April 25, 2016

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

To: All Stockholders of GMA Network, Inc.

Please be notified that the **Annual Meeting of the Stockholders** of **GMA Network, Inc.** will be held on **May 18, 2016** (Wednesday) at **10:00 a.m.** at the Studio 6, GMA Network Studios, EDSA corner GMA Network Drive, Diliman, Quezon City to consider, discuss or vote on the following:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting Held on May 20, 2015
4. Annual Report of the Chairman and Chief Executive Officer
5. Financial Report
6. Ratification of the Acts of the Board of Directors/Corporate Officers
7. Election of Directors (including the Independent Directors)
8. Election of the External Auditor
9. Consideration of such other business as may properly come before the meeting
10. Adjournment

Any stockholder may vote by proxy provided that such authorization remains unrevoked and on file with, or is submitted to, the undersigned at 15/F Sagittarius Building, H.V. De la Costa Street, Salcedo Village, Makati not later than May 9, 2016.

For purposes of the meeting, only stockholders of record as of April 18, 2016 are entitled to attend and vote in the said meeting.

For your convenience in registering your attendance, please bring any form of identification such as passport, driver's license or voter's I.D.

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

Thank you.

For the Board of Directors

ROBERTO O. PAREL
Corporate Secretary

RATIONALE FOR THE SALIENT MATTERS CONTAINED IN THE AGENDA

Approval of the Minutes of the Annual Stockholders' Meeting Held on May 20, 2015

The approval of the minutes of the previous year's Annual Stockholders' Meeting is made part of the agenda for transparency and in order to comply with the requirements of the Company's By-laws, the corporation law, as well as the rules and regulations of the Securities and Exchange Commission ("SEC").

Annual Report of the Chairman and Chief Executive Officer

The annual report of the Chairman and the Chief Executive Officer is made part of the Agenda in order to inform the stockholders of the Company's ratings and financials during the previous year and to adhere to the principles of transparency and good corporate governance.

Financial Report

The Company's financial performance during the year 2015 has been detailed in the Audited Financial Statements (AFS) of the Company which was prepared by the Company's independent external auditor. The AFS have been reviewed and approved by the Board of Directors as recommended by the Audit and Risk Management Committee.

Ratification of the Acts of the Board of Directors/Corporate Officers

The Acts of the Board of Directors/Corporate Officers were duly deliberated upon prior to approval and were conducted in the ordinary course of business. The aforementioned acts of the Board of Directors are submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

Election of Directors (including the Independent Directors)

The directors of the previous year have been recommended by the Company's Nomination Committee for re-election. On the basis of the nominated directors' proven track record as shown by the results of the Company's performance and after review of their qualifications, the said directors were recommended for reelection by the Nomination Committee. Their appointment is submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

Election of the External Auditor

Upon the recommendation of the Audit and Risk Management Committee and after proper deliberation, the Board approved the re-appointment of SyCip Gorres & Velayo & Co. (SGV) as the Company's external auditor for 2016. The SGV's appointment is submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

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 **May 9, 2016.** You may deliver this form or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on May 11, 2016 at 10:00 a.m. at 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 Network, Inc. to be held at Studio 6, GMA Network Studios, EDSA corner GMA Network Drive, Diliman, Quezon City on Wednesday, May 18, 2016 at 10:00 a.m. and at any postponement or adjournment thereof.

____
Name

____
Signature

____
Date

____
No. of Shares Held

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

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

OF

GMA NETWORK, INC.

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [✓] Definitive Information Statement

2. Name of Registrant as specified in its charter: **GMA Network, Inc.**

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

4. SEC Identification Number: **5213**

5. BIR Tax Identification Code **000-917-916-30**

6. Address of principal office Postal Code

   GMA Network Center, EDSA corner Timog Avenue, Diliman

7. Registrant's telephone number, including area code: **(632) 982-7777**

8. Date, time and place of the meeting of security holders: **May 18, 2016, 10:00 a.m., Studio 6, GMA Network Studios, EDSA corner GMA Network Drive, Diliman, Quezon City**

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

   April 26, 2016

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 Outstanding or Amount of Debt Outstanding
Common Stock	**3,361,047,000**
Preferred Stock	**7,499,507,184**

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

Yes ✓ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange / Common Stock

GMA NETWORK, INC.
INFORMATION STATEMENT

This Information Statement dated April 25, 2016 is being furnished to the stockholders of record of GMA Network, Inc. as of April 18, 2016 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) Date: May 18, 2016
Time: 10:00 a.m.
Place: Studio 6, GMA Network Studios EDSA corner GMA Network Drive, Diliman, Quezon City

(b) Approximate date when the Information Statement is first to be sent to security holders:

April 26, 2016

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

Item 4. Voting Securities and Principal Holders Thereof

(a) GMA Network, Inc. ("the Company") has 3,361,047,000 common shares and 7,499,507,184 preferred shares subscribed and outstanding as of March 31, 2016. Every stockholder shall be entitled to one vote for each common and preferred share held as of the established record date.

(b) All stockholders of record as of the closing of business on April 18, 2016 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:

(1) The security ownership of certain record and beneficial owners of more than 5% as of March 31, 2016 are as follows:

Title Of class	Name and Address of Beneficial Owner	Citizenship	Record / Beneficial	No. of shares held	Percent Owned
Common	GMA Holdings, Inc. [1] Unit 5D Tower One, One McKinley Place, Bonifacio Global City	Filipino	PCD Nominee Corporation	846,038,700	25.15%
Common	Group Management & Development Inc. [2] No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	789,813,389	23.47%

[1] The Board of Directors of GMA Holdings, Inc. has the power to decide how the shares owned in the Company are to be voted and has authorized Felipe L. Gozon and/or Gilberto R. Duavit, Jr. to vote on the company's shares in GMA Network, Inc.

[2] The Board of Directors of Group Management & Development, Inc. has authorized Gilberto R. Duavit, Jr. to vote on the common and preferred shares of the company in GMA Network, Inc.

Common	FLG Management & Development Corporation[3] Unit 2, 2/F, Building 2, 9th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	675,663,227	20.71%
Common	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City[4]	Filipino	The Record Owner is the Beneficial Owner	453,882,095	13.49%
Common	Television International Corporation[5] 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	334,378,037	9.94%
Total Common Shares 3,099,775,448 92.12%					
Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,625,805,308	35.01%
Preferred	FLG Management & Development Corporation Unit 2, 2/F, Building 2, 9th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,181,898,644	29.09%
Preferred	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,508,978,826	20.12%
Preferred	Television International Corporation 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,111,661,610	14.82%
Total Preferred Shares 7,428,344,388 99.04%					

GMA Holdings, Inc. is 99% owned by Gilberto R. Duavit, Jr., Felipe L. Gozon and Joel Marcelo G. Jimenez. The shares of the Company owned by GMA Holdings, Inc. are covered by Philippine Deposit Receipts (“PDR”) which give the holder the right to delivery or sale of the underlying share. The PDRs are listed with the Philippine Stock Exchange.

Group Management and Development, Inc., FLG Management and Development Corporation, M.A. Jimenez Enterprises, Inc. and Television International Corporation are significant shareholders of the Company.

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[3] The Board of Directors of FLG Management & Development Corporation has authorized Felipe L. Gozon to vote on the common and preferred shares of the company in GMA Network, Inc.

[4] The Board of Directors of M.A. Jimenez Enterprises, Inc. has authorized Joel Marcelo G. Jimenez and/or Laura J. Westfall to vote on the common and preferred shares of the company in GMA Network, Inc.

[5] The Board of Directors of Television International Corporation has authorized Joel Marcelo G. Jimenez and/or Laura J. Westfall to vote on the common and preferred shares of the company in GMA Network, Inc.

(2) Security Ownership of Management as of March 31, 2016

As of March 31, 2016, the Company's directors and senior officers owned an aggregate of 6,365,198 common shares of the Company, equivalent to 0.1892% of the Company's issued and outstanding common capital stock and 27,294 preferred shares equivalent to 0.00% of the Company's issued and outstanding preferred capital stock.

Stockholder Name	**Position**	**Citizenship**	**Record / Beneficial (R/B)**	**No. of Common Shares Held**	**Percent of Common Shares**	**No. of Preferred Shares Held**	**Percent of Preferred Shares**
Anna-Teresa M. Gozon-Abrogar	Director/Assistant Corporate Secretary	Filipino	R/B	529,003	0.01%	6	0.00%
Gilberto R. Duavit Jr.	Director/Pres. and COO	Filipino	R/B	4,007,005	0.11%	12	0.00%
Felipe L. Gozon	Director/Chairman and CEO	Filipino	R/B	3,181	0.00%	26,880	0.00%
Joel Marcelo G. Jimenez	Director	Filipino	R/B	325,003	0.01%	6	0.00%
Michael John R. Duavit	Director	Filipino	R/B	1	0.00%	0	0.00%
Laura J. Westfall	Director	Filipino	R/B	2	0.00%	6	0.00%
Felipe S. Yalong	Director/Executive Vice-President/Chief Financial Officer	Filipino	R/B	1,025,002	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	294,000	0.0087%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	1	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino		0	0.00%	0	0.00%
Ronaldo P. Mastrili	Senior Vice President – Finance and ICT	Filipino	R/B	182,000	0.0054%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	R/B	0	0.00%	0	0.00%
Elvis B. Ancheta	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	Filipino		0	0.00%	0	0.00%

Lizelle G. Maralag	Chief Marketing Officer	Filipino		0	0.00%	0	0.00%

(3) Voting Trust Holders of 5% or more

The Company is unaware of any persons holding more than 5% of shares under a voting trust or similar agreement.

(4) Changes in Control

There are no existing provisions in the Articles of Incorporation or the By-Laws of the Company which will delay, defer or in any manner prevent a change in control of the Company. There have been no arrangements which have resulted in a change in control of the Company during th period covered by this report.

(5) The Philippine Constitution prohibits foreign ownership in mass media companies such as GMA Network, Inc. Hence any such transfer of the shares (common or preferred) of the capital stock of the corporation shall be deemed null and void and will neither be recognized or registered in the books of the corporation. Thus, no part of the Company's equity (common or preferred) is owned by foreigners.

Item 5. Directors and Executive Officers

Nominees for Election as Members of the Board of Directors

The following are expected to be nominated as members of the Board of Directors for the ensuing year (2016-2017):

Anna-Teresa M. Gozon-Abrogar
Gilberto R. Duavit, Jr.
Felipe L. Gozon
Joel Marcelo G. Jimenez
Michael John R. Duavit
Laura J. Westfall
Felipe S. Yalong
Jaime C. Laya (*Independent Director*)
Artemio V. Panganiban (*Independent Director*)

All of the above nominees are incumbent directors. The nominees were formally nominated by Gilberto R. Duavit, Jr. Gilberto R. Duavit, Jr. is not related to the nominated independent directors, Jaime C. Laya and Artemio V. Panganiban.

In 2007, the Company amended its By-Laws providing the procedure for nominating the directors of the Company. The By-Laws provide that all nominations to the Board of Directors shall be submitted in writing to the Nomination Committee at least thirty (30) working days before the date of the regular annual meeting of stockholders. On January 28, 2016, the Nomination Committee 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.
Artemio V. Panganiban
Joel Marcelo G. Jimenez

Board of Directors, Officers and Senior Management

Under the Articles of Incorporation of the Company, the Board of Directors of the Company comprises nine directors, two of whom are independent. The Board is responsible for the overall management and direction of the Company and meets regularly every quarter and other times as necessary, to be provided with updates on the business of the Company and consulted on the Company's material decisions. The directors have a term of one year and are elected annually at the Company's stockholders meeting. A director who was elected to fill a vacancy holds the office only for the unexpired term of his predecessor. As of March 31, 2016, the Company's Board of Directors and Senior Management are 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	1975	Chief Executive Officer	2000	76
Michael John R. Duavit	Filipino	Director	2015	N/A	N/A	47
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	52
Anna Teresa M. Gozon-Abrogar	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	44
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	52
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	48
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President/Chief Financial Officer	2011	59
Roberto O. Parel	Filipino	Corporate Secretary	1993	N/A	N/A	60
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	61
Ronnie P. Mastrili	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	50
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment TV	2013	52
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	79
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	77
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	49
Lizelle G. Maralag	Filipino	N/A	2016	Chief Marketing Officer	2016	50

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

Felipe L. Gozon, Filipino, 76 years old, is the Chairman of the Board of Directors and Chief Executive Officer of the Network.

Atty. Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. Aside from GMA Network, Inc., he is also Chairman and CEO of GMA New Media, Inc.; and President of FLG Management and Development Corp.; Chairman of Alta Productions Group, Inc., Citynet Network

Marketing and Productions, Inc., Mont-Aire Realty and Development Corp., Philippine Entertainment Portal, Inc., and RGMA Network, Inc.; Vice Chairman of Malayan Savings and Mortgage Bank; Director of, among other companies, Gozon Development Corp., Justitia Realty and Management Corp., Antipolo Agri-Business and Land Development Corp., Capitalex Holdings, Inc., BGE Holdings, Inc., Philippine Chamber of Commerce and Industry, Chamber of Commerce of the Philippine Islands and President of Lex Realty, Inc. He serves as Chairman of the Board of Trustees of GMA Kapuso Foundation, Inc., Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.; Chairman and President of Gozon Foundation; and Trustee of Bantayog ng mga Bayani Foundation. Gozon is also an Advisory Board Member of the Asian Television Awards.

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

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

Joel Marcelo G. Jimenez, Filipino, 52 years old, has been a Director of the Company since 2002. He is currently the President and CEO of Menarco Holdings and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and

Mortgage Bank, and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

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

Felipe S. Yalong, Filipino, 59 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., Majalco Finance and Investments, Inc., and GMA Marketing and Productions, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc.

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

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

Anna Teresa G. Abrogar, Filipino, 44 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

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

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.

Michael John R. Duavit, Filipino, 46 years old, was elected to the Company's Board of Directors in 2015. He is currently the Chairman, President and CEO of MRD Holdings & Investments, Inc. and the Chairman and Managing Director of Puresound Trading, Inc. He is a Director of Citynet Television, Inc. and GMA New Media, Inc.

Mr. Duavit is the President and Trustee of Guronasyon Foundation, Inc., which recognizes outstanding teachers in the province of Rizal and the City of Antipolo, and is also a Trustee of GMA Network's socio-civic arm GMA Kapuso Foundation, Inc.

Mr. Duavit was elected Representative of the First District of Rizal and served a full term from 2001 to 2010. During his tenure in Congress, he served as Vice-Chairman of the House Committee on Economic Affairs, the House Committee on Appropriations, and the House Committee on Trade and Industry, where he chaired the Special Sub Committee on Intellectual Property Rights.

Mr. Duavit earned his bachelor's degree from the De La Salle University-Manila, majoring in Marketing Management. He holds a graduate degree in Recording Arts Engineering from the Full Sail Center for Recording Arts in Orlando, Florida, and attended a Management of Information Technology Program in Sweden as a SIDA scholar.

Laura J. Westfall, Filipino, 48 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman – Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Museo Pambata

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

Chief Justice Artemio V. Panganiban, Filipino, 79 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He 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.

Dr. Jaime C. Laya, Filipino, 77 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., and Philippine AXA Life Insurance Company, Inc. 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 foundations. He writes a weekly column for the *Manila Bulletin*.

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

2004.

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

Roberto O. Parel, Filipino, 60 years old, has been the Corporate Secretary of the Company since 1993. He is a Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. His practice areas include labor relations, natural resources and intellectual property. He is a Director of Time-Life International Philippines, Berong Nickel Corporation, Ulugan Nickel Corporation, Ulugan Resources Holdings, Inc., Nickeline Resources Holdings, Inc., TMM Management Inc. and Assetlex Development Company, Inc.; Corporate Secretary of Alta Productions Group, Inc., Scenarios, Inc., Citynet Network Marketing and Productions, Inc. and GMA Kapuso Foundation, Inc.

He graduated from the University of the Philippines with a Bachelor of Arts degree in Philosophy and a Bachelor of Laws degree. He was admitted to the Philippine Bar in 1981. Atty. Parel further pursued legal studies through short programs at the Center of American and International Law and the Southwestern Legal Foundation in Dallas, Texas. Later, he attended a training program on Industrial Property Rights held by the Japan Institute of Invention and Innovation and the Association for Overseas Technical Scholarship in Tokyo, Japan.

Marissa L. Flores, Filipino, 52 years old, is the Senior Vice President for News and Public Affairs, a position she has held since 2004. She joined the Company in 1987 as a researcher for public affairs documentaries and special reports and held the positions of Assistant Vice President for Public Affairs, Vice President for Production – News and Public Affairs before her appointment to her current position.

The Rotary Club of Manila recognized her as Television News Producer of the Year in 1996. In 2004, she was awarded the prestigious TOYM (The Outstanding Young Men) for Broadcast Management. In 2012, she received the CEO Excel Award from the International Association of Business Communicators (IABC) Philippines.

The News and Public Affairs group under Ms. Flores continues to be the recipient of international awards, notably the New York Festivals, US International Film and Video Festival Awards, Asian TV Awards. GMA News and Public Affairs remains as the only Philippine broadcast network which has won the highly-coveted Peabody Award (four Peabody awards as of 2014) — widely considered as broadcasting and cable's equivalent of the Pulitzer prize.

Besides overseeing news and public affairs programs in GMA Channel 7, it is also under Ms. Flores' leadership that GMA News Online was put up in 2007, and GMA News TV (GMA Network's news and public affairs channel on free TV) was launched in February 2011.

She earned her Bachelor's degree at the University of the Philippines, where she studied Journalism.

Ronaldo P. Mastrili, Filipino, 50 years old, is the Senior Vice President of GMA's Finance and ICT Departments. He obtained his Bachelor of Science in Business and Economics degree, major in Accounting from De La Salle University. He attended the Master in Business Administration Program from the same university and completed the Executive Development Program of the Asian Institute of Management. He is a Certified Public Accountant with expertise in the fields of accounting, auditing, finance, taxation and general management. He was formerly the Assistant Vice President of Controllership 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.

Lilybeth G. Rasonable, Filipino, 52 years old, is the Senior Vice President of the Entertainment TV Group of GMA Network, Inc. She is mainly responsible for the production of all entertainment programs of the Network.

After earning her degree in Broadcast Communication from the University of the Philippines, Ms. Rasonable immediately worked in the broadcasting industry, starting out as a Production Assistant and later on, an Associate Producer of the Intercontinental Broadcasting Company. She likewise worked as Production Coordinator and Executive producer of GMA Network, Inc.

Ms. Rasonable's work experience also included a post as Technical Consultant for Local Production with the Associated Broadcasting Company (ABC-5) and freelance Executive Producer for film and television. After a few years, she rejoined GMA as a Production Manager under its Sales and Marketing Group.

From Program Manager, Ms. Rasonable was promoted to Assistant Vice President for Drama in 2004. As AVP, she was a key figure in the creation of groundbreaking and phenomenal hits such as *Mulawin, Encantadia* and *Darna*, which made the primetime block of GMA invincible and contributed to the unprecedented success of GMA in its quest for leadership in the Philippine broadcasting industry. It was also during her time as AVP for Drama when GMA produced programs that created superstars for the Network and afternoon dramas dramatically rose and established strong presence in their timeslots with breakthrough innovations.

In 2010, Ms. Rasonable was promoted to the position of Vice President, Drama Productions and tasked with the supervision of non-primetime and primetime drama programs of GMA. By February 2012, she took the helm as Officer-in-Charge of the Entertainment TV (ETV) Group. And in December 2013, she received her promotion and appointment as ETV's Senior Vice President.

Elvis B. Ancheta, Filipino, 49 years old, is GMA Network's Senior Vice President and Head of Engineering Group. He is concurrently the Head of Transmission and Regional Engineering Department of the Network.

Engr. Ancheta is a member of the Society of Broadcast Engineers and Technicians of the Philippines and the Institute of Electronics and Communications Engineers of the Philippines, Inc. He was also GMA's principal representative to the Technical Working Group chaired by the National Telecommunications Commission for the drafting of the Digital Terrestrial Television Broadcasting - Implementing Rules and Regulations.

Engr. Ancheta earned his Bachelor of Science in Electronics and Communications Engineering degree from Saint Louis University in Baguio City.

Lizelle G. Maralag, Filipino, 50 years old, is GMA Network's Chief Marketing Officer. She is responsible for driving revenue growth and marketing innovation within all media platforms of the Network, including GMA's TV and radio stations as well as the Network's international channels. Under her leadership, GMA became the only Philippine broadcast company with the most number of local and global marketing awards.

She joined the GMA Network in 2010, after a laudable career as an advertising media professional spanning more than two (2) decades, where she drove to leadership position the top-ranked media agency in the market, Starcom Mediavest Group Phils. Co. Inc. as Managing Director, while concurrently serving as the Chairperson of Publicis Group Media Philippines, overseeing Zenith Optimedia Phils. She continues to hold the record in the media advertising industry for winning the most number of Media Agency of Record pitches when she was Managing Director of Starcom Mediavest Group Philippines, from 2000-2009.

She holds a degree of Bachelor of Science in Statistics at the University of the Philippines, Diliman, and took post graduate studies at the INSEAD in Singapore. She was Founding Co-Chairperson of the Media Specialists Association of the Philippines (2008-2009), Chairman of the Radio Research Council Adjudication & Review Board, was a Director of the TV Research Council, was a part-time instructor at the University of Asia and the Pacific, served as a global juror in the Starcom MediaVest Group Fuel Awards (2004), and a frequent jury member in local and regional advertising and marketing industry awards.

Significant Employees

Although the Company and its key subsidiaries have relied on, and will continue to rely on, the individual and collective contributions of their executive officers and senior operational personnel, the Company and its key subsidiaries are not dependent on the services of any particular employee.

Family Relationships

Michael John R. Duavit is the brother of Gilberto R. Duavit, Jr., and Joel Marcelo G. Jimenez and Laura J. Westfall are siblings. Anna Teresa M. Gozon-Abrogar is the daughter of Felipe L. Gozon. Felipe L. Gozon's sister, Carolina L. Gozon-Jimenez, is the mother of Joel Marcelo G. Jimenez and Laura J. Westfall.

Involvement in Certain Legal Proceedings

To the best of the Company's knowledge, during the past five years and up to date, there had 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

Ms. Judith R. Duavit-Vazquez resigned as Director of the Company in 2015.

