47,929,988	₱–	₱47,929,988
Accounts payable and other current liabilities	₱729,558	₱–	₱729,558
Due to shareholders	47,271,600	–	47,271,600
	₱48,001,158	₱–	₱48,001,158

Interest Rate Risk. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to changes in interest rates is minimal and is attributed to cash and cash equivalents.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax from reporting period up to next reporting period. There is no impact on the Company's equity other than those already affecting profit or loss:

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
June 30 – 2014	**50**	**234,341**
	(50)	**(234,341)**
June 30 – 2013	50	237,802
	(50)	(237,802)

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company ensures that services are made to customers with appropriate credit history. The Company has an internal mechanism to monitor the granting of credit and management of credit exposures. The Company has made provisions, where necessary, for potential losses on credits extended. The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. The Company does not require any collateral for its 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. 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 and accounts receivable as high grade financial assets.

As at June 30, 2014 and December 31, 2013, the amount of receivables presented on the face of statements of financial position are neither past due nor impaired.

	June 30, 2014	December 31, 2013
Neither past due nor impaired	**₱52,614**	₱72,680
Past due but not impaired:		
31-60 days	–	–
61-150 days	–	–
151-365 days	–	80,630
	₱52,614	₱153,310

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 six months ended June 30, 2014.

The Company's capital management is undertaken by GMA. The Company's capital includes the total stockholders' equity, which amounted to ₱203 thousand and ₱290 thousand as at June 30, 2014 and December 31, 2013, respectively.

12. Financial Assets and Liabilities

The following table sets forth the carrying values and fair values of financial assets and liabilities, by category and by class, as of June 30, 2014 and December 31, 2013:

	June 30, 2014		December 31, 2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱46,868,126**	**₱46,868,126**	₱47,929,988	₱47,929,988
Accounts receivable	**52,614**	**52,614**	153,310	153,310
	₱46,920,740	**₱46,920,740**	₱48,083,298	₱48,083,298
Financial Liabilities				
Other financial liabilities:				
Accounts payable and accrued expenses	**₱170,032**	**₱170,032**	₱729,558	₱729,558
Due to shareholders	**47,271,600**	**47,271,600**	47,271,600	47,271,600
	₱47,441,632	**₱47,441,632**	₱48,001,158	₱48,001,158

The carrying values of the above financial instruments are the approximate fair values due to the relatively short-term maturity.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

a. Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
b. Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
c. Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2014 and December 31, 2013, there were no financial assets measured at fair value using any valuation techniques.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements during the period ended June 30, 2014 and December 31, 2013.

13. **Basic/Diluted Earnings Per Share Computation**

Basic/diluted EPS is computed as follows:

	June 30, 2014	June 30, 2013
Net loss attributable to equity holders (a)	**(₱86,982)**	(₱200,930)
Common shares issues at beginning and end of year (b)	**10,000**	10,000
Basic/Diluted Loss Per Share (a/b)	**(₱8.70)**	(₱20.09)

OTHER FINANCIAL INFORMATION

The Company has no other information that needs to be disclosed other than disclosures made under SEC Form 17-C, if any.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **GMA HOLDINGS, INC.**

By:

FELIPE S. YALONG
Chief Operating Officer/Chief Financial Officer

RONALDO P. MASTRILI
Comptroller/Chief Accounting Officer