No director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting 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

Advances to Affiliates

The Company has, from time to time, made advances to certain of its affiliates. The advances are non-interest bearing.

The Company made advances to Mont-Aire in the amount of P121.4 million as of December 31, 2004. Of such advances, the Company converted the amount of P38.3 million into P38.3 million worth of common shares of Mont-Aire. Simultaneously, the other shareholders of Mont-Aire, namely, Group Management and Development, Inc., Television International Corporation and FLG Management and Development Corporation converted advances in the aggregate amount of P23.5 million made by them to Mont-Aire into P23.5 million worth of common shares of Mont Aire. The SEC approved the conversion of the advances into equity on February 17, 2006. The Company owns 49% of Mont-Aire, with the remaining 51% being owned by the Duavit family, Gozon family and Jimenez family. Mont-Aire is a real estate holding company whose principal property is a 5.3 hectare property located in Tagaytay, Cavite. Such property is not used in the broadcasting business of the Company. As of December 31, 2015 and 2014, Mont-Aire has had advances owing to the Company in the amount of P87.9 million and P87.6 million, respectively. Please see Note 20 of the Company's financial statements.

Agreements with RGMA Network, Inc. ("RGMA")

The Company has an existing agreement with RGMA for the latter to provide general management, programming and research, events management, on-air monitoring of commercial placements, certificates of performance, billing and collection functions, and local sales service for the 25 radio stations of the Company. RGMA is paid management and marketing fees based on billed sales. Please see Note 20 of the Company's financial statements.

Agreements with GMA Marketing and Productions, Inc. ("GMA Marketing")

The Company entered into a marketing agreement with its wholly-owned subsidiary, GMA Marketing wherein GMA Marketing agreed to sell television advertising spots and airtime in exchange for which GMA Marketing will be entitled to a marketing fee and commission. Apart from this, the Company likewise engaged the services of GMA Marketing to handle and mount promotional events as well as to manage the encoding, scheduling of telecast/broadcast placements and subsequent monitoring of sales implementations for which GMA Marketing is paid a fixed monthly service fee. Please see Note 20 of the Company's financial statements.

Belo Gozon Elma Parel Asuncion & Lucila Law Office

The Company and the law firm of Belo Gozon Elma Parel Asuncion & Lucila entered into a retainer agreement in 1993 under which Belo Gozon Elma Parel Asuncion & Lucila was engaged by the Company as its external counsel. As such external counsel, Belo Gozon Elma Parel Asuncion & Lucila handles all cases and legal matters referred to it by the Company. Other than Felipe L. Gozon, who is part of the Gozon Family, one of the principal shareholders of the Company, and director of the Company since 1975, some of the lawyers of Belo Gozon Elma Parel Asuncion & Lucila eventually assumed certain positions and functions in the Company either in their individual capacities or as part of the functions of Belo Gozon Elma Parel Asuncion & Lucila as the Company's external counsel. Please see Note 20 of the Company's financial statements.

Item 6. Compensation of Directors and Executive Officers

(a) CEO and Top 5 Compensated Executive Officers:

The following are the Company's highest compensated executive officers:

Name and Position

Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Felipe S. Yalong	Executive Vice President and Concurrent Group Head, Corporate Services Group and Chief Financial Officer
Marissa L. Flores	Senior Vice President, News and Public Affairs
Lilybeth G. Rasonable	Senior Vice President, Entertainment TV Group
Ronaldo P. Mastrili	Senior Vice President, Finance and Information and Communications Technology Department

	Year	Annual Salaries (in thousands)	13th Month and Bonuses (in thousands)	Total
5 Highest Compensated Officers	2013	91,658.4	52,829.9	144,488.3
	2014	101,691.8	40,024.6	141,716.4
	2015	105,700.4	72,452.0	178,152.4
	2016 (estimate)	109,928.4	75,350.1	185,278.5
Aggregate compensation paid to all officers and	2013	143,999.7	89,917.5	233,917.2
	2014	149,809.5	49,676.9	199,486.4
	2015	156,399.9	90,808.5	247,208.4
	2016 (estimate)	162,655.9	94,440.8	257,096.7

(a) Directors and other Executive Officers

Section 8 of Article IV of the Company's By-Laws provides that as compensation of the directors, the Members of the Board shall receive and allocate yearly an amount of not more than two and a half percent (2.5%) of the net income after income tax of the corporation during the preceding year. Of the said 2.5%, one percent (1%) shall be allocated to the members of the Board of Directors to be distributed share and share alike. The remaining one and a half percent (1.5%) shall be allocated to the members of the Executive Committee to be distributed share and share alike.

Employee Stock Ownership Plan ("ESOP")

The Company has no outstanding options or warrants held by its CEO, the named executive officers, and all officers and directors as a group.

Item 7. Independent Public Accountants

(a) SyCip Gorres Velayo & Co. has acted as the Company's external auditors since 1994. The same accounting firm is being recommended for re-election at the scheduled annual meeting.

(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 only became publicly listed with the Philippine Stock Exchange on July 30, 2007. Pursuant to Rule 68 paragraph 3 (b) (iv), the Company has engaged Mr. Ramon D. Dizon, partner of SGV & Co., to sign the Company's 2015 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.

Sycip Gorres Velayo & Co. has no shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

(d) The aggregate fees billed for each of the last two years for professional services rendered by Sycip Gorres Velayo and Co., amounted to ₱6.5 million in 2015 and P6.0 million in 2014 (these included the fees related to financial audit and services for general tax compliance). In 2015, the additional P500,000.00 represented fees for a limited post implementation review services for the transition from Oracle to SAP for the Company's ERP. No other fees of any nature were paid.

(e) The Company's Audit and Risk Management Committee was formed in 2007 and was formally organized during the latter portion of that year. The Audit and Risk Management Committee reviews the fee arrangements with the external auditor and recommends the same to the Board of Directors. The Audit and Risk Management Committee has recommended the appointment of Sycip Gorres Velayo and Co., as the external auditor of the Company.

The members of the Audit Committee are as follows:

Dr. Jaime C. Laya (*Chairman*)
Chief Justice Artemio V. Panganiban
Anna Teresa M. Gozon-Abrogar
Michael John R. Duavit
Laura J. Westfall

Item 8. Authorization or Issuance of Securities Other than for Exchange

There are no matters or actions to be taken up in the meeting with respect to authorization or issuance of securities.

Item 9. Modification or Exchange of Securities

There are no matters or actions to be taken up in the meeting with respect to the modification of any class of the Company's securities or the issuance or authorization for issuance of one class of the Company's securities in exchange for outstanding securities of another class.

Item 10. Financial and Other Information

In connection with Item 9 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:

1) Audited Financial Statements for December 31, 2015 and 2014;

2) Management Discussion and Analysis or plan of operation; and

3) Information on business overview, properties, legal proceedings, market price of securities, and dividends paid out, corporate governance, corporate social responsibility.

Item 11. Mergers, Consolidations, Acquisitions and Similar Matters

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

Item 12. Acquisition or Disposition of Property

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

Item 13. 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 14. Action with Respect to Reports

(a) Approval of the Annual Report of Management and the Audited Financial Statements for the year ending December 31, 2015.

(b) Approval of the Minutes of the 2015 annual meeting of the Stockholders held on May 20, 2015, covering the following salient matters:

(i) Approval of the Minutes of the annual meeting of the stockholders on May 21, 2014

(ii) Annual Report of the Chairman and Chief Executive Officer

(iii) Financial Report

(iv) Ratification of all acts of the Board of Directors and the Executive Committee

(v) Election of the Members of the Board of Directors, including the Independent Directors

(vi) Election of the External Auditor

(c) Ratification of the acts of the Board of Directors/Corporate Officers, summarized as follows:

All acts and resolutions of the Board of Directors and Management for the period covering May 20, 2015 to May 18, 2016 adopted in the ordinary course of business, summarized as follows:

- Approval of the Minutes of the organizational meeting of the Board of Directors on May 20, 2015

- Approval of the Minutes of the regular meetings of the Board of Directors covering the following matters:

- Appointment of signatories;

- Approval of borrowings, opening of accounts and bank transactions;

- Appointment/Election of Officers;

- Approval of the record date and venue of the Annual Stockholders' Meeting;

- Approval and release of the financial statements for the year ended December 31, 2015.

Item 15. Matters Not Required to be Submitted

All actions or matters to be submitted in the meeting will require the vote of the security holders, as follows:

Item 16. Amendment of Charter, By-Laws 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 17. Other Proposed Action

(a) Ratification of the Acts of the Board of Directors/Corporate Officers (as enumerated in Item 14 part c) including:

(i) Declaration by the Board of Directors on April 8, 2016 of cash dividends to stockholders of record as of April 25, 2016 and payment date on May 16, 2016.

(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 18. 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 nine (9) nominees garnering the highest number of votes shall be elected directors. The stockholder may vote such number of shares for as many persons 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.

(c) The Corporate Secretary shall be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at any meeting of the stockholders, in the presence of the Company's external auditor.

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

Attention: RONALDO P. MASTRILI
SENIOR VICE PRESIDENT, FINANCE AND ICT

Copies of the Unaudited Interim Financial Statements (period ended March 31, 2016) will be made available to each stockholder at least five (5) calendar days before the Annual Meeting. Such report can be viewed at the Company'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.

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 April 12, 2016.

GMA NETWORK, INC.
By:

ROBERTO O. PAREL
Corporate Secretary

MANAGEMENT REPORT

I. BUSINESS OVERVIEW

GMA Network, Inc. is a free-to-air broadcasting company principally engaged in television and radio broadcasting, the production of programs for domestic and international audiences, and other related businesses. The Company derives the majority of its revenues from advertising related to television broadcasting.

The Company's Congressional television broadcasting franchise was renewed on March 20, 1992 through Republic Act 7252, which allows it to operate radio and television facilities in the Philippines for 25 years. GMA Network has 47 VHF and 41 UHF TV stations throughout the Philippines with its signal reaching approximately 98% of the country's Urban TV Households (Source: 2015 Nielsen Television Establishment Survey; Claimed reception among TV homes).

In 2015, GMA Network, Inc. grabbed leadership in National Urban TV ratings and maintained leadership in the viewer-rich areas of Urban Luzon and Mega Manila. The Company posted increases in its gross revenues and net income for 2015 versus 2014.

GMA Network's international operations continued to expand during the year. The Company's international syndication and distribution business likewise grew in 2015.

GMA SUBSIDIARIES, JOINT VENTURE AND AFFILIATES

The Company's subsidiaries and affiliates are involved in media-related services such as movie making, sets and props construction, film syndication, music and video recording, new media, online gaming, post production services, and marketing, which complement the Company's core television and radio broadcasting business.

The following table shows the Company's holdings in its principal subsidiaries, joint ventures and affiliates as of December 31, 2015:

COMPANY	OWNERSHIP	PRINCIPAL ACTIVITIES
Subsidiaries		
GMA New Media, Inc. (NMI)	100%	Converging Technology
Citynet Network Marketing and Productions, Inc.	100%	Television entertainment production
GMA Network Films, Inc.	100%	Film production
GMA Worldwide (Philippines), Inc.	100%	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs
RGMA Marketing and Productions, Inc. (GMA Records)	100%	Music recording, publishing and video distribution
Scenarios, Inc.	100%	Design, construction, maintenance and storage of sets for TV, stage plays and concerts; transportation services
Script2010, Inc. (Script2010)*	100%	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services

Alta Productions Group, Inc.	100%	Pre- and post-production services
GMA Marketing & Productions, Inc. (GMPI)	100%	Exclusive marketing and sales arm of GMA's airtime; events management; sales implementation; traffic services and monitoring
Mediamerge Corporation**	100%	Business development and operations for the Company's online publishing/advertising initiatives
Digify, Inc. (Digify)**	100%	Crafting, planning and handling advertising and other forms of promotion including multi-media productions
Joint Ventures		
INQ7 Interactive, Inc.	50%	Internet publishing
Philippine Entertainment Portal, Inc. (PEP)**	50%	Internet publishing
Gamespan, Inc.**	50%	Sports betting and broadcasting
Affiliates		
Mont-Aire Realty and Development Corp.***	49%	Real estate
RGMA Network, Inc.	49%	Radio broadcasting and management

Notes:
** Indirectly owned through Citynet Network Marketing and Productions, Inc.*
*** Indirectly owned through GMA New Media, Inc.*
**** 49% owned by GMA Network, Inc.*

COMPETITION

The Company currently competes for audiences and advertising revenues directly with other broadcast stations, radio stations, newspapers, magazines, cable television, and outdoor advertising within their respective markets.

The Following table presents major broadcasting networks in the country:

Network	Description		2015 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	15.4	14.6	12.9
		Audience Share	41.7	39.7	35.4
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	9.9	11.2	12.8
		Audience Share	27.0	30.6	34.9
GNTV	GMA Network's sister channel. It is programmed by GMA. GMANEWS TV (GNTV) was launched on February 28, 2011.	Household Ratings	2.2	1.9	1.6
		Audience Share	5.9	5.1	4.3
TV5	Third-oldest TV network in the country, with	Household Ratings	3.1	3.0	3.3

Network	Description		2015 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
	main broadcast facilities in Novaliches, Quezon City. On March 2, 2010, Mediaquest acquired 100 percent ownership of the Associated Broadcasting Company and Primedia Inc., the broadcasting firm's major block airtimer.	Audience Share	8.5	8.2	9.2
SOLAR TV/ ETC (RPN)/ Solar News (RPN)/ CNN Philippines *	Radio Philippines Network (RPN 9) is a Philippine VHF television network of the Government Communications Group. On November 29, 2009, the network re-branded again under the new name Solar TV on RPN. *Solar TV went off air on February 26, 2011 and was re-launched as ETC (RPN) on March 2, 2011. It was re-launched anew as Solar News (RPN) on November 30, 2013, then was replaced by 9TV (RPN) starting Aug. 23, 2014. On March 16, 2015, 9TV (RPN) was re-launched as CNN PHILIPPINES.	Household Ratings	0.2	0.2	0.2
		Audience Share	0.7	0.6	0.6
Studio 23/ ABS-CBN Sports + Action **	Sister network to the main ABS-CBN Broadcasting Corporation, airing programming aimed towards young adults, such as North American imports and other English language programming. **Studio 23 was re-launched as ABS-CBN Sports + Action on January 18, 2014	Household Ratings	1.1	1.3	1.4
		Audience Share	3.1	3.4	3.8
National Broadcasting Network/ PTV	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.3	0.3	0.2
		Audience Share	0.9	0.8	0.6
Intercontinental Broadcasting Corporation (IBC 13)	IBC-13 is a VHF TV station of the Government Communications Group launched in 1975 by Roberto Benedicto.	Household Ratings	0.2	0.1	0.1
		Audience Share	0.5	0.4	0.4
Southern Broadcasting Network Solar News Channel/ TALK TV (SBN)/ ETC (SBN) ***	On January 1, 2008, Solar Entertainment Corporation's entertainment channel ETC aired on this station. ***SBN was launched as Talk TV (SBN) on March 3, 2011 and was later replaced by Solar News Channel on October 30, 2012. This channel was re-launched anew as ETC (SBN) on November 30, 2013	Household Ratings	0.1	0.1	0.1
		Audience Share	0.2	0.2	0.2
2nd Ave. (RJTV)	RJTV is a UHF free to air television channel owned and operated by Rajah Broadcasting	Household Ratings	0.0	0.0	0.0

Network	Description		2015 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
	Network, Inc. owned by Ramon "RJ" Jacinto. Solar is also programming 2nd Ave.	Audience Share	0.1	0.1	0.0

NOTE: Ratings data are based on the Nielsen Television Audience Measurement (TAM) Arianna.

INTERNATIONAL DISTRIBUTION

The Company's television programs are distributed outside the Philippines in two ways. One is through its subscription-based international linear channels – GMA Pinoy TV, GMA Life TV, and GMA News TV International, as well as non-linear content distribution through Video On Demand (VOD) service - are all distributed in multiple platforms that include DTH, cable, IPTV and OTT across various territories in North America, ASPAC, MENA and Europe. The other is through GMA Worldwide (Philippines), Inc. (GWI), a wholly-owned subsidiary of the Company. GWI distributes GMA's locally produced programs on all platforms through worldwide syndication sales to broadcasters/companies in China, Southeast Asia, Africa, and Europe.

GMA PINOY TV

The Company operates GMA Pinoy TV through which it offers subscription-based programs internationally. Launched in 2005, GMA Pinoy TV delivers to an international audience the Company's most popular news and public affairs and general entertainment programs.

GMA Pinoy TV is currently available in 50 states in the United States including Alaska and Hawaii, plus Puerto Rico and Washington DC; Canada; Japan; Guam; Saipan; Hong Kong; Singapore; Papua New Guinea; Australia; New Zealand the British Indian Territory of Diego Garcia; Madagascar; Malaysia; Palau; Haiti; 17 countries in the Middle East which includes the key territories of the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait;12 countries in North Africa and 16 countries in Europe which includes key areas of UK, France, Germany, and Italy. GMA Pinoy TV aims to establish global exposure and presence for the Network that will bring the company's programs to Filipino communities around the world.

Under the carriage and licensing agreements with international cable carriers, the Company generally receives a portion of the subscription fees and is also allocated a certain number of advertising minutes through which the Company may sell advertising spots, which it does, through GMA Marketing Productions Group (MPG). MPG also participates in joint promotions with various carriers for the marketing of GMA Pinoy TV.

As of December 2015, GMA Pinoy TV's viewership increased by 8% from the previous year, 2014. GMA's viewership base continues its steady growth despite the business challenges brought by overall industry and marketplace factors.

GMA LIFE TV

Three years after the success of GMA Pinoy TV, GMA Life TV, GMA Network's second international channel, was launched. More than just offering mainstream entertainment, GMA Life TV engages more viewers with its exciting line-up of heart-warming and innovative programs that feature the Filipinos' lifestyle and interests.

GMA Life TV is available in the United States, Canada, Middle East, North Africa, Europe, Australia, New Zealand, Hong Kong, Singapore, Japan, Malaysia, Papua New Guinea, Madagascar, Palau, Guam and Saipan. As of December 2015, GMA Life TV's viewership increased by 16% from the previous year, 2014.

GMA NEWS TV INTERNATIONAL

In September 2011, GMA Network began distributing GMA News TV International in order to provide overseas Filipinos with the latest, most comprehensive, and most credible news coverage from the Philippines. It offers internationally acclaimed and award-winning news and public affairs programs with 7 to 8 hours of original content daily.

It is now available in the United States, Canada, Middle East, North Africa, Europe, Australia, New Zealand, Hong Kong, Singapore, Japan, Malaysia, Madagascar, Palau, Guam and Saipan. As of December 2015, GMA News TV International's viewership increased by 32% from the previous year, 2014.

CONVERGING TECHNOLOGY

GMA New Media, Inc. is GMA Network's digital media and technology arm in charge of R&D, Software Design & Development, Systems Integration and Quality Assurance. Since its inception in July 2000, it has launched category-breaking projects in web, mobile, digital television and other new and emerging platforms.

GMA NMI AS GAMECHANGER

Back in the days when traditional and new media had clear boundaries, GMA NMI had the audacity to blur the borders. It was the first to enable mobile and TV to talk to each other, ushering in the era SMS-TV.

Sixteen years later, NMI continues to be at the top of its game.
As GMA Network's innovation center and de facto future-proofing agent, GMA NMI spearheads the design and implementation of the media giant's grand digital blueprint aimed to ensure the company's leadership in the digital era.

WEB

Online Publishing
In its early years, NMI launched GMA's official entertainment website, iGMA.tv, and its official news website, GMANews.tv. Both websites have won local and international acclaim as well as loyal patronage among Filipinos here and abroad.

In 2015, NMI led initiatives aimed to establish GMA as a dominant player online by slowly but steadily diminishing the huge lead that its main competitor held for quite some time. Launched In collaboration with various units in GMA Network, www.gmanetwork.com, the portal for all GMA websites, finally beat its long-time rival in terms of total page views by generating 653 million versus ABS-CBN.com's 606 million. This, despite ABS-CBN.com's eight-year headstart as an independent online brand. From only 118 million total page views in 2014, GMANetwork.com's page views grew 4.5 times, increasing the monthly average to 54.3 million versus previous year's 9.8 million. Unique browsers also grew 2.5 times. From a total of 17.5 million in 2014, this expanded to 61 million in 2015, based on data from Effective Measure, a third party online audience measurement service provider.

2015 was a milestone year for GMA News Online (GNO) as it breached the one billion page views mark. Audience reach also went up based on the increase in unique browsers. Monthly average pageviews[6] for 2015 hit 95 million, a 135% increase from the 40.4M that GNO generated the prior year. The average unique browsers[7] increased to almost 13.3 million from 8.4 million in 2014. Synergies from the Social Media team and the editorial team to enhance overall user experience, as well as NMI's non-stop back-end upgrades, helped sustain improvements in web metrics.

NMI entered into a joint venture with Summit Media and launched PEP.ph, the leading showbiz news portal in the Philippines. It also launched SPIN.ph or Sports Interactive Network, currently the No. 1 sports website based on recent data from Effective Measure. NMI provides the technology back-end of said sites. The joint venture is a way for GMA to capture a bigger slice of the online audience share by targeting readers who are keen on sports and entertainment.

MOBILE

NMI pioneered interactive TV in the Philippines with the launch of SMS-TV services in "*Debate*" and Startalk, and Eat Bulaga's Cool Dudes segment. This laid the foundation for succeeding SMS-TV initiatives that carried NMI through several years of growth and profit.

NMI also introduced SMS technology to Philippine broadcast TV and was the first to launch an interactive chat and gaming show called *Txtube*.

NMI launched *Fanatxt*, a mobile-based celebrity portal for Kapuso stars, considered as one of the most successful mobile VAS services ever launched locally.

NMI broke new ground with the launch of *Teledrama Text Saya*, the first ever mobile point of purchase promo for GMA's primetime shows done in partnership with GMPI.

NMI also developed the GMA News Online iOS and Android mobile apps that sport a new user interface to keep up with current design trends. The mobile apps allow people easy access to GMA content using their handheld devices. The GMA portal mobile app was also launched and was designed to be the perfect mobile companion to top-rating GMA shows.

CONVERGENT MEDIA

NMI works closely with GMA Marketing and Promotions, Incorporated (GMPI) in the launch of innovative convergent media campaigns such as *Win Mo Kapuso* and *Win Mo Pamasko*. The combination of TV plus new media has become a valuable strategic offering for clients in terms of ensuring the widest possible reach for both online and offline audiences.

YouScoop is NMI's joint initiative with GMA News and Public Affairs (NPA) that aims to promote citizen journalism and vigilance. YouScoop helps empower the people to provide information and news when and where it happens. Users can send information, photographs, videos and even audio recordings of newsworthy events wherever and whenever they may be through the app. A team of editors chooses items that will be featured in the YouScoop page on GMA News Online, while significant contributions that merit public broadcast are aired on any one of the GMA News and Public Affairs programs.

In collaboration with GMA NPA, NMI launched **IMReady**, a one-stop online portal for public safety information to aid in traffic and disaster awareness and preparedness. The project aims to provide the public with timely and relevant information to minimize risks and better prepare them during emergency situations. It also enables the public to plan their routes and itineraries. IMReady can be accessed on the Internet and can be downloaded as an app in both iOS and Android.

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[6] Pageviews refers to an instance of an Internet user visiting a particular page on a website.
[7] Unique Browser refers to a unique device (e.g. a computer or mobile phone) that has made requests for content to the site in the period being measured.

In view of making IMReady a cutting-edge application, NMI sealed an exclusive media partnership agreement with Google-owned Waze, a leading social GPS navigation system that provides crowd-sourced traffic information and real-time maps. Waze allows subscribers to share real-time traffic and road information that enables people to save time and gas money on their daily commute. By connecting drivers to one another, the app helps people create local driving communities that work together to improve the quality of everyone's daily driving.

BROADCAST

Election Coverage

NMI has maintained its track record of providing GMA News and Public Affairs with speedy and accurate delivery of elections results using the latest technologies for the Eleksyon 2013 coverage. NMI spearheaded the count operations in PPCRV by acquiring, extracting, and prioritizing data from the COMELEC before sending it to GMA for processing.

To achieve multi-screen pervasiveness, NMI provided the most comprehensive election count data across all platforms—from television to mobile and the Internet. The team deployed its *proprietary search engine* that enabled users of GMA News Online and its mobile app (in both Android and iOS) to retrieve election count data in the Search Results. While all the other websites and apps were incapable of integrating the count results in their search, NMI's proprietary search returned the most relevant results for all candidates during election time.

NMI serves the same function of ensuring fast and accurate delivery of elections results in the 2016 elections.

NMI launched the Eleksyon 2016 microsite in February. On top of the usual news content, the microsite also has a special section where visitors can get to know the candidates running for the top positions this year. The **Candidates Section**[8] contains the presidential and vice presidential aspirants' profiles, including their political history, controversies they are linked to, their respective Statements of Assets, Liabilities and Net Worth, and much more.

The microsite also features the **Campaign Tracker** section[9] where the candidates' daily schedules are plotted on a map with a short description of their itinerary. A link can also be included in the description window if GNO has a supporting story of the campaign. Another recent improvement of this section is the field for voting population and 2013 elections voter turnout.

NMI also added a special information section to the microsite that summarizes the **demographics of the country's registered voters.**[10] Information is presented based on gender, age, civil status and can be drilled down to the city level.

NMI powered GMA Network's **first ever 360-degree livestream of the PiliPinas Debates 2016**. For the first leg of the PiliPinas Debates 2016 held in Cagayan De Oro City on February 21, 2016, GMA News and Public Affairs and NMI teamed up to mount the first 360-degree livestream coverage of a live event in the Philippines, and one of the first worldwide.

The 360-degree livestream was available for near-real-time viewing on GMA News Online (www.gmanetwork.com/news) and later in GMA's YouTube channel, on-demand.

NMI's R&D unit developed the proprietary technology that allows any web user to pan the camera view around the venue in near-real-time. It utilizes a special single web camera that captures all the 360-

[8] Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/candidates
[9] Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/campaign_tracker
[10] Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/voters_profile

degree angles simultaneously. Moreover, NMI's 360 technology allows simultaneous streams to as many users with as many points of views and at bit-rates that are within practical web limits.

Digital TV

In collaboration with the Office of the President and GMA Engineering, NMI has been involved in the development of GMA's Digital TV strategy. The Intellectual Property Office of the Philippines published on March 7 NMI's invention entitled, "An Apparatus Operable as a Set-Top Unit." This was filed as a Utility Model application on February 17, 2016. The GMA set-top unit has an operating system that permits two-way or bidirectional packet-based data communication services that makes the unit Internet-capable, and a digital television system that enables digital broadcast services.

NMI is set to also apply for a utility model patent in select international territories where it perceives the proprietary technology will hold promise in Q2 2016.

NMI AS BUSINESS CENTER

NMI created two subsidiaries to fulfill its role as a business center.

The first is **MediaMerge, Incorporated**, the online publisher of GMA News Online. MediaMerge takes charge of online advertising sales.

MediaMerge capped off 2015 by posting a 50% growth in total online advertising sales, or PHP 79.3M compared to PHP 53M earned the previous year. The sustained improvements in both online sales and web metrics manifested throughout the year were due in large part to the effective execution of the growth strategies that NMI set out for the year. These include optimizing the websites to make them more suitable for "programmatic buying"[11]; constant website enhancements paired with the effective use of social media; and efforts from the websites' respective editorial teams to make the browsing experience more intuitive, engaging, and convenient.

Designed to specialize in digital marketing, GMA NMI established **Digify, Incorporated**. Digify is a technocreative lab that specializes in sensor technologies such as augmented reality and beacon/proximity marketing, multimedia content production, and end-to-end software solutions for standalone digital and integrated marketing campaigns. Digify has launched a number of trailblazing projects that include award-winning apps for major clients and breakthrough solutions for clients in the technology industry.

NMI AS GMA'S CONDUIT TO INDUSTRY PARTNERS

The Digital Age is marked by constant change and dynamism and favors those who can manage to be constantly ahead of competition. It is in this context that NMI perceives its mandate to ensure that GMA Network is always at the leading edge in the digital space.

GMA NMI manages relationships with the major telecommunications companies in the Philippines and abroad, and with leading global brands such as Google, YouTube and Waze, to name some. It likewise serves as a conduit to advertising agencies and digital distribution partners meant to create new avenues for incremental revenue and expand the reach of GMA content, both in the local and international markets.

GMA NMI sealed partnerships with two of Southeast Asia's leading Internet TV service providers, iFlix and Hooq in Q2 2015 for a new video content distribution platform. The platform, called *Over-the-Top*

[11] Programmatic buying is a booking mechanism that more efficiently facilitates the selling of online ad inventory between publishers and advertisers. It also provides advertisers and their agencies better control of campaign outcomes by enabling them to set parameters through Real Time Bidding. For more information on programmatic buying, refer to http://www.iab.net/programmatic

(OTT), is an IP-based[12] format for content delivery. This new type of video-on-demand service enables users to enjoy online streaming access and an offline viewing option of TV shows and movies. This service optimizes GMA's existing library of content and allows Filipinos here and in the region to watch their well-loved GMA shows whenever they want, wherever they may be. With a growing subscriber base in the country from both Hooq and iFlix, the leverage on these digital platforms creates an opportunity to expand the base of GMA consumers online and create GMA brand loyalty both here and abroad.

Talks have been ongoing for more tie-ups with other OTT providers, set for launch in Q2 2016.

MOVIE PRODUCTION

GMA Network Films, Inc. was established in August 1995 to produce movies that cater to both the local and international markets. Its movie productions have reaped both critical acclaim and commercial success.

MUSIC AND VIDEO RECORDING

RGMA Marketing and Productions, Inc. (GMA Records) was incorporated in September 1997 and became operational in 2004 after the Company decided to reactivate its musical recording business through the "GMA Records" label. Since resuming operations, GMA Records has leveraged the Company's talent and media resources, releasing albums of various artists. It also partnered with sister company GMA Films and other major film production outfits to release their films on DVD. Likewise, it has introduced the network's top rating programs and blockbuster TV series into the home video market worldwide through GWI.

GMA Records works with GMA New Media and other local-based content providers and aggregators to take advantage of new revenue streams, particularly in the emerging market of digital music downloads. The company also secured non-exclusive mobile, web and kiosk-based deals with different content providers worldwide to continuously exploit the potentials of its music and video assets.

GMA Records publishes music and administers copyrights on behalf of composers. GMA Records is also actively pursuing publishing deals, building on its current catalog of original compositions. GMA Records serves as a clearing house and a source of music for the Company's television and film productions. It is also a member of FILSCAP, the Filipino Society of Composers, Authors and Publishers.

STAGE DESIGN

Scenarios, Inc. was incorporated in July 1996 and is engaged in transportation and warehousing services.

Script2010, Inc. was formally established in early 2010 as a subsidiary of Citynet Network Marketing and Productions, Inc. It engages in conceptual design and design execution through fabrication, construction, set-up and dismantling of sets, and creation of props. It also provides other related services such as live performances and events management, sales activation and promotion, and tradeshow exhibits.

Script2010, Inc. is also engaged in transportation, hauling and trucking services to further fulfill the needs of its clients. Other business units of **Script2010, Inc** are band/audio equipment rental, and facility support services to various GMA departments.

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[12] IP (or Internet Protocol) -based distribution of television content uses the internet rather than traditional terrestrial, satellite signal or cable television as a format for content delivery.

POST PRODUCTION

Alta Productions Group, Inc. was established in 1988 as a production house primarily to provide production services for the Network. Until the late 1990s, it operated a satellite studio in Makati, producing award-winning News and Public Affairs Programs for GMA Channel 7.

Today, Alta Productions Group's core business is audio dubbing and mixing for broadcast. Its fully digital audio recording and mixing studios is in sync with the Network's production requirements and broadcast standards. Aside from dubbing foreign content into the local vernacular for airing on the Network, Alta Productions Group also dubs station-produced content into English for international consumption.

In addition, Alta Productions Group's shoot and video post-production department produces TVCs, broadcast content, and documentaries for both local and international clients. Its creative group also provides concept development, staging, and activation services for various clients' on-ground activities.

Alta Productions Group is proud to be one of the few production houses capable of servicing the complete spectrum of shoot and post-production requirements all under one roof. From conceptualization, creatives, shoot, post-production, all the way to execution.

MARKETING AND SALES OF COMMERCIAL AIRTIME AND EVENTS

GMA Marketing and Productions, Inc. (GMPI) was established in August 1980 and is the exclusive marketing and sales arm for the Company’s commercial television and radio airtime and events. GMPI, a wholly owned subsidiary of the Company, provides the link between the Network and the advertisers and advertising agencies.

GMPI provides the Company’s clients with services such as multi-media local and global media packages, promotional programs and materials, creative products, digital executions, and events. Part of GMPI’s sales and marketing strategies are the integrated multi-platform packages, customized on-air, on-ground and online media solutions, branded entertainment, and other advertising and media-led promotional campaigns.

EMPLOYEES

As of December 31, 2015, the Company has 2,361 regular and probationary employees. The Company also engaged 552 talents in 2015. GMA Network, Inc. recognizes one labor union, the GMA Network, Inc. Employees Union. The Collective Bargaining Agreement (CBA) for the cycle 2014-2019 took effect in July 2014.

II. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2015

GMA Network, Inc. and its subsidiaries (GMA/the Company) sealed the twelve-month period of 2015 on a high note propelled by upbeat revenues since the start of the year. Coming from a challenging phase in 2014, the early months of 2015 saw a remarkable upswing in the top line which was sustained up to the close of the year. The sterling result was brought about by the confluence of several factors such as gaining fresh revenues from a come-backing major advertiser, influx of political advocacy placements, and recapturing number one position in terms of ratings on a national level, thus leading to a general improvement in the advertising load from regular customers. Likewise, it must be noted that during a greater part of the first six months this year, competition introduced drastic changes in its pricing strategy that pushed major advertisers to shift their adspend to GMA. As a result of the foregoing, consolidated revenues reached ₱13,727 million exhibiting a growth of ₱1,744 million or up 15% year-on-year. Airtime revenues across major platforms was the main driver for the remarkable hike in the top line generating a ₱1,702 million increase equivalent to 16% compared with same period a year ago. Political advocacies summed up to some ₱462 million, sans the impact of this non-recurring revenue, airtime sales was still ahead by a hefty ₱1,234 million or 12% versus a year ago. On the other hand, revenues from other sources which included subsidiaries and international operations concluded at ₱ 1,346 million, edging prior period by 3% or some ₱42 million.

The hike in consolidated revenues by a double-digit percentage of 15% this year was only met by a mere 2% or ₱171 million growth in total operating expenses (OPEX) ending at ₱10,745 million. Total production cost grew by 5% or ₱291 million but was cushioned by the reduction in general and administrative expenses (GAEX) which ended lower compared to last year by 2% or ₱120 million.

The strong top-line earnings coupled with a minimal growth in total cash OPEX, boosted consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for 2015 at ₱4,641 million, significantly higher than last year by 59% or a huge ₱1,717 million. Consequently, the Company sealed consolidated net income after tax for the year ended at ₱2,126 million, a solid ₱1,116 million or 111% increase over 2014's audited net income after tax of ₱1,010 million.

Income Data	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Television and radio airtime	**12,380.7**	10,678.9	1,701.8	16%
Production and others	**1,346.4**	1,304.0	42.4	3%
	13,727.1	11,982.9	1,744.2	15%
Total operating expenses	**10,745.0**	10,573.8	171.2	2%
EBITDA	**4,641.2**	2,924.5	1,716.7	59%
Net income	**2,125.8**	1,009.5	1,116.3	111%
Attributable to Equity Holders of Parent Company	***2,115.1***	*1,004.7*	*1,110.4*	*111%*
Noncontrolling Interest	***10.7***	*4.9*	*5.9*	*121%*

Revenues

Consolidated revenues for the year 2015 reached ₱13,727 million, outpacing prior year's top-line performance by a whopping ₱1,744 million or 15% as 2015 top line was buoyed by the presence of political advocacies and fresh airtime revenues from major advertiser. Airtime revenues provided the boost soaring by ₱1,702 million or 16% vis-à-vis last year, while revenues from production and others pitched in a modest growth of ₱42 million or 3% with ₱1,346 million in combined sales.

Revenues	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Television and radio airtime	**12,380.7**	10,678.9	1,701.8	16%
Production and others	**1,346.4**	1,304.0	42.4	3%
	13,727.1	11,982.9	1,744.2	15%

On a per platform basis, Channel 7 topped the charts for the period with sales comprising more than three fourths of the total airtime revenue pie and ahead by a hefty 16% in absolute terms versus last year. Political advocacies aided in jacking-up the channel's sales in 2015. However, incremental sales from regular advertisers played the major role in the platform's revenue hike. Carving out the impact of political advocacies, Ch-7 improved y-o-y sales by 12%.

The Company's Radio business was likewise on a roll since the start of this year, thus, capping the period with sales higher by 15% vs. 2014's performance. Political advocacies for Radio influenced the increase. Similar to Ch-7, even after carving out the impact of these non-recurring placements, Radio nonetheless hurdled last year's topline by 11%.

Not far behind from Radio was GMA News TV (GNTV-11), which, through the years has steadily sustained its revenue growth. Full year 2015 revenues recorded its highest top line by far since the channel was launched. GNTV-11 outshone prior period by 24% despite being bereft of any political advocacy placements.

Lastly, Regional TV (RTV) operations which underwent some downsizing and streamlining activities earlier this year saw a reduction in total recurring sales by 13% from 2014. The presence of political advocacies on both national and local levels partly cushioned the revenue reduction to a mere 4% vs. prior period.

According to Nielsen's full year 2015 NUTAM (National Urban Television Audience Measurement) household shares, GMA was ahead of other networks in total day household audience share with 35.4 percent, leading ABS-CBN's 34.9 percent and TV5's 9.2 percent. GMA overtook its closest rival in NUTAM in September 2015, and has since sustained nationwide ratings leadership.

Full year 2015 data also showed that GMA remained the undisputed number one TV network in viewer-rich Urban Luzon and Mega Manila, and reigned supreme across all dayparts, including primetime. Urban Luzon accounts for 77 percent of all urban TV households in the country, while Mega Manila represents 59 percent.

Urban Luzon continued to be a strong area for GMA as it registered 39.7 percent, surpassing ABS-CBN's 30.6 percent by 9.1 points and TV5's 8.2 percent by 31.5 points. GMA also further secured its dominant position in its bailiwick Mega Manila with 41.7 percent, up 14.7 points from ABS-CBN's 27 percent and up 33.2 points from TV5's 8.5 percent.

For December 2015, GMA posted a stronger total day lead with 38.9 percent in NUTAM, outscoring ABS-CBN's 33.6 percent by 5.3 points, and TV5's 7.8 percent by 31.1 points. Compared to ABS-CBN, more programs from GMA also figured in the list of top programs across all areas last December. *Kapuso Mo Jessica Soho* emerged as the number one program in Urban Luzon and Mega Manila, and led the list of GMA programs in NUTAM. In particular, GMA's countdown to 2016 was the most viewed New Year countdown by urban viewers.

On other revenue streams, which was mainly comprised of the Company's international operations via GMA Pinoy (GPTV), GMA Life (GLTV) and GMA News TV as well as production and subsidiaries operations a net increase of P42 million or 3% was recorded in between years, with combined sales reaching P1,346 million. International operations' though making up the most part of the revenue pie ended shy by 5% from a year ago. The topline from this segment was dragged by the drop in subscription revenues arising from changes in pricing scheme with a major carrier which used to be on a guaranteed-minimum basis. The reduction was partly cushioned by the growth in subscriber count by 6% for GPTV and by 13% for GLTV and depreciation of the Peso against the USD by an average of P1.16 or 3% for the year. The effect of this drop in subscriber income was likewise trimmed down by the hike in advertising revenues from international operations by 5%. Program syndication on the other hand pitched in incremental sales of 11% from a year ago.

From subsidiaries operations, combined revenue hike was seen for the twelve months this 2015 – with New Media spearheading the growth due to recent tie-ups with iFlix and HOOQ. Media Merge, Digify and GMA Records also upped their revenues for the twelve-month period compared from a year ago. Lastly, GMA Films also recorded higher gross receipts from the spill-over from 2014 MMFF co-production entry *Kubot, The Aswang Chronicles*.

Expenses

Total operating expenses for the year amounted to ₱10,745 million, inching up by only 2% compared with 2014's ₱10,574 million. Total cash OPEX stood at the same level of last year with less than a 1% increase of P34 million while non-cash OPEX grew by 9% or P137 million.
Total direct costs (cash and non-cash production costs) which comprised 54% of total operating costs amounted to ₱5,843 million by the end of twelve months in 2015, overtaking prior period by 5%. The ₱291 million increase was a result of the shift in programming mix to more in-house produced programs during January this year and the spike in amortization of program rights resulting from more expensive foreign movies and *Koreanovela/Mexicanovela* series this 2015. The afternoon in-house produced soaps also incurred higher costs this year due to extension in airing time to take advantage of the high ratings of this grid.

Production Costs	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,800.3**	2,738.8	61.5	2%
Rentals and outside services	**731.9**	740.4	(8.5)	-1%
Other program expenses	**1,247.0**	1,121.2	125.7	11%
Sub-total - Cash Production Costs	**4,779.1**	4,600.4	178.7	4%
Program rights amortization	**754.6**	646.7	108.0	17%
Depreciation and amortization	**308.9**	304.7	4.1	1%
Sub-total - Non-cash Production Costs	**1,063.5**	951.4	112.1	12%
Total production costs	**5,842.6**	5,551.8	290.8	5%

Meanwhile, general and administrative expenses (GAEX) settled at ₱4,902 million by the end of the year, even sliding by ₱120 million or 2% compared with the twelve-month period in 2014. This resulted from the considerable net decline in outside services by ₱81 million or 19%. Advertising and promotional spending alone registered a cutback by P127 million or 38% versus last year. The slowdown in Corporate Synergy activities nationwide was one of the main factors that contributed to the reduced advertising expenses.

Taxes and licenses likewise finished off with a drop of 32% or ₱75 million from a year ago as the previous period was saddled with payments to BIR for tax assessments covering previous years. These reductions were partly offset by the moderate increase in Personnel cost, edging last year by 2%. The growth in the account for 2015 was driven by higher bonuses to all qualified employees (attuned to the considerable growth in the Company's bottom line) and non-recurring payout to separated employees of various Regional TV stations and other operating/service units within the Network, on top of the yearly salary adjustments for all qualified rank & file and confidential employees. These on the other hand, were cushioned to a considerable extent by the presence in 2014 of the non-recurring CBA signing bonus for rank & file employees and appreciation bonus for confidential employees. The reduction in total headcount moving toward the second half of 2015, aligned with the aforementioned redundancy program also partly eased out the said increases.

General and Administrative Expenses	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**2,570.9**	2,528.8	42.1	2%
Outside services	**341.3**	422.2	(80.8)	-19%
Facilities costs	**557.5**	592.0	(34.5)	-6%
Taxes and licenses	**157.2**	231.9	(74.7)	-32%
Others	**754.7**	751.5	3.3	0.4%
Subtotal - Cash GAEX	**4,381.7**	4,526.3	(144.6)	-3%
Depreciation and amortization	**491.4**	471.6	19.9	4%
Provision for doubtful accounts	**8.6**	0.7	7.9	1099%
Amortization of software costs	**20.7**	23.4	(2.7)	-12%
Subtotal - Non-cash GAEX	**520.7**	495.6	25.0	5%
Total GAEX	**4,902.4**	5,022.0	(119.6)	-2%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year wrapped up at ₱4,641 million, remarkably higher than prior year's tally of ₱2,925 million. The ₱1,717 million or 59% growth in EBITDA was buoyed by the commendable increase in consolidated top line by 15% or ₱1,744 million which was met by an almost flat growth in combined cash operating expenses vs. prior year.

Net Income

Given the solid performance in sales this year and managed growth in total spending, net income for the full year of 2015 soared to ₱2,126 million, more than double the ₱1,010 million bottom line recorded the prior period or equivalent to a ₱1,116 million or 111% improvement year-on-year.

Balance Sheet Accounts

The Company ended 2015 with total assets of ₱14,416 million, representing an increase of 7% from end-2014's ₱14,020 million.

Cash and cash equivalents rose to ₱2,160 million, 35% or ₱561 million more than the ₱1,599 million recorded as at December 31, 2014. On the other hand, trade and other receivables sealed at ₱4,801 million, 3% higher than previous year.

Total liabilities dropped by 8% or ₱454 million as at end-December this year to ₱5,333 million from ₱5,787 million in 2014 mainly from payments of short-term loans which as at end-2015 stood at ₱1,153 million from ₱2,223 million a year ago. This was partly counterbalanced by the hike in trade payables & other current liabilities and income tax payable by ₱259 million and ₱298 million, respectively.

Equity attributable to Parent Company stockholders of ₱9,039 million grew by 10% or ₱848 million in between years arising from ₱2,126 million net income earned in 2015 subsequently offset by the dividend declared during the first half of 2015 of ₱1,215 million.

Cash Flows	**2015** *(in millions PhP)*	2014 *(in millions PhP)*
Net cash provided by operating activities	**3,462.4**	661.9
Net cash used in investing activities	**(539.6)**	(553.1)
Net cash used in financing activities	**(2,392.3)**	(262.0)
Effect of exchange rate changes on cash and cash equivalents	**30.9**	2.3
Net increase (decrease) in cash and cash equivalents	**561.5**	(150.8)
Cash and cash equivalents at beginning of period	**1,598.8**	1,749.6
Cash and cash equivalents at end of period	**2,160.3**	1,598.8

Operating Activities

Net cash from operations registered at ₱3,462 million in 2015. This stemmed from income before income tax of ₱3,036 million, adjusted mainly by depreciation expense of ₱800 million, program and other rights usage of ₱755 million, pension expense of ₱167 million, interest expense and financing charges of ₱43 million, net unrealized foreign currency exchange loss of ₱24 million and amortization of software costs of ₱21 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱229 million and ₱749 million upturn in trade and other receivables and program and other rights, respectively, partly offset by the ₱132 million dip in prepaid expense and other current assets.

Investing Activities

Net cash used in investing activities amounted to ₱540 million, coming primarily from the ₱553 million net additions to property and equipment. This was partly offset by the ₱22 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱2,392 million basically due from the loan payment of ₱2,325 million and cash dividend payout amounting to ₱1,224 million during the year, plus some ₱43 million in interest expense netted by ₱1,200 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

<u>For the Year Ended December 31, 2014</u>

GMA Network and its subsidiaries (GMA/the Company) concluded 2014 with consolidated revenues at ₱11,983 million, 7% or nearly a billion shy compared to prior year's ₱12,951 million top line. Without some ₱724 million worth of non-recurring revenues from the 2013 mid-term elections which boosted prior year's top line – revenues for the twelve-month period in 2014 nonetheless trailed behind, albeit by only 2% or ₱244 million.

The Company incurred total operating expenses (OPEX) amounting to ₱10,574 million in 2014, yielding a flat growth vis-à-vis 2013 spending. In fact, cash OPEX even contracted by ₱136 million or 1%, which was offset by the hike in non-cash spending by ₱144 million.

With the foregoing results, consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) for 2014 concluded at ₱2,925 million, lower than last year by ₱794 million or 21% with the shortfall in the top line accounting for the drag. Similarly, consolidated net income sealed at ₱1,010 million, down ₱665 million or 40% year-on-year. The rise in non-cash operating expenses took its toll in further trimming down this year's bottom line.

Income Data	**2014** *(in millions PhP)*	2013 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Television and radio airtime	**10,678.9**	11,726.8	(1,047.9)	-9%
Production and others	**1,304.0**	1,224.1	79.9	7%
	11,982.9	12,950.9	(968.0)	-7%
Total operating expenses	**10,573.8**	10,565.3	8.4	0.1%
EBITDA	**2,924.5**	3,718.2	(793.7)	-21%
Net income	**1,009.5**	1,675.0	(665.5)	-40%
Attributable to Equity Holders of Parent Company	***1,004.7***	*1,666.9*	*(662.3)*	*-40%*
Noncontrolling Interest	***4.9***	*8.0*	*(3.2)*	*-39%*

Revenues

Consolidated revenues for the year 2014 reached ₱11,983 million, lower than prior period by 7% or ₱ 968 million as 2013 top line was boosted by the windfall from the mid-term elections that year. Airtime revenues provided the drag with a 9% drop partly cushioned by the rise in revenues from other sources which grew by 7%.

Revenues	**2014** *(in millions PhP)*	2013 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Television and radio airtime	**10,678.9**	11,726.8	(1,047.9)	-9%
Production and others	**1,304.0**	1,224.1	79.9	7%
	11,982.9	12,950.9	(968.0)	-7%

Airtime revenues pulled down combined topline, dropping by 9% or ₱1,048 million compared with 2013's full year performance. Biggest setback was seen in banner platform, Ch-7 which ended the year with a shortfall in revenues by 10%. After discounting the impact of political ads in 2013, the channel finished off only 4% less vs. recurring revenues of prior period.

Radio operations was more upbeat -- while revenues remained flat year-on-year, the platform exhibited a 6% hike in sales vis-à-vis recurring revenues in 2013. On a more positive note, leading free-to-air news channel, GNTV-11 wrapped up with recurring revenues ahead of prior period by 6%. Lastly, sales from Regional TV operations edged 2013 results by 2% even after carving out election-related placements. Moreover, discounting the impact of political ads, Regional TV improved sales from regular advertisers by 10% year-on-year.

Ratings-wise, GMA ended 2014 on a strong note as it ruled over competition in full year Urban Luzon and Mega Manila, according to the industry's widely-trusted ratings service provider Nielsen TV Audience Measurement.

Based on full year 2014 ratings, GMA reaffirmed its total day household shares supremacy in the viewer-rich areas of Urban Luzon and Mega Manila, while leading across all dayparts including the highly contested primetime slot in both areas.

In Urban Luzon, which accounts for 77 percent of the total urban TV households nationwide, GMA recorded an average total day household audience share of 36.4 percent, surpassing ABS-CBN's 31.3 percent by 5.1 points, and TV5's 10.1 percent by 26.3 points.

GMA also posted a commanding 37.6 percent in Mega Manila, higher than ABS-CBN's 28.8 percent by 8.8 points, and TV5's 10.9 percent by 26.7 points. Mega Manila represented 60 percent of all urban TV households in the country in 2014.

Moreover, GMA scored higher nationwide shares than rival networks in the daytime blocks based on data covering the entire year. In the morning block, GMA registered 31.7 percent against ABS-CBN's 29.9 percent and TV5's 12.9 percent; while in the afternoon block, GMA posted 34.8 percent versus ABS-CBN's 32.5 percent and TV5's 11.1 percent. GMA subscribes to the Nielsen TV Audience Measurement service, while ABS-CBN is the lone local major TV network that subscribes to Kantar Media, formerly known as TNS. Nielsen data is gathered through a greater number of sampled homes nationwide in comparison to Kantar Media.

In the meantime, revenues from other businesses showed improvements by recording a 7% or ₱80 million hike to ₱1,304 million compared to a year ago. The Company's international operations continued to gain ground worldwide with revenues climbing by 10% as GMA Pinoy TV, GMA Life TV and GMA News TV International grew subscriber count by 4%, 8% and 59%, respectively. While the US remained the biggest area of concentration, Canada has been the primary source of growth for the platform in terms of new subscribers.

At the same time, audiences in Vietnam, Cambodia, Malaysia, and Nigeria, (to name a few) continue to enjoy popular *Kapuso* programs as GMA Worldwide, the global content distribution and acquisition arm of the Network, sold an aggregate 2,052 hours of locally-produced programs and movies, consequently increasing distribution revenues by 21% year-on-year. These were, however, partly weighed down by the decline in theatrical receipts as there were far less movies produced by GMA Network Films, Inc. in 2014 compared to previous year.

Expenses

Total operating expenses for the year amounted to ₱10,574 million, about the same as 2013's ₱10,565 million. Total direct costs (cash and non-cash production costs) in fact even contracted by ₱346 million or 6%, but were equalized by the escalation in general and administrative expenses (GAEX) by P354 million or 8%.

Production costs (both cash and non-cash) comprising 53% of total costs wrapped up at ₱5,552 million, lower than previous year by ₱346 million or 6%. Cash production cost settled at ₱4,600 million even below 2013 spending by ₱444 million or 9%. This was partly offset by the rise in non-cash direct cost by ₱98 million or 12%. In particular, amortization of program rights grew by ₱81 million or 14% to ₱647 million attuned to the change in programming mix during the early part of the year which featured canned movies in selected slots during the weekday evening and afternoon primetime blocks vice station-produced programs.

Production Costs	**2014** *(in millions PhP)*	2013 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,738.8**	3,043.9	(305.0)	-10%
Rentals and outside services	**740.4**	819.2	(78.8)	-10%
Other program expenses	**1,121.2**	1,181.8	(60.6)	-5%
Sub-total - Cash Production Costs	**4,600.4**	5,044.8	(444.4)	-9%
Program rights amortization	**646.7**	565.4	81.3	14%
Depreciation and amortization	**304.7**	287.6	17.2	6%
Sub-total - Non-cash Production Costs	**951.4**	852.9	98.5	12%
Total production costs	**5,551.8**	5,897.7	(345.9)	-6%

General and administrative expenses (GAEX) by the end of the year wrapped up at ₱5,022 million, equivalent to an 8% or ₱354 million increase vs. the same period in 2013. Personnel cost was the main driver for the rise in spending brought about by the one-time signing bonus given to R&F employees in relation to the recently concluded Collective Bargaining Agreement and appreciation bonus granted to confidential employees. Without this non-recurring expense, total GAEX climbed by only 2%. Manpower count has practically remained at about the same level with only a 3% increase in regular employees between periods.

Taxes and licenses likewise scaled to ₱232 million, higher by ₱91 million or 65% due to the rise in business taxes and payout of prior years' tax deficiency assessments. These increases were partly cushioned by the reduction seen in Outside services (such as advertising & promotions, marketing fees and research and survey) and from lower Facilities costs, particularly repairs & maintenance expenses.

Other increase in GAEX was seen in depreciation and amortization mostly in the Company's facilities, furniture and fixture and computers.

General and Administrative Expenses	**2014** *(in millions PhP)*	2013 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**2,528.8**	2,170.2	358.6	17%
Outside services	**422.2**	507.7	(85.6)	-17%
Facilities costs	**592.0**	665.0	(73.0)	-11%
Taxes and licenses	**231.9**	140.7	91.2	65%
Others	**751.5**	734.2	17.2	2%
Subtotal - Cash GAEX	**4,526.3**	4,217.9	308.5	7%
Depreciation and amortization	**471.6**	417.9	53.7	13%
Provision for doubtful accounts	**0.7**	0.8	(0.1)	-16%
Amortization of software costs	**23.4**	31.0	(7.6)	-25%
Subtotal - Non-cash GAEX	**495.6**	449.7	45.9	10%
Total GAEX	**5,022.0**	4,667.6	354.4	8%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) sealed at ₱2,925 million, recording a 21% or ₱794 million reduction from prior year. Even as cash operating costs wrapped up lower in 2014 vs. a year ago, this was not enough to compensate for the shortfall in the topline

Net Income

Net income was pushed back to ₱1,010 million, down ₱665 million or 40% from 2013's ₱1,675 million with the reduction in revenues year-on-year as the main culprit.

Balance Sheet Accounts

Total assets as at end-2014 stood at ₱14,021 million, reflecting a 7% increase from end-2013's ₱13,084 million.

Cash and cash equivalents dropped to ₱1,599 million, 9% or ₱151 million less than the ₱1,750 million recorded as at December 31, 2013. On the other hand, trade and other receivables sealed at ₱4,638 million, 32% higher than previous year. Trade days-sales-outstanding (DSO) closed the year 2014 at 114 days, 22 days longer than the recorded DSO of 92 days at end-2013.

Total liabilities climbed by 36% or ₱1,529 million as at end-December this year to ₱5,787 million from ₱4,529 million in 2013 mainly from additional availments of short-term loans from ₱1,107 million last year to ₱2,223 million as at end-2014.

Equity attributable to Parent Company stockholders of ₱8,191 million dipped by 7% or ₱598 million in between years arising from dividend declared in 2014 of ₱1,312 million, aggravated by lower net income earned during the year.

Cash Flows	**2014** *(in millions PhP)*	2013 *(in millions PhP)*
Net cash provided by operating activities	**661.9**	3,055.3
Net cash used in investing activities	**(553.1)**	(666.1)
Net cash used in financing activities	**(262.0)**	(1,941.7)
Effect of exchange rate changes on cash and cash equivalents	**2.3**	14.8
Net increase (decrease) in cash and cash equivalents	**(150.8)**	462.3
Cash and cash equivalents at beginning of period	**1,749.6**	1,287.3
Cash and cash equivalents at end of period	**1,598.8**	1,749.6

Operating Activities

Net cash from operations registered at ₱662 million in 2014. This resulted from income before income tax of ₱1,457 million, adjusted mainly by depreciation expense of ₱776 million, program and other rights usage of ₱647 million, pension expense of ₱163 million, interest expense and financing charges of ₱36 million and amortization of software costs of ₱31 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱1,115 million increase in trade and other receivables, partly offset by the ₱149 million rise in trade payables and other current liabilities.

Investing Activities

Net cash used in investing activities amounted to ₱553 million, coming primarily from the ₱599 million net additions to property and equipment and ₱22 million worth of software costs. These were partly offset by the ₱75 million and ₱2 million proceeds from sale of property and equipment and investment properties, respectively.

Financing Activities

Net cash used in financing activities amounted to ₱262 million basically due from the loan payment of ₱1,107 million and cash dividend payout amounting to ₱1,311 million during the year, plus some ₱35 million in interest expense netted by ₱2,192 million remaining proceeds from short-terms loans.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

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

   As of December 31, 2015, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

   As of December 31, 2015, 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 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.

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

   For 2016, the parent company has allotted ₱553 million for capital expenditures. This will be financed by internally-generated funds.

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.

   GMA Network's results of operations depend largely on the ability to sell airtime for advertising. The Company's business may be affected by the general condition of the economy of the Philippines.

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

   As of December 31, 2015, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

vii. Causes for Material Changes in the Financial Statements

Balance Sheet (December 31, 2014 vs. December 31, 2013)

- Cash and cash equivalents increase by 35% to ₱2,160 million at year-end which is directly attributed to this year's result of operation. Net cash provided by operating activities amounted to ₱3,462 million partly netted by the net cash used in investing activities of ₱540 million and in financing activities of ₱2,392 million.
- Available-for-sale financial assets also grew by 48% as a result of investment in IP E-Games Ventures, Inc..
- Short-term loans decreased by 48% as availments made are lower at ₱1,200 million vs. payments of ₱2,325 million.
- The 483% surge in income tax payable resulted from the result of the year 2015 operations.

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

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

Interim Periods

The Company currently cannot make available the financial information for the first quarter of 2016. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2016 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

III. PROPERTIES

As of December 31, 2015, the Company's total property and equipment and real property amounted to P4,930.4 million. The property and equipment had a book value of P3,127.8 million, while its real property had a fair market value of P1,802.5 million (based on an Independent appraisal report as of December 17, 2013).

The following are the principal properties of the Company:

- The Channel 7 compound located in Barangay South Triangle, Diliman, Quezon City, which contains several buildings, including the GMA Network Center building;
- The GMA Network Center Studios, a four-storey building with an area of 4,053 square meter property adjacent to the GMA Network Center at GMA Network Drive cor. EDSA, Diliman Quezon City which houses two state-of-the-art studios, technical facilities and offices;
- The GMA-7 Antenna Tower in Tandang Sora Avenue, Barangay Culiat, Diliman Quezon City, which contains the TV and FM Transmitter building and the Satellite Uplink building;
- The GMA Fleet Center located on the east corner of Mother Ignacia Avenue and Sergeant Esguerra Avenue, Barangay South Triangle, Diliman Quezon City; and
- Properties in the key areas across different regions:

Luzon

- Land in Barangay Malued, Dagupan City, where the Company's radio and television studios are located;
- A 51,135 square meter property in Panghulo, Obando, Bulacan, where an AM transmitter site, a two-storey building, a genset house, and an AM tower are situated;
- A 2,000 square meter property in Barangay Concepcion Pequeña, Naga City, where a TV relay transmitter and an FM transmitter site are located; and
- A 10,000 square meter property in La Trinidad, Benguet where an FM transmitter site and a one storey building are situated.
- A 2000 square meter property in Bayubay Sur, San Vicente, Ilocos Sur where a TV studio is located.

Visayas

- Land located in Nivel Hills, Barangay Lahug, Cebu City, containing a multilevel building which houses radio and television operation facilities;
- Land in Barangay Tamborong, Jordan, Guimaras where an FM radio and television transmitter is located;
- Land in Alta Tierra, Jaro, Iloilo City where radio and television studios are located;
- Land in Barangay Jibao-an, Pavia, Iloilo where an AM transmitter site and building are located;
- Land in Barangay Sta. Monica, Puerto Princesa City, Palawan where a television relay transmitter site and building are located; and,
- Land in Barangay Bulwang, Numancia, Aklan where a television relay transmitter site and a building are located.

Mindanao

- Land in Bo. Matina Hills, Davao City where an FM and television transmitter building and studio complex are located;
- Land in Barangay San Isidro, General Santos City where a television relay transmitter site and a building are located; and,
- Land in Barangay Cabatangan, Zamboanga City where a television relay transmitter site and a building are located.

The properties owned by the Company are currently unencumbered and are free from any existing liens.

The Company also leases land, building and studio/office space in various locations around the Philippines under lease agreements for periods of between three and 25 years. The lease agreements may be cancelled at the Company's option. Rental expense of the Company related to this amounted to P18.4 million for the year ended December 31, 2015.

Regional Broadcast Stations

GMA owns regional broadcast stations in various parts of the country. Originating TV stations are stand-alone transmitter, studio and production facilities capable of producing and airing live and/or taped programs as well as plugs and advertising within their (local) service area/s independent of, or in conjunction with the national feed. Satellite TV stations are similar to originating TV stations except that they are not equipped with live production capability outside of news bulletins. Satellite TV stations are also capable of broadcasting local plugs or advertising within their respective (local) service areas either independent of, or in conjunction with national program feeds. TV relay stations are limited to transmitter and signal receiving facilities and only re-broadcast programs/content received from originating or satellite TV stations with which they are associated; either via satellite or other receiving methods.

The following are GMA's television and radio stations throughout the Philippines:

LIST OF GMA's OPERATING TV STATIONS

NO	STATION	ADDRESS	CONTACT NUMBER
	LUZON		
1	TV-7 Metro Manila (GMA)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-27 Metro Manila (GNTV)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
2	TV-5 San Nicolas, Ilocos Norte (GMA)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-27 San Nicolas, Ilocos Norte (GNTV)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
3	TV-48 Bantay, Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	TV-40 Bantay, Ilocos Sur (GNTV)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
4	TV-7 Basco, Batanes (GMA)	Brgy. Kayvaluganan, Basco, Batanes	0915-6127197
5	TV-13 Aparri, Cagayan (GMA)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
	TV-26 Aparri, Cagayan (GNTV)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
6	TV-7 Tuguegarao, Cagayan (GMA)	No. 91 Mabini St., Tuguegarao City	0915-6127263
	TV-27 Tuguegarao, Cagayan (GNTV)	No. 91 Mabini St., Tuguegarao City	0915-6127263
7	TV-7 Santiago City, Isabela (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
8	TV-5 Baler, Aurora (GMA)	Purok 3, Brgy. Buhangin, Baler, Aurora	0915-6127194
9	TV-10 Olongapo (GMA)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-26 Olongapo (GNTV)	Upper Mabayuhan, Olongapo City	0915-6127265
10	TV-28 Tarlac City (GNTV)	Exclusively His Bldg. located at F. Tanedo St. corner Espinosa St., Tarlac City	0915-2700185
11	TV-12 Batangas (GMA)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860

	TV-26 Batangas (GNTV)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
12	TV-44 Jalajala, Rizal (GMA)	Mt. Landing, Jalajala, Rizal	0915-8632874
13	TV-13 San Jose, Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
	TV-26 San Jose, Occidental Mindoro (GNTV)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
14	TV-6 Brooke's Point, Palawan (GMA)	Poblacion, Brooke's Point, Palawan	0915-6127181
15	TV-8 Coron, Palawan (GMA)	Tapias Hill, Coron, Palawan	0915-6127178
16	TV-12 Puerto Princesa, Palawan (GMA)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
	TV-27 Puerto Princesa, Palawan (GNTV)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
17	TV-7 Tablas, Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
18	TV-12 Legazpi, Albay (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	RGMA TV-33 Legazpi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legazpi, Albay (GNTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
19	TV-8 Daet, Camarines Norte (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
20	TV-7 Naga, Camarines Sur (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	RGMA TV-44 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga, Camarines Sur (GNTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
21	TV-13 Virac, Catanduanes (GMA)	Brgy. Sto. Niño, Virac, Catanduanes	0915-6127174
22	TV-7 Masbate (GMA)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
	TV-27 Masbate (GNTV)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
23	TV-2 Juban, Sorsogon (GMA)	Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon	0915-2700192
24	TV-7 Abra (GMA)	Brgy. Lusuac, Peñarrubia, Abra	0915-6130512
25	TV-10 Benguet (GMA)	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
	TV-22 Benguet (GNTV))	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
26	TV-5 Mountain Province (GMA)	Mt Amuyao, Barlig. Mountain Province	0915-2700124

	VISAYAS		
27	TV-2 Kalibo, Aklan (GMA)	New Busuanga, Numancia, Aklan	0915-6127216
	TV-27 Kalibo, Aklan (GNTV)	New Busuanga, Numancia, Aklan	0915-6127216
28	TV-5 Roxas City, Capiz (GMA)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
	TV-27 Roxas City, Capiz (GNTV)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
29	TV-6 Jordan, Guimaras (GMA)	Bo. Tamburong, Jordan, Guimaras	0915-4417084
	TV-28 Iloilo (GNTV)	Alta Tierra Subdivision, Jaro, Iloilo	0915-4417084
30	TV-13 Bacolod (GMA)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	TV-48 Bacolod (GNTV)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
31	TV-30 Murcia, Negros Occidental (GMA)	Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental	0915-2700132
32	TV-10 Sipalay (GMA)	Sipalay Municipal Building, Sipalay, Negros Occidental	0915-6127219
33	TV-11 Tagbilaran, Bohol (GMA)	Banat-I Hills, Brgy. Bool, Tagbilaran City	0915-6127214
34	TV-7 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
	RGMA TV-51 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (GNTV)	Bonbon, Cebu City	0915-4417075
35	TV-5 Dumaguete (GMA)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
	TV-28 Dumaguete (GNTV)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
36	TV-8 Borongan (GMA)	Poblacion, Borongan, Eastern Samar	0915-6127177
37	TV-12 Ormoc, Leyte (GMA)	Brgy. Alta Vista, Ormoc City	0915-6127213
38	TV-10 Tacloban (GMA)	Basper, Tigbao, Tacloban City	0915-6127208
	TV-26 Tacloban (GNTV)	Basper, Tigbao, Tacloban City	0915-6127208
39	TV-5 Calbayog City (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
40	TV-26 Butuan (GMA)	Mayapay, Brgy. Bonbon, Butuan City	09163178470
	MINDANAO		

41	TV-4 Dipolog (GMA)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
	TV-26 Dipolog (GNTV)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
42	TV-3 Pagadian (GMA)	Mt. Palpalan, Pagadian City	0915-6127245
	TV-26 Pagadian (GNTV)	Mt. Palpalan, Pagadian City	0915-6127245
43	TV-9 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	RGMA TV-45 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (GNTV)	Brgy. Cabatangan, Zamboanga City	0915-8632870
44	TV-12 Mt. Kitanglad, Bukidnon (GMA)	Mt. Kitanglad, Bukidnon	0915-8632863
45	TV-5 Ozamis, Misamis Occidental (GMA)	Bo. Malaubang, Ozamis City, Misamis Occidental	0915-6127220
	TV-22 Ozamis, Misamis Occidental (GNTV)	Bo. Malaubang, Ozamis City, Misamis Occidental	0915-6127220
46	TV-11 Iligan City (GMA)	Brgy. Del Carmen, Iligan City	0915-6131202
47	TV-35 Cagayan de Oro (GMA)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
	TV-43 Cagayan de Oro (GNTV)	Malasag Heights, Brgy. Cugman, Cagayan de Oro City	0915-8632875
48	TV-5 Davao (GMA)	Shrine Hills, Matina, Davao City	0915-4417082
	TV-27 Davao (GNTV)	Shrine Hills, Matina, Davao City	0915-4417082
49	TV-12 Cotabato (GMA)	Regional Government Center, Cotabato City	0915-6131170
	TV-27 Cotabato (GNTV)	Regional Government Center, Cotabato City	0915-6131170
50	TV-8 General Santos (GMA)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
	RGMA TV-32 General Santos (GMA)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
	TV-26 General Santos (GNTV)	Nuñez St., Brgy. San Isidro, General Santos City	0915-8632871
51	TV-10 Surigao (GMA)	Lipata Hills, Surigao City	0915-6131227
	TV-27 Surigao (GNTV)	Lipata Hills, Surigao City	0915-6131227
52	TV-2 Tandag (GMA)	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0915-6127248
53	TV-12 Jolo, Sulu (GMA)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

	TV-26 Jolo, Sulu (GNTV)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	POWER		ADDRESS
LUZON					
METRO MANILA	97.1 mhz. 594 khz.	DWLS DZBB	FM AM	25kW 50kW	GMA Complex, EDSA cor. Timog Ave., Diliman, Quezon City
BAGUIO	92.7 mhz.	DWRA	FM	5kW	2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
DAGUPAN	93.5 mhz.	DWTL	FM	10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City, Pangasinan
LEGASPI	96.3 mhz.	DWCW	FM	10kW	3rd level A.Bichara Silversreen Entertainment Center, Magallanes St., Legazpi City
LUCENA	91.1 mhz.	DWQL	FM	10kW	3/F Ancon Bldg., Merchan Street , Lucena City
NAGA	101.5 mhz.	DWQW	FM	5kW	GMA complex, Diversion Road (Roxas Ave.) Beside Mother Seton Hospital, Naga City
PALAWAN	909 khz.	DYSP	AM	5kW	Solid Road, San Manuel Puerto Princesa City, Palawan
	97.5 mhz.	DYHY	FM	5kW	
TUGUEGARAO	89.3 mhz.	DWWQ	FM	10kW	4/F Villablanca Hotel Pattaui St. cor Pallua Rd., Ugac Norte Tuguegarao, Cagayan
VISAYAS					
BACOLOD	107.1mhz.	DYEN	FM	10kW	3/F Door #10, Centroplex Mall, Gonzaga-Locsin St. Brgy. 21, Bacolod City 6100
CEBU	999 khz. 99.5 mhz.	DYSS DYRT	AM FM	10kW 25kW	GMA Skyview Complex Nivel Hills, Lahug, Cebu City
ILOILO	1323 khz	DYSI	AM	5kW	GMA Broadcast Complex, Phase 5, Alta Tierra Village Jaro, Iloilo City
	93.5 mhz.	DYMK	FM	10kW	
KALIBO	92.9 mhz.	DYRU	FM	5kW	Torres-Olivia Bldg. Roxas Ave. Extension, Kalibo, Aklan
MINDANAO					
CAGAYAN DE ORO	100.7 mhz.	DXLX	FM	5kW	2nd Flr., Centro Mariano Bldg., Osmena St., Cagayan de Oro City *(Footnote: For Transfer)*
ILIGAN	DZBB Relay	DXND	FM	1kW	3/F Kimberly Bldg., A. Bonifacio cor. I. Emilia Ave., Iligan City, Lanao del Norte

DAVAO	103.5 mhz. 1125 khz	DXRV DXGM	FM AM	10kW 10kW	GMA Network Complex, Shrine Hills, Matina Davao City
GENERAL SANTOS	102.3 mhz.	DXCJ	FM	10kW	3/F PBC Bldg., Cagampang St. Gen. Santos City

IV. LEGAL PROCEEDINGS

The Company and its subsidiaries are involved, from time to time, as plaintiff or defendant in litigation arising from transactions undertaken in the ordinary course of its business. Described below are the pending material litigation of which the Company and its subsidiaries or their properties are subject. The Company believes that a judgment rendered against it in the cases indicated below will not have a material adverse effect on its operations or financial condition.

None of the Company's affiliates, or their property, namely, RGMA Network, Inc., Philippine Entertainment Portal, Inc. and Mont-Aire Realty and Development Corporation, are involved in any material pending litigation as of December 31, 2015.

Labor Cases

There is a pending case for illegal dismissal, unfair labor practices, non-payment of overtime pay, holiday pay, premium pay for holiday and rest day and night shift differential and service incentive leave pay filed by Carlos Pabriga, Geoffrey Arias, Kirby Campo, Arnold Lagahit and Armand Catibug. The complainants were engaged on various dates from 1993 to 1997 to replace regular employees of the Company's Cebu station who were on leave or otherwise unable to work. On August 24, 2000, the Labor Arbiter dismissed the complaints for illegal dismissal and unfair labor practices, but directed the Company to pay complainants their proportionate 13th-month pay. On appeal, the NLRC held that the complainants were regular employees with respect to the particular activity they were assigned until the activity ceased to exist and that they were entitled to separation pay, 13^{th-}month pay, night shift differential and service incentive leave pay. The complainants claim that by virtue of this ruling, they are entitled to payment of a total of approximately ₱1.5 million as of March 2007. The Supreme Court denied our Petition and affirmed the findings of the Court of Appeals that complainants are regular employees of the Company. Complainants agreed to accept the settlement amount of P1.2 Million, inclusive of withholding tax on April 24, 2015.

There is also a case for illegal dismissal filed against GMA Marketing and Productions, Inc. ("GMPI"), another wholly-owned subsidiary of GMA Network, and its officers, Lizelle Maralag and Leah Nuyda initiated by Corazon Guison, a former Sales Director of GMPI. The complainant claimed that she was unceremoniously terminated from her employment sometime in May 2010 and is entitled to reinstatement as well as payment of full backwages, unpaid commissions and salaries, moral and exemplary damages and attorney's fees. On January 31, 2011, the Labor Arbiter rendered a decision finding for complainant Guison and ordered the respondents to pay P807,007.50 as backwages and P1,691,000.00 as separation pay, as well as attorney's fees. On appeal, the NLRC reversed the decision of the Labor Arbiter and ordered the dismissal of complainant's complaint. Complainant filed a Petition with the Court of Appeals where it is pending.

There is a case (NLRC LAC No. 02-000863-13[8]) for regularization filed by pinch-hitters or relievers of GMA, namely, Ricky F. Villarin, Danilo Dela Cruz, Rolin Pilante and Johnny Anito, Jr. against GMA Network, Inc. The Labor Arbiter rendered a decision declaring the relievers as regular employees of GMA. GMA appealed to the NLRC which denied the same. GMA's motion for reconsideration was likewise denied. Hence, GMA filed with the Court of Appeals a Petition for Certiorari docketed as CA.G.R. No.132455, The Court of Appeals rendered a Decision denying GMA's petition. GMA's motion for reconsideration was likewise denied.

There is a case (NLRC NCR Case No. 12-18557-12) for illegal dismissal, backwages, damages and attorney's fees filed by James Aaron Castillo Manalili against GMA, et al. Complainant Manalili was a segment producer whose Talent Agreement was terminated for cause. The Labor Arbiter rendered a decision dismissing the complaint on the finding that there was no employer-employee relationship. Hence, there is no illegal dismissal. The Labor Arbiter also affirmed the validity of the termination of the Talent Agreement. However, the Labor Arbiter awarded 13th month pay in favor of Manalili. Hence, we filed a partial appeal for GMA. On appeal, the NLRC, affirmed the labor arbiter's decision but deleted the award of 13th month pay to complainant. Complainant's motion for reconsideration was likewise denied by the NLRC. Complainant filed a Petition with the Court of Appeals where it is pending.

There is a case (NLRC NCR Case No. 01-00024-13) for illegal dismissal and money claims filed by Christopher Cruz Legaspi against GMA and its executives. Complainant Legaspi is an employee of GMA who was dismissed for cause. The Labor Arbiter rendered a decision finding illegal dismissal. However, the decision was reversed on appeal by the NLRC. Complainant filed a motion for reconsideration which was also denied by the NLRC.

There is a case for regularization and illegal dismissal (NLRC NCR Case No. 04-05664-13[22]) filed by Henry T. Paragele, Roland Elly C. Jaso, et al. against GMA. Complainants are relievers/pinch hitters whose services were no longer availed of by GMA. The Labor Arbiter rendered a decision dismissing the complaint. Complainants filed an appeal to the NLRC. NLRC rendered a decision dismissing the appeal. Complainants filed a motion for reconsideration which was also denied by the NLRC. Complainants filed a Petition with the Court of Appeals where it is pending.

There is another case for illegal dismissal and money claims (NLRC CASE No. NCR-07-09875-13; NCR-07-10010-13; NCR-07-10135-13) filed by the drivers of GMA, namely, Marcelo S. Santiago and Serafin R. Palopalo, Jr., assigned to various programs and covered by Talent Agreements which expired and were no longer renewed. The Labor Arbiter rendered a decision dismissing the complaint on the ground that the Talent Agreements are fixed term employment contracts. Complainants appealed to the NLRC which reversed the Labor Arbiter's decision by declaring complainants as regular employees of GMA. We filed a motion for reconsideration which was also denied by the NLRC. We filed a Petition with the Court of Appeals where it is pending.

There is a case for illegal dismissal, backwages and other money claims (NLRC-NCR-07-09474-13) filed by former segment producer De Chaves against GMA. Complainant was terminated for cause by GMA. The Labor Arbiter rendered a decision dismissing the complaint. De Chavez appealed to the NLRC which denied her appeal and affirmed the Labor Arbiter's decision. De Chavez filed a Petition with the Court of Appeals which denied the same. Similarly, De Chavez's Petition filed with the Supreme Court was denied for lack of merit.

Another pending case for illegal dismissal and regularization (NLRC NCR 01-00164-14) was filed by former utility personnel Reynaldo Delos Santos Aranas, et.al against GMA/Atty. Felipe L. Gozon. Complainants' talent agreements were not renewed by GMA. The Labor Arbiter rendered a Decision in favor of complainant. We filed an appeal with the NLRC where it is pending.

There is a case for regularization (NLRC NCR Case No. 06-06683-14) filed by Christian Bochee M. Cabaluna, et al. against GMA/Atty. Felipe L. Gozon. The Labor Arbiter rendered a Decision in favor of complainants. On appeal to the NLRC, the same was denied. We are preparing the Petition to be filed with the Court of Appeals.

Infringement Cases

The Company's officers, Felipe L. Gozon, Gilberto R. Duavit, Jr., Marissa L. Flores, Jessica A. Soho, Grace dela Peña-Reyes, John Oliver Manalastas, John Does and Jane Does were named as respondents in a criminal case initiated in June 2004 for copyright infringement before the City Prosecutor's Office of Quezon City and the Department of Justice ("DOJ"). The case was subsequently consolidated with the Company's counter charge for libel.

The respondents were charged in their capacities as corporate officers and employees of the Company responsible for the alleged unauthorized airing of ABS-CBN's exclusive live coverage of the arrival in the Philippines of Angelo dela Cruz, a Filipino overseas worker previously held hostage in Iraq. Aside from seeking to hold the named respondents criminally liable for infringement and unfair competition, ABS-CBN sought damages from the respondents jointly and severally in the aggregate amount of ₱200 million.

On July 27, 2004, the Company and certain of its officers filed a case for libel against certain officers of ABS-CBN for statements made in their programs Insider and Magandang Umaga Bayan relative to the incident involving the dela Cruz feed. The Company also seeks damages in the aggregate amount of ₱100 million.

In a Resolution dated December 3, 2004, the DOJ dismissed the complaint for libel against the ABS-CBN officers and employees and dropped the charges against the Company's officers except for Ms. Dela Peña-Reyes and Mr. Manalastas against whom the DOJ found probable cause for violation of the Intellectual Property Code. ABS-CBN filed a motion for partial reconsideration of the resolution on the grounds that the other named respondents were erroneously exonerated. The Company filed a petition for review with the DOJ with respect to the finding of probable cause against Ms. Dela Peña-Reyes and Mr. Manalastas and the dismissal of the case for libel which was denied. On August 1, 2005, the DOJ reversed the fiscal's resolution finding probable cause against Ms. dela Peña-Reyes and Mr. Manalastas and directed the fiscal to withdraw the Information. ABS-CBN filed a motion for reconsideration. Meanwhile, the DOJ issued a Resolution dated September 15, 2005 denying the Company's Petition for Review and ruling that ABS-CBN's officers and employees did not commit libel. The Company filed a motion for reconsideration.

On June 29, 2010, the DOJ issued a Resolution granting both the Company's and ABS-CBN's Motion for Reconsideration, and directing the filing of Information against ABS-CBN's officers and employees for libel. ABS-CBN moved for reconsideration which was denied by the DOJ. ABS-CBN filed a Petition with the Court of Appeals. In the meantime, an Information for libel was filed by the Quezon City Prosecutor with the Regional Trial Court of Quezon City, Branch 88.

The Company elevated the DOJ's June 29, 2010 Resolution directly to the Court of Appeals via a Petition for Certiorari docketed as CA-G.R. SP No. 115751. On November 9, 2010, the Court of Appeals issued a decision granting the Company's Petition for Certiorari and reversing the DOJ Resolution dated June 29, 2010 and reinstating the DOJ Resolution dated August 1, 2005 which ordered the withdrawal of Information for copyright infringement. ABS-CBN filed a Petition with the Supreme Court which partially granted the Petition by reversing the DOJ Resolution ordering the withdrawal of the Information and sustaining the finding of probable cause for copyright infringement only as against Ms. Dela Peña-Reyes and Mr. Manalastas.

Civil Cases

A case for damages was filed by Ronaldo Virola against Miguel Enriquez and the Company. Ronaldo Virola filed a case for damages arising from the airing of **Imbestigador** episodes showing the interviews of "Myra" and "Chona" who accused Virola of placing drugs in their drinks before molesting them. The said **Imbestigador** episodes also showed the raid conducted by operatives of Task Force Jericho of the Department of Interior and Local Government who applied for a warrant to search the residence of Virola. The complaint sought ₱800,000 in moral damages, ₱300.000 in exemplary damages, attorney's fees in the amount of ₱100.000 and the cost of suit. The Regional Trial Court of Caloocan dismissed the complaint after trial. Plaintiff appealed to the Court of Appeals which dismissed his appeal and affirmed the trial court's decision dismissing his complaint for damages.

On June 25, 2008, Mary the Queen Hospital filed a case for damages against the Company, Mike Enriquez as well as certain other members of the show, **Imbestigador**. The hospital alleged that the show damaged its reputation by falsely accusing them of illegally detaining a patient for failure to settle hospital bills. The hospital claimed a total of ₱ 5.5 million in moral, exemplary and temperate damages, as well as costs of the suit. Plaintiff has rested its case and we are set to present defense evidence on April 21, 2016.

Another case involved the Company and members of the show **Imbestigador**, stemmed from a story involving a police officer allegedly extorting money from arrested drug dependents, which ultimately led to his arrest. On September 4, 2008, the complaint sought to enjoin the airing of the story relating to his arrest by filing a case for injunction. However, the plaintiff's application for restraining order was denied by the RTC of Quezon City. Plaintiff then filed an amended complaint to include a claim for damages. Plaintiff has rested its case and we are set to present defense evidence on April 8, 2016.

V. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

Stock Prices GMA7

Period in 2015	Highest Closing	Lowest Closing
1Q	7.00	5.95
2Q	6.77	6.03
3Q	6.54	6.00
4Q	7.57	6.30

Stock Prices GMAP

Period in 2015	Highest Closing	Lowest Closing
1Q	6.79	5.92
2Q	6.50	5.95
3Q	6.61	5.95
4Q	7.40	6.10

The Company's common shares and 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 April 19, 2016; GMA7's closing price is P7.33 for GMA7 and P7.08 for GMAP (PDRs).

Holders

There are 1,689 holders of common equity as of March 31, 2016. The following are the top 20 holders of the common equity of the Company:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
GMA Holdings, Inc.	846,038,700	25.15%
Group Management & Development, Inc.	789,813,389	23.47%
FLG Management & Development Corp.	675,663,227	20.71%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	214,619,546	6.38%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation, Inc.	4,514,361	0.13%

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
Gilberto R. Duavit, Jr.	4,007,005	0.12%
Ismael Gozon	2,814,900	0.08%
Miguel Enrique Singson Roa	2,566,400	0.08%
Jose Mari L. Chan	1,210,100	0.04%
Alegria R. Sibal	1,093,252	0.03%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%
Judith Duavit Vazquez	588,000	0.02%
Anna Teresa G. Abrogar	529,000	0.02%
Jose P. Marcelo	501,498	0.01%
Jaime Javier Gana and/or Ma. Erlinda G. Gana	444,900	0.01%

The following are the top 20 holders of the Company's preferred shares as of March 31, 2016:

Name of Shareholders	No. of Preferred Shares	Percentage of Ownership of Total Preferred Shares
Group Management & Development Inc.	2,625,805,308	35.0130%
FLG Management & Development Corp.	2,181,898,644	29.0939%
M.A. Jimenez Enterprises	1,508,978,826	20.1210%
Television International Corp.	1,111,661,610	14.8231%
Gozon Development Corp.	46,245,306	0.6166%
Gozon Foundation Inc.	15,020,670	0.2003%
Alegria F. Sibal	2,623,806	0.0350%
Jose P. Marcelo	1,203,594	0.0160%
Sotero H. Laurel	830,706	0.0111%
Nita Laurel Yupangco	830,706	0.0111%
Jose C. Laurel V	830,706	0.0111%
Juan Miguel Laurel	830,706	0.0111%
Susana Laurel-Delgado	830,706	0.0111%
Ma. Asuncion Laurel-Uichico	830,706	0.0111%
Horacio P. Borromeo	784,164	0.0105%
Francis F. Obana	105,120	0.0014%
Eduardo Morato	38,028	0.0005%
Antonio Gomez	30,420	0.0004%
Jose N. Morales	30,420	0.0004%
Paul Sim	30,420	0.0004%

The information presented does not relate to an acquisition, business combination or other reorganization.

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. The Company has no contractual restrictions which would limit its ability to declare any dividend.

Dividend History of the Company

Year	Amount	Date Declared	Type of Dividend
2005	₱ 218,521,203.5	February 17, 2005	Cash and Property
2005	₱ 3,000,000,000.0	October 11, 2005	Stock
2006	₱ 1,150,000,000.0	June 13, 2006	Cash and Property
2007	₱ 1,500,000,000.0	March 19, 2007	Cash
2007	₱ 375,000,000.0	April 26, 2007	Stock
2007	₱ 1,000,000,000.0	July 2, 2007	Cash
2008	₱ 1,214,163,001.0	May 21, 2008	Cash
2009	₱ 1,701,069,453.0	April 2, 2009	Cash
2010	₱ 2,187,089,296.56	March 25, 2010	Cash
2010	₱ 1,215,049,069.20	October 28, 2010	Cash
2011	₱ 2,187,089,296.56	March 11, 2011	Cash
2012	₱ 1,944,079,375	April 16, 2012	Cash
2012	₱ 1,264,794,293	August 22, 2012	Cash
2013	₱ 1,215,049,609	March 21, 2013	Cash
2014	₱ 1,312,253,577	April 2, 2014	Cash
2015	P1,215,049,609.20	March 30, 2015	Cash
2016	P1,944,079,375	April 8, 2016	Cash

The Company's Board of Directors has approved a dividend policy which will entitle holders of the Common Shares to receive annual cash dividends equivalent to a minimum of 50% of the prior year's net income based on the recommendation of the Board of Directors. Such recommendation will take into consideration factors such as the implementation of business plans, operating expenses, budgets, funding for new investments, appropriate reserves and working capital, among others. The cash dividend policy may be changed by the Company's Board of Directors at any time.

Recent Sales of Unregistered or Exempt Securities

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

VI. CORPORATE GOVERNANCE

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

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

(a) independent directors, (b) key board committees (e.g. Executive Committee, Nomination Committee, Audit and Risk Management Committee, Compensation and Remuneration Committee); (c) independent auditors, (d) internal audit, (e) disclosure system of company's governance policies, (f) stockholder rights, (g) monitoring and assessment, and (h) penalties for non-compliance.

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

To ensure adherence to corporate governance, the Board designated a Compliance Officer who is also the Company's Corporate Secretary and Vice-President, Roberto O. Parel. 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 dated July 31, 2014 as well as the Company's Annual Corporate Governance Report for 2015 filed with the Securities and Exchange Commission, there have been no deviations from the Company's Manual as of date.

Board of Directors

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

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

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

The Board comprises the following members:

Name	Position
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Anna Teresa G. Abrogar	Director
Joel Marcelo G. Jimenez	Director
Michael John R. Duavit	Director
Laura J. Westfall	Director
Felipe S. Yalong	Director
Artemio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met five (5) times in 2015. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	Present	***Absent***
Felipe L. Gozon	5	0
Gilberto R. Duavit,Jr.	5	0
Joel Marcelo G. Jimenez	4	1
Felipe S. Yalong	5	0
Anna Teresa G. Abrogar	3	2
Michael John R. Duavit	3	2
Laura J. Westfall	5	0
Artemio V. Panganiban	5	0
Jaime C. Laya	5	0

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

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

Board Remuneration

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

Committees and Meetings of the Board of Directors

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

<u>Executive Committee</u>

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

<u>Nomination Committee</u>

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

Compensation and Remuneration Committee

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

Audit and Risk Management Committee

Audit

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

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

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

The Audit and Risk Management Committee held seven (7) meetings in 2015 wherein the Committee reviewed and approved, among others, the Company's 2014 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

The GMA Network's Board of Directors and management are mindful of the risks and uncertainties inherent in the business. In the formulation of corporate strategy and business decision-making, potential risks are always taken into account. Necessary steps are taken to minimize, if not eliminate, such risks.

The Audit and Risk Management Committee assists the Board in the oversight of the company's risk management, ensures that it has the proper controls in place, identifies and evaluates significant risk exposures and contributes to the improvement of risk management and control systems.

Both radio and television broadcasting are highly competitive businesses. GMA stations compete for listeners/viewers and advertising revenues within their respective markets directly with other radio and /or television stations, as well as with other media such as cable television and/ or cable radio, newspapers, magazines, the internet, billboard advertising, among others. Audience ratings and market shares are subject to change, and any change in a particular market could have a material adverse effect on the revenue of our stations located in that market.

Considering the potential impact of various risks to the company's ability to deliver quality content across multiple platforms, the Company has established a Programming Committee that deliberates weekly on the programming issues and strategies of the Network. Regular monthly meetings of the Company's officers are also held to discuss plans, operational issues and strategies, implementation of projects and recommendations for improvements.

The Company's financial results are dependent primarily on its ability to generate advertising revenue through rates charged to advertisers. The advertising rates a station is able to charge is affected by many factors, including the ratings of its programs and the general strength of the local and national economies. Generally, advertising declines during periods of economic recession or downturns in the economy. As a result, the Company's revenue is likely to be adversely affected during such periods.

Management, being accountable to the Board, also prepares financial statements in a timely manner in accordance with generally accepted accounting standards in the Philippines. Management's statement of responsibility with regards to the Company's financial statements is included in this annual report.

The consolidated financial statements of GMA Network and its subsidiaries have been prepared in accordance with Philippine Financial Reporting Standards which are aligned with International Financial Reporting Standards. The financial statements are audited by external auditors and reviewed by the Audit and Risk Management Committee (with the support of the Internal Audit Group) to ensure that they fairly present, in all material respects, the financial position and results of the Company's operations before these are presented to the Board of Directors for approval.

The Board is responsible for presenting a clear, balanced and comprehensive assessment of the Company's financial position, performance and prospects each time it makes available its quarterly and annual financial statements to the public.

Management

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

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

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

Employee Relations

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

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

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

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

Prompt Disclosures and Timely Reporting

GMA Network, Inc. adheres to a high level of corporate disclosure and transparency regarding the company's financial condition and state of corporate governance on a regular basis. Through the Investor Relations and Compliance Division (IRCD), shareholders are provided disclosures, announcements and periodic reports filed with the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange. These are also available on line through the Company's Investor Relations website www.gmanetwork.com/corporate/ir.

The Company, through the IRCD, holds regular Analysts' and Investors' briefings that are attended by the Company's Chief Executive Officer, Chief Operating Officer, Chief Finance Officer as well as other high ranking officers. Meetings with Fund Managers, Investment, Financial and Research Analysts are likewise handled by the IRCD.

Consolidated audited financial statements are submitted to the SEC on or before the prescribed period and distributed to the shareholders prior to the ASM.

The financial soundness indicators that the Company monitors are the following:

Key Performance Indicators	**2015** *(in millions PhP)*	2014 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues	**13,727.1**	11,982.9	1,744.2	15%
Airtime revenues	**12,380.7**	10,678.9	1,701.8	16%
Cash operating expenses	**9,160.8**	9,126.7	34.1	0.4%
EBITDA	**4,641.2**	2,924.5	1,716.7	59%
Net income before tax	**3,036.2**	1,457.5	1,578.7	108%
Net income after tax	**2,125.8**	1,009.5	1,116.3	111%

	2015	2014	Inc/(Dec)	%
Current ratio	**2.24**	1.90	0.34	18%
Asset-to-Equity ratio	**1.59**	1.70	(0.12)	-7%
Net debt-to-Equity ratio	-	0.08	(0.08)	-
Debt-to-Equity ratio	**0.13**	0.27	(0.14)	-53%
Interest Rate Coverage ratio	**71.08**	40.66	30.42	75%
Gross Profit margin	**57%**	54%	0.04	7%
EBITDA margin	**34%**	24%	0.09	39%
Net income margin	**15%**	8%	0.07	84%

GMA
NETWORK

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

April 8, 2016

Securities and Exchange Commission
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

The management of GMA Network, Inc. is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 14 2016 day of ________ at QUEZON CITY, affiants exhibited to me their (Felipe L. Gozon) TIN 106-174-605, (Gilberto R. Duavit, Jr.) TIN 158-147-748 and (Felipe S. Yalong) TIN 102-874-052.

Doc. No. 267
Page No. 75
Book No. VII
Series of 2016

[illegible]
Notary Public
Until Dec 31, 2016
PTR No. [illegible] 1-5-15 Q.C
IBP No. [illegible] 1-5-15 Q.C
Roll No. 20434
MCLE Compliance No. IV 0023005, 2-10-14
Notarial Commission Adm. Matter No. [illegible] 2015-2016) RTC Q.C

SGV
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 AUDITORS' REPORT

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

Report on the Parent Company Financial Statements

We have audited the accompanying parent company financial statements of GMA Network, Inc., which comprise the parent company statements of financial position as at December 31, 2015 and 2014, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Parent Company Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these parent company financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the parent company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the parent company financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the parent company financial statements present fairly, in all material respects, the financial position of GMA Network, Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

Report on the Supplementary Information Required Under Revenue Regulations No. 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 No. 15-2010 in Note 32 to the parent company 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 Network, 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.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270

GMA NETWORK, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 29)	**₱2,032,317,961**	₱1,427,686,308
Trade and other receivables (Notes 7, 20 and 29)	**4,491,599,458**	4,426,577,059
Program and other rights (Note 8)	**1,185,547,343**	1,191,708,454
Prepaid expenses and other current assets (Note 9)	**900,363,025**	879,618,691
Total Current Assets	**8,609,827,787**	7,925,590,512
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	**3,099,383,078**	3,350,591,898
At revalued amounts (Notes 13 and 30)	**1,801,245,757**	1,798,435,758
Investments and advances (Notes 11 and 20)	**399,671,084**	423,294,084
Available-for-sale financial assets (Notes 10, 29 and 30)	**160,965,881**	126,023,081
Investment properties (Notes 14 and 30)	**40,458,167**	43,067,802
Deferred income tax assets - net (Note 28)	**36,424,324**	–
Other noncurrent assets (Notes 15, 29 and 30)	**227,071,956**	262,029,574
Total Noncurrent Assets	**5,765,220,247**	6,003,442,197
	₱14,375,048,034	₱13,929,032,709

LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 17 and 29)	**₱1,152,970,000**	₱2,222,960,000
Trade payables and other current liabilities (Notes 16, 20 and 29)	**2,408,745,514**	2,111,421,720
Income tax payable	**346,091,582**	15,132,513
Current portion of obligations for program and other rights		

	December 31	
	2015	2014
Equity		
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196
Revaluation increment in land - net of tax (Note 13)	**1,017,247,028**	1,017,247,028
Remeasurement loss on retirement plan - net of tax (Note 25)	**(236,419,169)**	(250,138,691)
Net unrealized gain (loss) on available-for-sale financial assets - net of tax (Note 10)	**(37,882,680)**	3,902,775
Retained earnings (Note 19)	**1,980,793,095**	1,101,594,067
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total Equity	**₱9,213,192,283**	8,362,059,188
TOTAL LIABILITIES AND EQUITY	**₱14,375,048,034**	₱13,929,032,709

See accompanying Notes to Parent Company Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I
Date APR 14 2016 SDS
RECEIVED
ELMER R. TANAY

GMA NETWORK, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2015	2014
NET REVENUES (Note 21)	**₱13,530,111,510**	₱11,844,345,379
PRODUCTION COSTS (Note 22)	**5,699,300,460**	5,456,587,547
GROSS PROFIT	**7,830,811,050**	6,387,757,832
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**(4,954,514,376)**	(4,999,225,613)
OTHER INCOME (EXPENSE)		
Interest expense (Notes 17 and 18)	**(40,534,128)**	(34,258,441)
Net foreign currency exchange loss	**(35,035,917)**	(12,944,998)
Dividend income from investments (Note 20)	**63,728,547**	20,449,040
Interest income (Note 6)	**12,732,355**	14,771,847
Others - net (Note 26)	**83,972,378**	69,505,625
	84,863,235	57,523,073
INCOME BEFORE INCOME TAX	**2,961,159,909**	1,446,055,292
PROVISION FOR INCOME TAX (Note 28)		
Current	**921,160,326**	345,750,425
Deferred	**(54,054,054)**	88,061,761
	867,106,272	433,812,186
NET INCOME	**2,094,053,637**	1,012,243,106
OTHER COMPREHENSIVE INCOME - net of tax		
Items to be reclassified to profit or loss in subsequent periods -		
Net changes in the fair market value of available-for-sale financial assets (Note 10)	**(37,590,000)**	175,788

GES IN EQUITY

Revaluation Decrement in Land - Net of Tax (Note 13)	Remeasurement Loss on Retirement Plan - Net of Tax (Note 25)	Net Unrealized Gain (Loss) on Available-for-sale Financial Assets - Net of Tax (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	Total Equity
₱1,017,247,028	**(₱250,138,691)**	**₱3,902,775**	**₱1,101,594,067**	**(₱28,483,171)**	**(₱5,790,016)**	**₱8,362,059,188**
–	**–**	**–**	**2,094,053,637**	**–**	**–**	**2,094,053,637**
–	**13,719,522**	**(41,785,455)**	**–**	**–**	**–**	**(28,065,933)**
–	**–**	**–**	**(1,214,854,609)**	**–**	**–**	**(1,214,854,609)**
₱1,017,247,028	**(₱236,419,169)**	**(37,882,680)**	**₱1,980,793,095**	**(₱28,483,171)**	**(₱5,790,016)**	**₱9,213,192,283**
₱1,021,158,064	₱18,926,885	₱2,501,187	₱1,401,604,539	(₱28,483,171)	(₱5,790,016)	₱8,933,644,684
–	–	–	1,012,243,106	–	–	1,012,243,106
(3,911,036)	(269,065,576)	1,401,588	–	–	–	(271,575,024)
–	–	–	(1,312,253,578)	–	–	(1,312,253,578)
₱1,017,247,028	(₱250,138,691)	₱3,902,775	₱1,101,594,067	(₱28,483,171)	(₱5,790,016)	₱8,362,059,188

GMA NETWORK, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱2,961,159,909**	₱1,446,055,292
Non-cash adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 12, 14, 22 and 23)	**788,068,730**	763,098,927
Program and other rights usage (Notes 8 and 22)	**754,638,743**	646,680,798
Pension expense (Notes 24 and 25)	**143,435,761**	123,236,748
Dividend income (Notes 10 and 20)	**(63,728,547)**	(20,449,040)
Interest expense (Notes 17 and 18)	**40,534,128**	34,258,441
Amortization of software costs (Notes 15 and 23)	**34,721,538**	22,318,570
Impairment loss on advances and investments (Notes 11 and 23)	**26,064,116**	23,000,000
Net unrealized foreign currency exchange loss - net	**25,502,441**	19,912,541
Impairment on available-for-sale financial assets (Note 10)	**1,360,000**	1,370,300
Gain on sale of property and equipment (Note 26)	**(20,538,301)**	(32,108,595)
Interest income (Note 6)	**(12,732,355)**	(14,771,847)
Provision for doubtful accounts (Notes 7 and 23)	**7,605,661**	–
Loss (gain) on redemption of available-for-sale financial assets (Note 26)	**147,380**	(33,145)
Loss on asset written off (Notes 14 and 26)	**–**	3,624,011
Operating income before working capital changes	**4,686,239,204**	3,016,193,001
Working capital adjustments:		
Decreases (increases) in:		
Trade and other receivables	**(110,329,484)**	(1,189,860,534)
Program and other rights (Note 8)	**(748,477,632)**	(632,573,982)
Prepaid expenses and other current assets	**(20,744,334)**	16,804,632
Increases (decreases) in:		
Trade payables and other current liabilities	**242,762,552**	173,745,025
Obligations for program and other rights	**99,116,704**	(55,420,114)
Other long - term benefits	**7,155,443**	(4,460,683)
Net cash generated from operations	**4,155,722,453**	1,324,427,345
Interest received	**13,210,387**	15,022,022
Income taxes paid	**(590,203,257)**	(604,714,046)
Contributions to retirement plan assets (Note 25)	**(150,000,000)**	–

	Years Ended December 31	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of short-term loans (Note 17)	**₱1,200,000,000**	₱2,191,559,000
Payments of:		
Cash dividends (Note 19)	**(1,214,069,467)**	(1,312,176,873)
Short-term loans (Note 17)	**(2,325,197,500)**	(1,106,824,000)
Interest and financing charges	**(42,940,609)**	(35,092,884)
Net cash used in financing activities	**(2,382,207,576)**	(262,534,757)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**576,244,961**	(203,422,723)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**28,386,692**	2,546,777
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,427,686,308**	1,628,562,254
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,032,317,961**	₱1,427,686,308

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

GMA Network, Inc. (the Company) is incorporated in the Philippines. The Company is primarily involved in the business of radio and television broadcasting. The registered office address of the Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City. The Company was registered with the Philippine Securities and Exchange Commission (SEC) on June 14, 1950.

On July 20, 1995, the Board of Directors (BOD) approved the extension of the corporate term of the Company for another 50 years from June 14, 2000. In 1997, the SEC approved the said extension.

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

The accompanying parent company financial statements were approved and authorized for issue in accordance with a resolution of the BOD on April 8, 2016.

2. Basis of Preparation and Statement of Compliance

Basis of Preparation
The parent company financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and land under property and equipment, which are measured at fair value. The parent company 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 parent company financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

							5	2	1	3

COMPANY NAME

GMA NETWORK, INC. AND SUBSIDIARIES

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

GMA Network Center, Timog Avenue corner EDSA, Quezon City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	–	Not Applicable

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	982-7777	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,690	5/21	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Felipe S. Yalong	FSY@gmanetwork.com	928-5133	–

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.*

SGV
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 AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of GMA Network, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GMA Network, Inc. and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

April 8, 2016

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

APR 14 2016

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 30)	₱2,160,298,125	₱1,598,825,520
Trade and other receivables (Notes 7, 20, and 30)	4,384,198,602	4,323,976,349
Program and other rights (Note 8)	1,192,607,228	1,198,270,709
Prepaid expenses and other current assets (Note 9)	1,069,029,207	1,099,835,394
	8,806,133,162	8,220,907,972
Asset classified as held for sale (Note 10)	–	26,432,472
Total Current Assets	8,806,133,162	8,247,340,444
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	3,127,843,301	3,373,810,427
At revalued amounts (Note 13)	1,802,522,857	1,799,712,858
Available-for-sale financial assets (Notes 10, 30 and 31)	191,116,881	129,024,081
Investments and advances (Notes 11 and 20)	147,652,576	147,937,544
Investment properties (Notes 14 and 31)	55,548,001	58,811,306
Deferred income tax assets - net (Note 28)	185,462,919	147,400,799
Other noncurrent assets (Notes 15, 30 and 31)	99,262,238	116,368,389
Total Noncurrent Assets	5,609,408,773	5,773,065,404
TOTAL ASSETS	₱14,415,541,935	₱14,020,405,848
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 17 and 30)	₱1,152,970,000	₱2,222,960,000
Trade payables and other current liabilities (Notes 16, 20, and 30)	2,190,657,499	1,931,183,185
Income tax payable	359,645,980	61,653,785
Current portion of obligations for program and other rights (Notes 18 and 30)	220,843,041	116,533,114
Dividends payable (Note 30)	10,873,177	9,698,035
Total Current Liabilities	3,934,989,697	4,342,028,119
Noncurrent Liabilities		
Pension liability (Note 26)	1,102,714,871	1,161,280,052
Other long-term employee benefits (Notes 26 and 31)	295,717,251	259,012,979
Deferred income tax liabilities - net (Note 28)	–	19,696,301
Noncurrent portion of obligations for program and other rights (Notes 18, 30 and 31)	–	5,193,223
Total Noncurrent Liabilities	1,398,432,122	1,445,182,555
Total Liabilities	5,333,421,819	5,787,210,674

(Forward)

	December 31	
	2015	2014
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196
Revaluation increment on land - net of tax (Note 13)	**1,017,247,029**	1,017,247,029
Remeasurement loss on retirement plans - net of tax	**(300,486,170)**	(313,328,670)
Net unrealized gain (loss) on available-for-sale financial assets - net of tax (Note 10)	**(59,671,681)**	5,019,775
Retained earnings (Note 19)	**1,892,306,756**	992,079,088
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total Equity Attributable to Parent Company	**9,038,849,943**	8,190,471,231
Equity Attributable to Non-controlling Interest (Note 2)	**43,270,173**	42,723,943
Total Equity	**9,082,120,116**	8,233,195,174
TOTAL LIABILITIES AND EQUITY	**₱14,415,541,935**	₱14,020,405,848

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2015	2014	2013
NET REVENUES (Note 21)	**₱13,727,094,669**	₱11,982,888,346	₱12,950,879,322
PRODUCTION COSTS (Note 22)	**5,842,585,068**	5,551,782,964	5,956,381,705
GROSS PROFIT	**7,884,509,601**	6,431,105,382	6,994,497,617
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**4,902,372,023**	5,021,969,892	4,608,945,146
OTHER INCOME (EXPENSE) - NET			
Interest expense (Notes 17 and 18)	**(40,534,078)**	(34,258,441)	(51,661,084)
Interest income (Note 6)	**13,655,810**	15,640,942	23,990,805
Net foreign currency exchange loss	**(33,533,918)**	(12,972,272)	(31,320,982)
Equity in net earnings (losses) of joint ventures (Note 11)	**(3,113,716)**	5,338,761	(5,362,051)
Others - net (Note 25)	**117,553,460**	74,569,595	66,106,894
	54,027,558	48,318,585	1,753,582
INCOME BEFORE INCOME TAX	**3,036,165,136**	1,457,454,075	2,387,306,053
PROVISION FOR INCOME TAX (Note 28)			
Current	**954,898,842**	513,917,294	909,190,340
Deferred	**(44,562,213)**	(65,982,463)	(196,859,299)
	910,336,629	447,934,831	712,331,041
NET INCOME	**2,125,828,507**	1,009,519,244	1,674,975,012
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Item to be reclassified to profit or loss in subsequent periods -			
Net changes in the fair market value of available-for-sale financial assets (Note 10)	**(60,440,000)**	770,788	(982,740)
Recycling of fair value change of certain available-for-sale firnancial assets due to impairment and redemption (Note 10)	**(5,241,820)**	1,370,300	–
Income tax effect	**990,364**	(204,500)	–
	(64,691,456)	1,936,588	(982,740)
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment (decrement) on land (Note 13)	–	(5,587,193)	395,714,346
Remeasurement gain (loss) on retirement plans (Note 26)	**18,346,429**	(410,241,751)	(86,144,320)
Income tax effect	**(5,503,929)**	124,748,683	(92,871,008)
	12,842,500	(291,080,261)	216,699,018
	(51,848,956)	(289,143,673)	215,716,278
TOTAL COMPREHENSIVE INCOME	**2,073,979,551**	₱720,375,571	₱1,890,691,290
Net income attributable to:			
Equity holders of the Parent Company	**₱2,115,082,277**	₱1,004,651,016	₱1,666,949,855
Non-controlling interest (Note 2)	**10,746,230**	4,868,228	8,025,157
	₱2,125,828,507	₱1,009,519,244	₱1,674,975,012
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱2,073,979,551**	₱714,300,986	₱1,882,666,133
Non-controlling interest (Note 2)	–	6,074,585	8,025,157
	₱2,073,979,551	₱720,375,571	₱1,890,691,290
Basic / Diluted Earnings Per Share (Note 29)	**₱0.435**	₱0.207	₱0.343

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land - Net of Tax (Note 13)	Remeasurement Loss on Retirement Plans - Net of Tax (Note 26)	Net Unrealized Gain (Loss) on Available-for-sale Financial Assets - Net of Tax (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total Equity Attributable to Parent Company	Non-controlling Interest (Note 2)	Total Equity
Balances at January 1, 2015	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,017,247,029**	**(₱313,328,670)**	**₱5,019,775**	**₱992,079,088**	**(₱28,483,171)**	**(₱5,790,016)**	**₱8,190,471,231**	**₱42,723,943**	**₱8,233,195,174**
Total comprehensive income:											
Net income	–	–	–	–	–	2,115,082,277	–	–	2,115,082,277	10,746,230	2,125,828,507
Other comprehensive income (loss)	–	–	–	12,842,500	(64,691,456)	–	–	–	(51,848,956)	–	(51,848,956)
Cash dividends - ₱0.25 a share (Note 19)	–	–	–	–	–	(1,214,854,609)	–	–	(1,214,854,609)	–	(1,214,854,609)
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	(10,200,000)	(10,200,000)
Balances at December 31, 2015	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,017,247,029**	**(₱300,486,170)**	**(₱59,671,681)**	**₱1,892,306,756**	**(₱28,483,171)**	**(₱5,790,016)**	**₱9,038,849,943**	**₱43,270,173**	**₱9,082,120,116**
Balances at January 1, 2014	₱4,864,692,000	₱1,659,035,196	₱1,021,158,064	(₱24,953,087)	₱3,083,187	₱1,299,681,650	(₱28,483,171)	(₱5,790,016)	₱8,788,423,823	₱36,649,358	₱8,825,073,181
Total comprehensive income:											
Net income	–	–	–	–	–	1,004,651,016	–	–	1,004,651,016	4,868,228	1,009,519,244
Other comprehensive income (loss)	–	–	(3,911,035)	(288,375,583)	1,936,588	–	–	–	(290,350,030)	1,206,357	(289,143,673)
Cash dividends - ₱0.27 a share (Note 19)	–	–	–	–	–	(1,312,253,578)	–	–	(1,312,253,578)	–	(1,312,253,578)
Balances at December 31, 2014	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱313,328,670)	₱5,019,775	₱992,079,088	(₱28,483,171)	(₱5,790,016)	₱8,190,471,231	₱42,723,943	₱8,233,195,174
Balances at January 1, 2013	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱35,347,937	₱4,065,927	₱847,781,404	(₱28,483,171)	(₱5,790,016)	₱8,120,807,299	₱28,624,201	₱8,149,431,500
Total comprehensive income:											
Net income	–	–	–	–	–	1,666,949,855	–	–	1,666,949,855	8,025,157	1,674,975,012
Other comprehensive income (loss)	–	–	277,000,042	(60,301,024)	(982,740)	–	–	–	215,716,278	–	215,716,278
Cash dividends - ₱0.25 a share (Note 19)	–	–	–	–	–	(1,215,049,609)	–	–	(1,215,049,609)	–	(1,215,049,609)
Balances at December 31, 2013	₱4,864,692,000	₱1,659,035,196	₱1,021,158,064	(₱24,953,087)	₱3,083,187	₱1,299,681,650	(₱28,483,171)	(₱5,790,016)	₱8,788,423,823	₱36,649,358	₱8,825,073,181

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱3,036,165,136**	₱1,457,454,075	₱2,387,306,053
Non-cash adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 12, 14, 22 and 23)	**800,272,014**	776,525,812	705,440,885
Program and other rights usage (Notes 8 and 22)	**754,638,743**	646,680,799	565,357,691
Pension expense (Note 26)	**166,938,102**	163,016,525	116,158,183
Interest expense (Notes 17 and 18)	**40,534,078**	34,258,441	51,661,084
Net unrealized foreign currency exchange loss	**24,267,569**	12,357,814	45,628,791
Gain on disposal of asset held for sale (Notes 10 and 25)	**(23,567,528)**	–	–
Amortization of software costs (Notes 15 and 23)	**20,680,531**	23,369,011	30,995,844
Gain on sale of property and equipment (Note 25)	**(19,962,498)**	(32,321,569)	(11,243,730)
Interest income (Note 6)	**(13,655,810)**	(15,640,942)	(23,990,805)
Provisions for doubtful accounts (Notes 7 and 23)	**8,581,859**	715,495	848,005
Recycling of fair value change of certain available for-sale financial assets due to redemption (Note 10)	**(6,601,820)**	–	–
Equity in net losses (earnings) of joint ventures (Note 11)	**3,113,716**	(5,338,761)	5,362,051
Impairment loss on available-for-sale financial assets (Notes 10 and 23)	**1,360,000**	1,370,300	1,053,550
Loss on asset disposed/written off (Note 25)	**1,113,094**	3,624,011	2,703,576
Loss on redemption of available-for-sale financial assets (Note 25)	**147,380**	–	–
Dividend income (Note 25)	–	(514,942)	(22,130,300)
Gain on sale of investment properties (Note 25)	–	(396,813)	–
Working capital adjustments:			
Decreases (increases) in:			
Short-term investments	–	7,874,002	664,140
Trade and other receivables	**(126,593,181)**	(933,327,414)	373,295,344
Program and other rights (Note 8)	**(748,975,262)**	(635,722,227)	(585,446,302)
Prepaid expenses and other current assets	**29,693,093**	(331,402,718)	88,989,835
Increases (decreases) in:			
Trade payables and other current liabilities	**229,032,100**	150,800,771	187,053,120
Obligations for program and other rights	**99,116,704**	(51,500,114)	(76,383,888)
Other long-term employee benefits	**36,704,272**	12,240,548	21,711,880
Contributions to retirement plan assets (Note 26)	**(172,681,390)**	(17,595,626)	(3,578,687)
Benefits paid out of Group's fund	**(34,475,464)**	–	(420,198)
Cash flows provided by operations	**4,105,845,438**	1,266,526,478	3,861,036,122
Interest received	**13,444,879**	15,886,283	24,023,042
Income taxes paid	**(656,906,736)**	(619,881,084)	(829,742,855)
Net cash flows from operating activities	**3,462,383,581**	662,531,677	3,055,316,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(552,797,608)**	(563,896,491)	(672,652,227)
Land at revalued amount (Note 13)	**(2,809,999)**	–	–
Software costs (Note 15)	**(2,170,075)**	(21,632,058)	(12,309,842)
Investment properties (Note 14)	**(105,411)**	(3,299,279)	(1,846,519)
Proceeds from:			
Sale of property and equipment	**21,823,934**	38,540,596	13,257,506
Redemption of available-for-sale financial assets	**718,000**		
Sale of investment properties	–	2,200,001	–

(Forward)

	Years Ended December 31		
	2015	2014	2013
Decreases (increases) in other noncurrent assets	**(₱1,404,305)**	(₱2,510,978)	₱7,465,632
Advances to an associate and joint ventures (Notes 11 and 20)	**(2,828,748)**	(3,134,845)	–
Cash dividends received	**–**	65,902	–
Net cash flows used in investing activities	**(539,574,212)**	(553,667,152)	(666,085,450)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	**1,200,000,000**	2,191,559,000	1,825,000,000
Payments of:			
Short-term loans (Note 17)	**(2,325,197,500)**	(1,106,824,000)	(2,500,000,000)
Cash dividends (Notes 2 and 19)	**(1,223,879,467)**	(1,311,424,172)	(1,213,829,077)
Interest expense	**(43,199,728)**	(35,317,535)	(52,848,510)
Net cash flows used in financing activities	**(2,392,276,695)**	(262,006,707)	(1,941,677,587)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**530,532,674**	(153,142,182)	447,553,272
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**30,939,931**	2,336,506	14,792,364
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,598,825,520**	1,749,631,196	1,287,285,560
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,160,298,125**	₱1,598,825,520	₱1,749,631,196

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

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

The accompanying consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution of the Parent Company's BOD on April 8, 2016.

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

Basis of Preparation
The consolidated financial statements of the Parent Company and its subsidiaries have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and land under property and equipment which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2015 and 2014. The Group controls an investee if, and only if, the Group has:

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

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

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

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

NCI represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statements of income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the non-controlling equity interest in the subsidiary. NCI represents the equity interest in RGMA Network, Inc. (RGMA Network).

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

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

	2015	2014
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱43,270,173**	₱42,723,943
Net income allocated to material NCI	**10,746,230**	4,868,228

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2015	2014	2013
Revenues	**₱192,281,024**	₱161,305,678	₱161,133,002
Expenses	**(162,154,673)**	(147,595,904)	(138,656,364)
Provision for income tax	**(9,055,313)**	(4,164,229)	(6,741,036)
Net income	**21,071,038**	9,545,545	15,735,602
Other comprehensive income	–	2,365,404	–
Total comprehensive income	**₱21,071,038**	₱11,910,949	₱15,735,602
Net income attributable to:			
NCI	**₱10,746,230**	₱4,868,228	₱8,025,157
Parent Company	**10,324,808**	4,677,317	7,710,445
Total comprehensive income attributable to:			
NCI	**₱10,746,230**	₱6,074,585	₱8,025,157
Parent Company	**10,324,808**	5,836,364	7,710,445

Summarized Statements of Financial Position

	2015	2014
Total current assets	**₱146,954,805**	₱144,057,618
Total noncurrent assets	**26,103,632**	24,781,992
Total current liabilities	**15,718,355**	18,520,518
Total noncurrent liabilities	**74,635,860**	68,715,910
Total equity	**82,704,222**	81,603,182
Attributable to NCI	**₱43,270,173**	₱42,723,943
Attributable to equity holders of the Parent Company	**₱39,434,049**	₱38,879,239

Summarized Cash Flow Information

	2015	2014	2013
Operating	**₱17,479,616**	(₱4,136,038)	₱1,843,305
Investing	**(20,728,549)**	(610,168)	(1,330,054)
Net increase (decrease) in cash and cash equivalents	**(₱3,248,933)**	(₱4,746,206)	₱513,251

In 2015, RGMA declared and paid dividends amounting to ₱10.20 million to NCI. There were no dividends paid to NCI for the years ended 2014 and 2013.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2015 and 2014:

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted were consistent with those of the previous financial year, except for the adoption of the following amendments and improvements to the Philippine Accounting Standards (PAS) which became effective for annual periods beginning on or after January 1, 2015. The adoption of these amendments and improvements did not have significant impact on the Group's consolidated financial statements.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contribution*
- Annual Improvements to PFRS (2010-2012 Cycle)
    - PFRS 2, *Share-based Payment - Definition of Vesting Condition*
    - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation,* and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
- PFRS 24, *Related Party Disclosures - Key Management Personnel*

▪ Annual Improvements to PFRS (2011-2013 cycle)

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangement*
- PFRS 13, *Fair Value Measurement - Portfolio Exception*
- PAS 40, *Investment Property*

Future Changes in Accounting Policies
The Group did not early adopt the following new standards, amendments and improvements to PFRS and Philippine Interpretations that have been approved but are not yet effective.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment, and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements as the Group has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendments are not applicable to the Group as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures, and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The standard is not applicable to the Group since it is an existing PFRS preparer.

- PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments)

  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity (IE) that measures all of its subsidiaries at fair value and that only a subsidiary of an IE that is not an IE itself and that provides support services to the IE parent is consolidated. The amendments also allow an investor (that is not an IE and has an IE associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the IE associate or joint venture to its interests in subsidiaries. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will not have any impact on the Group's consolidated financial statements since none of the entities within the Group is an IE nor does the Group have IE associates or joint venture.

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative* (Amendments)

  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. The amendments clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions;
  - That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements;
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

- Annual Improvements to PFRS (2012-2014 cycle)

  These improvements to the following standards and interpretations are effective for annual periods beginning on or before January 1, 2016 and are not expected to have a material impact on the Group's consolidated financial statements.

  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

    The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

    PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*

  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

  In July 2014, the International Accounting Standards Board (IASB) issued the final version of PFRS 9, *Financial Instruments*. The new standard (renamed as 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. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

  The Group is currently assessing the impact of the adoption of PFRS 9 on its consolidated financial statements.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and Financial Reporting Standards Council. The Group is currently assessing the impact of these new standards and plans to adopt them in their required effective dates once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 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 IFRS 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 IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted.

Effective January 1, 2019

- IFRS 16, *Leases*

  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their statement of income. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

3. Summary of Significant Accounting and Financial Reporting Policies

Investments in Associates and Joint Ventures

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

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

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

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

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

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

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

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

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

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

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

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

Current versus Noncurrent Classification

The Group presents assets and liabilities in consolidated statements of financial position based on current/noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Financial Instruments - Initial Recognition and Subsequent Measurement</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

The Group's financial assets include cash and cash equivalents, short-term investments, trade and other receivables (excluding advances to suppliers), refundable deposits (included under "Other noncurrent assets" account in the consolidated statements of financial position) and AFS financial assets.

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

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

- Financial assets at FVPL
- Loans and receivables
- HTM investments
- AFS financial assets

The Group did not classify any financial asset under financial assets at FVPL and HTM investments as at December 31, 2015 and 2014.

a. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the 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 effective interest amortization is included in interest income in profit or loss. The losses arising from impairment are recognized under "General and administrative expenses" account in the consolidated statements of comprehensive income.

The Group's cash and cash equivalents, receivables (excluding advances to suppliers) and refundable deposits (included under "other noncurrent assets" account) are classified as loans and receivables (see Notes 6, 7 and 15).

b. *AFS financial assets*

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

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

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

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

The Group's investments in listed and unlisted equity securities and golf club shares are classified as noncurrent AFS investments (see Notes 10 and 31).

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

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

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

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

Impairment of Financial Assets
Further disclosures relating to impairment of financial assets, if any, are also provided in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Trade and other receivables, see Notes 7 and 30
- AFS investments, see Notes 10 and 30
- Financial assets, see Note 30

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

Financial Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss shall be recognized in the consolidated statements of comprehensive income. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

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

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

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

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

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss, is removed from

OCI and recognized in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in OCI.

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

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

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

Financial Liabilities

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

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

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

As at December 31, 2015 and 2014, the Group does not have financial liabilities at FVPL.

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

a. Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied. The Group has not designated any financial liability as at FVPL as at December 31, 2015 and 2014.

b. Loans and borrowings

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

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

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

Derecognition

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

Classification of Financial Instruments Between Liability and Equity

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

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

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

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

Offsetting of Financial Instruments

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

There is no offsetting of financial assets and financial liabilities and any similar arrangements that are required to be disclosed in the consolidated financial statements as at December 31, 2015 and 2014.

Program and Other Rights
Program and other rights with finite lives are stated at cost less amortization and impairment in value. The estimated useful lives and the amortization method used depend on the manner and pattern of usage of the acquired rights. The cost of program and other rights with specific number of runs within a specified term is amortized using straight line method up to the date of expiry. The cost of program and other rights with no definite expiration date is amortized on accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage" included under "Production costs" account in the consolidated statements of comprehensive income.

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

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

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

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

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

Asset Classified as Held for Sale
Asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell. An asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the Group's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment in Artworks

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

Software Costs

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

Impairment of Nonfinancial Assets

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

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

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

Equity

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

Retained earnings include all current and prior period results of operations as reported in the consolidated statements of comprehensive income, net of any dividend declaration.

Treasury Stock and Underlying Shares of Acquired Philippine Deposit Receipts (PDRs)

The Parent Company's own reacquired equity instruments are deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

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

Dividends on Common Shares of the Parent Company

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

Revenues

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

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

Airtime Revenue. Revenue is recognized in the period the advertisements are aired. Such revenues are net of co-producers' share. The fair values of capitalizable exchange deals are included in airtime revenue and related accounts. These transactions represent advertising time exchanged for program materials, merchandise or service.

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

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

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

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

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

Production and Others. Production revenue is recognized when project-related services are rendered. Others pertain to revenue from sponsorship and licensing income which is recognized on an accrual basis in accordance with the terms of the agreement.

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

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

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

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

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

<u>Co-producers' Share</u>
Co-producers' share is deducted from gross revenues in the profit or loss in the period the advertisements are aired.

Share of co-producers on revenues of specific programs are covered by duly authorized contracts entered into between the Group and the co-producers. The co-producers normally undertake the production of such program in return for a stipulated percentage of revenue.

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

Expenses
Expenses, presented as "Production costs" and "General and administrative expenses" in the consolidated statements of comprehensive income, are recognized as incurred.

Pension and Other Employee Benefits
The Parent Company and GMPI have funded, noncontributory defined benefit retirement plans covering permanent employees. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive an amount equivalent to a certain percentage of monthly salary at normal retirement age.

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

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

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

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

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

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

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

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

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

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

Employee Leave Entitlements. Employee entitlements to annual leave are recognized as a liability when they accrue to the employees. The liability relating to employee leave entitlement is recognized for services rendered equivalent to the maximum credit leaves earned by the employee, which is expected to be settled upon the employee's resignation or retirement. The present value of the noncurrent portion of the liability is determined by applying the discount rate based on government bonds.

Leases

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

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

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

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

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

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

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting period. All differences are taken to profit or loss in the consolidated statements of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. For income tax purposes, foreign exchange gains and losses are treated as taxable income or deductible expenses when realized.

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

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

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

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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 profit will be available against which the temporary differences can be utilized.

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

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

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

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

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

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

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

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

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority , in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- where receivables and payables are stated with the amount of VAT included.

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

Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company, net of income attributable to preferred shares, by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared, if any.

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

Segment Reporting

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

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Functional Currency. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional currency. The Philippine peso is also the functional currency of all the subsidiaries. It is the currency of the primary economic environment in which the Group operates.

Asset Classified as Held for Sale. The Group assessed that the interest in X-Play Online Games Incorporated (X-Play) met the criteria to be classified as held for sale in 2014 for the following reasons:

- X-Play is available for immediate sale and can be sold in its current condition.

- IP E-Games Ventures, Inc. (IPE) and GNMI have a recent agreement which provides the execution of the option agreement as discussed in Note 10. On July 28, 2014, the increase in capital stocks of IPE was approved by the SEC.

In 2014, the Group classified its investment in X-Play as "Asset classified as held for sale" account in the consolidated statements of financial position. On November 9, 2015, the sale of X-Play was completed.

Consolidation of entities in which the Group holds less than majority of voting rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group.

Assessing Joint Control of an Arrangement and the Type of Arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group assessed that it has joint control in all its joint arrangements by virtue of a contractual agreement with other shareholders. The Group's joint ventures have separate legal entity and its stockholders have rights to its net assets.

The carrying value of the investments in joint ventures amounted to ₱18.86 million and ₱21.98 million as at December 31, 2015 and 2014, respectively (see Note 11).

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

Rental expense charged to operations amounted to ₱843.63 million, ₱855.12 million and ₱919.49 million in 2015, 2014, and 2013 respectively (see Notes 22, 23 and 27).

Tax Credits. The Parent Company has determined that tax credits earned from airing of government commercials and advertisements are recognized based on the Parent Company's forecast of importation for the next twelve (12) months from reporting period in which the tax credits will be applied and when the application is reasonably certain.

Revenue from tax credits recognized in profit or loss amounted to ₱80.00 million and ₱44.80 million in 2014 and 2013, respectively (see Note 21).

Classification of Leave Entitlements as Current or Noncurrent. The Group assesses the classification of its leave entitlements as either current or noncurrent based on the historical experience of the outstanding leave availed.

Leave entitlements classified as current in "Accrued payroll and talent fees" included under "Trade payables and other current liabilities" account in the consolidated statements of financial position amounted to ₱9.23 million and ₱18.14 million as at December 31, 2015 and 2014, respectively, while other employee benefits classified as noncurrent amounted to ₱295.72 million and ₱259.01 million as at December 31, 2015 and 2014, respectively (see Note 26).

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

Estimating Allowance for Doubtful Accounts. Provisions are made for specific and groups of billed accounts where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances that affect the collectability of the accounts. The review is accomplished using a combination of specific and collective assessment. The factors considered in specific and collective impairment assessments include, but not limited to, the length of the Group's relationship with customers, customers' current credit status and known market forces, average age of accounts, collection experience and historical loss experience. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in allowance for doubtful accounts would increase the recorded general and administrative expenses and decrease current assets.

Provision for doubtful accounts amounted to ₱8.58 million, ₱0.72 million and ₱0.85 million in 2015, 2014 and 2013, respectively (see Note 23). Trade and other receivables, net of allowance for doubtful accounts of ₱283.28 million and ₱274.69 million, amounted to ₱4,384.20 million and ₱4,323.98 million as at December 31, 2015 and 2014, respectively (see Note 7).

Classification and Amortization of Program and Other Rights. Program and other rights are classified as current assets because the Group expects to air any given title at any time within its normal operating cycle.

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

Program and other rights usage amounted to ₱754.64 million, ₱646.68 million and ₱565.36 million in 2015, 2014 and 2013, respectively (see Note 22). Program and other rights, net of accumulated impairment loss of ₱2.70 million, amounted to ₱1,192.61 million and ₱1,198.27 million as at December 31, 2015 and 2014, respectively (see Note 8).

Determination of Impairment of AFS Financial Assets. For unquoted equity instruments, the financial assets are considered to be impaired when the Group believes that future cash flows generated from the investment is expected to decline significantly. The Group's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine if impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance.

For the quoted shares, the Group determines that the financial assets are considered to be impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Group determines that a decline in fair value of greater than 20% of cost is considered to be a significant decline and a decline for a period of more than 12 months is considered to be a prolonged decline. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price for quoted equities.

Provision for impairment loss on AFS financial assets amounted to ₱1.36 million, ₱1.37 million and ₱1.05 million in 2015, 2014 and 2013, respectively (see Note 23). The carrying value of AFS financial assets amounted to ₱191.12 million and ₱129.02 million as at December 31, 2015 and 2014, respectively (see Note 10).

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

The carrying value of materials and supplies inventory, included under "Prepaid expenses and other current assets" in the consolidated statements of financial position, amounted to ₱26.01 million and ₱30.12 million as at December 31, 2015 and 2014, respectively (see Note 9). There were no provisions for inventory losses in 2015, 2014 and 2013.

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in 2015 and 2014.

Total depreciation and amortization expense for the years ended December 31, 2015, 2014 and 2013 amounted to ₱820.95 million, ₱799.89 million, and ₱736.44 million, respectively (see Notes 12, 14, 15, 22 and 23).

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

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

The revalued amount of land amounted to ₱1,802.52 million and ₱1,799.71 million as at December 31, 2015 and 2014, respectively (see Note 13).

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

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

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

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

As at December 31, 2015 and 2014, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

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

	2015	2014
Property and equipment - at cost (see Note 12)	**₱3,127,843,301**	₱3,373,810,427
Program and other rights (see Note 8)	**1,192,607,228**	1,198,270,709
Investments and advances (see Note 11)	**147,652,576**	147,937,544
Tax credits (see Note 9)	**146,590,919**	181,584,094
Prepaid production costs (see Note 9)	**129,352,549**	179,060,055
Investment properties (see Note 14)	**55,548,001**	58,811,306
Software costs (see Note 15)	**17,406,636**	35,917,092
Investment in artworks (see Note 15)	**10,406,255**	10,406,255
Deferred production costs (see Note 15)	**1,952,433**	–

Taxes. The Group has exposures to the tax rules and regulations in the Philippines and significant judgment is involved in determining the provision for these tax exposures. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes are due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such difference will impact profit or loss in the period in which such determination is made.

Estimating Realizability of Deferred Income Tax Assets. The Group reviews the carrying amounts of deferred income tax assets on nondeductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT at each reporting date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Based on the Group's assessment, not all nondeductible temporary differences and carryforward benefits of NOLCO and excess MCIT over RCIT will be realized.

Recognized deferred tax assets amounted to ₱637.17 million and ₱589.54 million as at December 31, 2015 and 2014, respectively, while unrecognized deferred tax assets amounted to ₱14.36 million and ₱28.55 million as at December 31, 2015 and 2014, respectively (see Note 28).

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

Pension liability amounted to ₱1,102.71 million and ₱1,161.28 million as at December 31, 2015 and 2014, respectively (see Note 26).

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

Determination of Fair Value of Investment Properties and Land at Revalued Amounts. PFRS requires disclosure of fair value of investment properties when measured at cost and requires land at revalued amount to be re-measured at fair value with sufficient regularity.

The fair values of these assets as at December 31, 2015 and 2014 are based on the appraisal report prepared by an accredited appraiser in 2013. Management believes that there is no significant change on the fair value of these assets given that there were no events or circumstances (i.e., development in the area, expected market value, condition of the property) that would indicate a significantly different fair value.

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

5. Segment Information

Business Segments

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

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

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

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

Geographical Segments
The Group operates in two major geographical segments – local and international. In the Philippines, the home country, the Group is involved in television operations. In the United States and in other locations (which include Middle East, Europe, Australia, Canada, Guam, Singapore, Hongkong and Japan), the Group ties up with cable providers to bring local television programming outside the Philippines.

The Group's revenues are mostly generated in the Philippines, which is the Group's country of domicile. Revenues from external customers attributed to foreign countries from which the Group derives revenue are individually and in aggregate immaterial to the consolidated financial statements.

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

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

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

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

Business Segment Data

	Local						International subscription			Eliminations			Consolidated		
	Television and radio airtime			Other businesses											
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
REVENUES															
External sales	₱12,397,118,205	₱10,676,626,531	₱11,738,449,260	₱306,658,721	₱230,463,979	₱234,617,743	₱1,023,317,743	₱ 1,075,797,836	₱977,812,319	₱–	₱–	₱–	₱13,727,094,669	₱11,982,888,346	₱12,950,879,322
Inter-segment sales	–	–	–	865,398,189	772,809,560	761,156,750	–	–	–	(865,398,189)	(772,809,560)	(761,156,750)	–	–	
	12,397,118,205	10,676,626,531	₱11,738,449,260	1,172,056,910	1,003,273,539	₱995,774,493	1,023,317,743	1,075,797,836	₱977,812,319	(865,398,189)	(772,809,560)	(₱761,156,750)	13,727,094,669	11,982,888,346	₱12,950,879,322
NET INCOME															
Segment results	1,989,653,837	583,750,944	₱1,816,913,584	64,776,789	(2,396,729)	₱37,512,277	886,642,837	827,781,275	₱531,126,610	41,064,115	–	₱–	2,982,137,578	1,409,135,490	₱2,385,552,471
Interest expense	(40,534,078)	(34,258,441)	(51,661,084)	–	–	–	–	–	–	–	–	–	(40,534,078)	(34,258,441)	(51,661,084)
Foreign exchange gain (loss)	(35,156,621)	(12,944,998)	(49,515,631)	1,501,999	(27,274)	854,376	120,704	–	17,340,273	–	–	–	(33,533,918)	(12,972,272)	(31,320,982)
Interest income	12,732,355	14,771,847	19,267,743	923,455	869,095	4,723,062	–	–	–	–	–	–	13,655,810	15,640,942	23,990,805
Equity in net earnings (losses)	–	–	–	(3,113,716)	5,338,761	(5,362,051)	–	–	–	–	–	–	(3,113,716)	5,338,761	(5,362,051)
Other income (expenses)	147,700,876	89,954,665	65,441,661	39,581,131	164,614,930	665,233	–	–	–	(69,728,547)	(180,000,000)	–	117,553,460	74,569,595	66,106,894
Income tax	(601,077,210)	(192,377,804)	(535,160,705)	(30,911,123)	(52,222,645)	(17,832,353)	(266,029,062)	(248,334,382)	(159,337,983)	(12,319,234)	45,000,000	–	(910,336,629)	(447,934,831)	(712,331,041)
	1,473,319,159	448,896,213	₱1,265,285,568	72,758,535	116,176,138	₱20,560,544	620,734,479	579,446,893	₱389,128,900	(40,983,666)	(135,000,000)	₱–	2,125,828,507	1,009,519,244	₱1,674,975,012
ASSETS AND LIABILITIES															
Assets															
Segment assets	13,580,475,467	12,109,164,612	₱11,655,665,602	897,625,491	942,507,866	₱853,416,184	719,797,623	1,804,517,475	₱1,365,518,823	(1,025,033,178)	(1,043,512,233)	(₱933,803,088)	14,172,865,403	13,812,677,720	₱12,940,797,521
Investment in associates - at equity	38,350,619	38,350,619	38,350,619	18,862,994	21,976,710	16,637,949	–	–	–	–	–	–	57,213,613	60,327,329	54,988,568
Deferred tax assets	29,374,323	–	–	123,407,831	147,400,799	88,150,862	–	–	–	32,680,765	–	–	185,462,919	147,400,799	88,150,862
	13,648,200,409	12,147,515,231	₱11,694,016,221	1,039,896,316	1,111,885,375	₱958,204,995	719,797,623	1,804,517,475	₱1,365,518,823	(992,352,413)	(1,043,512,233)	(₱933,803,088)	14,415,541,935	14,020,405,848	₱13,083,936,951
Liabilities															
Segment liabilities	4,751,183,666	5,261,372,401	₱3,890,259,616	882,624,028	926,552,875	₱839,168,812	410,867,083	292,609,818	₱188,876,025	(711,252,958)	(713,020,721)	(₱701,020,698)	5,333,421,819	5,767,514,373	₱4,217,283,755
Deferred tax liabilities	–	19,696,301	41,580,015	–	–	–	–	–	–	–	–	–	–	19,696,301	41,580,015
	₱4,751,183,666	₱5,281,068,702	₱3,931,839,631	₱882,624,028	₱926,552,875	₱839,168,812	₱410,867,083	₱292,609,818	₱188,876,025	(₱711,252,958)	(₱713,020,721)	(₱701,020,698)	₱5,333,421,819	₱5,787,210,674	₱4,258,863,770

Geographical Segment Data

	Local														
	Television and Radio Airtime			Other businesses			International subscription			Eliminations			Per FS		
	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013	2015	2014	2013
REVENUES															
External sales	₱12,397,118,205	₱10,676,626,531	₱11,738,449,260	₱306,658,721	₱230,463,979	₱234,617,743	₱1,023,317,743	₱1,075,797,836	₱977,812,319	₱–	₱–	₱–	₱13,727,094,669	₱11,982,888,346	₱12,950,879,322
Inter-segment sales	–	–	–	865,398,189	772,809,560	761,156,750	–	–	–	(865,398,189)	(772,809,560)	(761,156,750)	–	–	-
	₱12,397,118,205	₱10,676,626,531	₱11,738,449,260	₱ 1,172,056,910	₱1,003,273,539	₱995,774,493	₱1,023,317,743	₱1,075,797,836	₱977,812,319	(₱865,398,189)	(₱772,809,560)	(₱761,156,750)	₱13,727,094,669	₱11,982,888,346	₱12,950,879,322
Other Segment Information															
Capital expenditures:															
Program rights and other rights and software cost	₱740,066,535	₱802,911,694	₱582,863,041	₱341,960	₱1,319,760	₱660,178	₱10,736,842	₱6,536,842	₱14,232,925	–	(₱150,000,000)	₱–	₱751,145,337	₱660,768,296	₱597,756,144
Property and equipment	525,852,118	561,411,874	656,219,043	22,529,329	1,032,224	2,067,525	4,416,161	1,452,393	14,365,659		–	–	552,797,608	563,896,491	672,652,227
Land at revalued amount	2,809,999	–	–	–	–	–	–	–	–	–	–	–	2,809,999	–	-
Investment properties	105,411	3,299,279	1,846,519	–	–	–	–	–	–	–	–	–	105,411	3,299,279	1,846,519
Depreciation and amortization	1,570,560,588	1,425,864,346	1,282,171,980	13,162,277	14,237,327	13,857,774	6,868,423	6,473,949	5,764,666	(15,000,000)	–	–	1,575,591,288	1,446,575,622	1,301,794,420

6. Cash and Cash Equivalents

	2015	2014
Cash on hand and in banks	**₱1,507,255,528**	₱1,439,180,767
Short-term deposits	**653,042,597**	159,644,753
	₱2,160,298,125	₱1,598,825,520

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

Interest income earned from bank deposits and short-term investments amounted to ₱13.66 million, ₱15.64 million and ₱23.99 million in 2015, 2014 and 2013, respectively.

7. Trade and Other Receivables

	2015	2014
Trade:		
Television and radio airtime	**₱4,254,300,514**	₱3,294,544,056
Subscriptions	**277,677,942**	1,039,395,871
Others	**123,009,854**	174,239,390
Nontrade:		
Advances to officers and employees	**3,417,982**	4,443,381
Others	**9,068,441**	86,047,923
	4,667,474,733	4,598,670,621
Less allowance for doubtful accounts	**283,276,131**	274,694,272
	₱4,384,198,602	₱4,323,976,349

Trade Receivables

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

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

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

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

Nontrade Receivables

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

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

	2015		
	Television and Radio Airtime	**Others**	**Total**
Balance at beginning of year	**₱269,872,570**	**₱4,821,702**	**₱274,694,272**
Provision for the year (see Note 23)	**7,605,661**	**976,198**	**8,581,859**
Balance at end of year	**₱277,478,231**	**₱5,797,900**	**₱283,276,131**

	2014		
	Television and Radio Airtime	Others	Total
Balance at beginning of year	₱269,872,570	₱4,106,207	₱273,978,777
Provision for the year (see Note 23)	–	715,495	715,495
Balance at end of year	₱269,872,570	₱4,821,702	₱274,694,272

The allowance for doubtful accounts for television and radio airtime and other receivables in 2015 and 2014 are results of specific and collective impairment assessments performed by the Group as follows:

	2015	2014
Individually impaired	**₱203,961,822**	₱247,892,830
Collectively impaired	**79,314,309**	26,801,442
	₱283,276,131	₱274,694,272

As at December 31, 2015 and 2014, the aging analysis of receivables that are not impaired follows:

	2015				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade*	Total
Neither past due nor impaired	₱1,891,256,559	₱84,061,725	₱84,885,135	₱6,483,312	₱2,066,686,731
Past due but not impaired:					
1-30 days	474,292,142	33,628,253	6,950,764	581,146	515,452,305
31-60 days	210,306,429	57,470,271	2,689,664	114,785	270,581,149
61-90 days	154,074,639	3,061,824	733,599	2,490,707	160,360,769
91-180 days	124,441,436	14,236,114	756,835	379	139,434,764
181-365 days	190,101,521	2,810,690	3,874,590	415,632	197,202,433
Over 1 year	932,349,557	82,409,065	17,321,367	2,400,462	1,034,480,451
	₱3,976,822,283	₱277,677,942	₱117,211,954	₱12,486,423	₱4,384,198,602

	2014				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade*	Total
Neither past due nor impaired	₱2,140,146,851	₱443,781,464	₱86,788,965	₱76,032,053	₱2,746,749,333
Past due but not impaired:					
1-30 days	288,547,267	231,072,682	18,039,978	1,452,601	539,112,528
31-60 days	211,665,092	43,665,297	17,240,581	987,169	273,558,139
61-90 days	61,975,452	29,746,225	4,528,069	447,105	96,696,851
91-180 days	65,746,533	51,220,843	6,327,944	707,705	124,003,025
181-365 days	174,371,503	142,142,691	4,893,784	808,267	322,216,245
Over 1 year	82,218,788	97,766,669	31,598,367	10,056,404	221,640,228
	₱3,024,671,486	₱1,039,395,871	₱169,417,688	₱90,491,304	₱4,323,976,349

Trade and other receivables that are not impaired are assessed by the Group's management as good and collectible.

The Group's unbilled receivables amounted to ₱68.64 million and ₱27.65 million as at December 31, 2015 and 2014, respectively. These are included in trade receivables as "neither past due nor impaired" but with age of 31-60 days from date of airing.

8. Program and Other Rights

	2015		
	Program and Film Rights	Story/Format Rights	Total
Cost:			
Balance at beginning of year	₱1,185,333,241	₱15,639,728	₱1,200,972,969
Additions	734,084,599	14,890,663	748,975,262
Program and other rights usage (see Note 22)	(730,289,184)	(24,349,559)	(754,638,743)
Balance at end of year	1,189,128,656	6,180,832	1,195,309,488
Accumulated impairment in value	(2,702,260)	–	(2,702,260)
	₱1,186,426,396	₱6,180,832	₱1,192,607,228

	2014		
	Program and Film Rights	Story/Format Rights	Total
Cost:			
Balance at beginning of year	₱1,195,316,111	₱16,615,430	₱1,211,931,541
Additions	631,035,288	8,100,950	639,136,238
Write-off (see Note 25)	(3,414,011)	–	(3,414,011)
Program and other rights usage (see Note 22)	(637,604,147)	(9,076,652)	(646,680,799)
Balance at end of year	1,185,333,241	15,639,728	1,200,972,969
Accumulated impairment in value	(2,702,260)	–	(2,702,260)
	₱1,182,630,981	₱15,639,728	₱1,198,270,709

Management believes that the carrying values of program and other rights approximate its recoverable values.

In 2014, certain program and film rights were written off on the basis of their expiry dates.

9. Prepaid Expenses and Other Current Assets

	2015	2014
Advances to suppliers	**₱416,487,788**	₱314,400,253
Tax credits	**146,590,919**	181,584,094
Creditable withholding taxes	**140,181,190**	175,547,133
Input VAT	**136,952,228**	141,600,179
Prepaid production costs	**129,352,549**	179,060,055
Prepaid expenses	**71,717,440**	75,790,955
Materials and supplies inventory - at cost	**26,005,795**	30,117,943
Others	**1,741,298**	1,734,782
	₱1,069,029,207	₱1,099,835,394

Advances to suppliers are noninterest-bearing and are generally applied to acquisition of inventories and fixed assets and availment of services within the next financial year. Advances to suppliers, previously included in "Trade and other receivables", amounting to ₱314.40 million as at December 31, 2014 was appropriately reclassified to "Prepaid expenses and other current assets" to conform with the 2015 presentation.

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

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

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

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

In 2015, the Group has written off creditable withholding taxes and prepaid rentals amounting to ₱1.11 million (see Note 25).

10. Available-for-Sale Financial Assets

	2015	2014
Investments in shares of stock:		
Unquoted	**₱151,283,081**	₱122,184,081
Quoted	**39,833,800**	6,840,000
	₱191,116,881	₱129,024,081

The unquoted shares are stated at cost as there are no reliable sources and bases for subsequent fair value determination.

The movements in this account are as follows:

	2015	2014
Balance at beginning of year	**₱129,024,081**	₱135,552,548
Additions during the year	**130,000,000**	–
Redemption during the year	**(7,467,200)**	(573,343)
Net changes in the fair value of AFS financial assets	**(60,440,000)**	770,788
Write-off of AFS financial assets	**–**	(6,725,912)
Balance at end of the year	**₱191,116,881**	₱129,024,081

X-Play

GNMI holds 50% equity in X-Play Online Games Incorporated (X-Play). The other joint venture partner in X-Play is IPE. At the time of incorporation of X-Play, GNMI and IPE each subscribed to 1,000,000,000 common shares of X-Play's authorized capital stock with a par value of ₱100/share.

As discussed in Note 4, the Group, through GNMI's BOD, announced its decision to dispose of its shareholdings in X-Play on January 1, 2011, and classified its investment in X-Play as asset held for sale. The then carrying value of asset held for sale previously classified as interest in and advances to joint venture amounted to ₱26.43 million.

In connection with the planned disposal of X-Play, in March 2013, GNMI and IPE extended until June 30, 2013 the exercise period of the option agreement which was entered into by both parties on October 19, 2011. The option agreement states that IPE grants GNMI the option to sell all, but not less than all, of shares in stock of X-Play for a purchase price of ₱75.00 million in cash. Also, on March 23, 2012, GNMI agreed to subscribe to ₱130.00 million worth of shares of IPE's authorized but unissued capital stock to be offered on its Initial Public Offering in exchange for GNMI's shares of stock in X-Play at a subscription price per share equivalent to the offering price.

As at December 31, 2013, the sale of investment in X-Play has not materialized. The Group reassessed the classification of investment in X-Play and reclassified it under "Other noncurrent assets" account in the Group's 2013 consolidated statements of financial position.

In 2014, an agreement provides that IPE will provide GNMI and the Parent Company 10,000 million (GNMI - 4,000 million; GNI - 6,000 million) of IPE shares in exchange for GNMI's investment in X-Play and the Parent Company's ₱30.00 million advances and ₱50.00 million airtime credits granted to X-Play (collectively, the consideration). Also, as the increase in authorized capital stock of IPE was already approved by the SEC on July 28, 2014, the Group's investment in X-Play was reclassified to "Asset classified as held for sale" account in the 2014 consolidated statement of financial position.

On November 9, 2015, a Deed of Assignment was executed but the terms were amended to be 13,000 million (GNMI - 5,000 million; GNI - 8,000 million) of IPE shares in exchange for the same consideration. At initial recognition, the Group recognized at fair value the IPE shares as AFS financial assets amounting to ₱130.00 million.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at date of exchange and therefore was recognized by the Group as unearned revenue, included as part of trade payables and other current liabilities. Also, a gain on disposal of asset held for sale amounting to ₱23.57 million, which represent excess of fair value of IPE shares over the carrying amount of GNMI's investment in X-Play, was recognized in the statements of comprehensive income (see Note 25).

The movements in net unrealized gain (loss) on AFS financial assets are as follows:

	2015	2014
Balance at beginning of the year - net of tax	**₱5,019,775**	₱3,083,187
Net changes in the fair market value of AFS financial assets	**(60,440,000)**	770,788
Recycling of fair value change of certain AFS financial assets due to impairment (see Note 23)	**1,360,000**	1,370,300
Recycling of fair value change of certain AFS financial assets due to redemption (see Note 25)	**(6,601,820)**	–
Tax effect of the changes in fair market values	**990,364**	(204,500)
Balance at end of the year - net of tax	**(₱59,671,681)**	₱5,019,775

In 2014 and 2013, the Group recognized dividends from AFS financial assets amounting to ₱0.51 million and ₱22.13 million, respectively (see Note 25).

11. Investments and Advances

Following are the details of this account in 2015 and 2014:

	2015	2014
Investment in an associate and interests in joint ventures	**₱57,213,613**	₱60,327,329
Advances to an associate (see Note 20)	**90,438,963**	87,610,215
	₱147,652,576	₱147,937,544

The movements in the above amounts are as follows:

	2015	2014
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	**₱131,722,056**	₱131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(71,394,727)**	(76,733,488)
Equity in net earnings (losses) during the year	**(3,113,716)**	5,338,761
Balance at end of year	**(74,508,443)**	(71,394,727)
	57,213,613	60,327,329
Advances to an associate:		
Balance at beginning of year	**87,610,215**	84,475,370
Additional advances during the year (see Note 20)	**250,000**	3,134,845
Balance at end of year	**87,860,215**	87,610,215
Advances to joint ventures -		
Advances during the year (see Note 20)	**2,578,748**	–
Total investments and advances	**₱147,652,576**	₱147,937,544

The ownership interests in an associate and joint ventures, which were all incorporated in the Philippines, and are accounted for under the equity method, as at December 31, 2015 and 2014 follows:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Associate -			
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	49	–
Joint Ventures:			
INQ7 Interactive, Inc. (INQ7)	Internet Publishing	50	–
Philippine Entertainment Portal (PEP)*	Internet Publishing	–	50
Gamespan, Inc. (Gamespan)*	Betting Games	–	50

**Indirect investment through GNMI.*

The carrying values of investments and the related advances are as follows:

	2015		
	Investments	**Advances** (Note 20)	**Total**
Associate -			
Mont-Aire	**₱38,350,619**	**₱87,860,215**	**₱126,210,834**
Joint ventures:			
Gamespan	**8,947,966**	**1,959,670**	**10,907,636**
PEP	**9,915,028**	**619,078**	**10,534,106**
	18,862,994	**2,578,748**	**21,441,742**
	₱57,213,613	**₱90,438,963**	**₱147,652,576**

	2014		
	Investments	Advances (Note 20)	Total
Associate -			
Mont-Aire	₱38,350,619	₱87,610,215	₱125,960,834
Joint ventures:			
Gamespan	8,950,931	–	8,950,931
PEP	13,025,779	–	13,025,779
	21,976,710	–	21,976,710
	₱60,327,329	₱87,610,215	₱147,937,544

The associate and joint ventures are not listed in any public stock exchanges.

PEP
As at December 31, 2012, the Group has unrecognized share in net losses of PEP amounting to ₱3.86 million. On November 15, 2013, the Group, through GNMI, converted its cash advances to PEP amounting to ₱12.00 million to additional investment in joint venture (see Note 32). As a result, in 2013, the Group recognized share in net losses amounting to ₱4.17 million which includes the prior year unrecognized losses.

In 2015 and 2014, the Group recognized its share in net losses and net earnings of PEP amounting to ₱3.11 million and ₱5.20 million, respectively.

Gamespan
On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club (MJC) for the establishment of Gamespan, a joint venture corporation. The joint venture was organized to operate and manage the hardware and software owned by MJC, set-up new media infrastructure for offering and taking bets in horse racing and other sports.

In 2014, the Group recognized its share in net earnings of Gamespan amounting to ₱0.14 million.

INQ7
Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2015 and 2014. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC.

Mont-aire
The table below shows the condensed financial information of Mont-Aire as at December 31, 2015 and 2014, respectively:

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

Mont-Aire ceased commercial operations in 2009. Noncurrent assets include parcels of land with an aggregate fair market value of ₱117.86 million determined by an accredited appraiser as at December 10, 2012, enough to cover for the carrying amount of investment the Group has in Mont-aire. There were no changes in the land account and management expects no significant change in fair value as at December 31, 2015 and 2014.

12. Property and Equipment at Cost

	2015				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,877,960,263	₱8,297,116	₱–	₱23,949,021	₱2,910,206,400
Antenna and transmitter systems and broadcast equipment	6,130,437,578	169,961,236	(2,711,554)	(10,816,406)	6,286,870,854
Communication and mechanical equipment	1,049,583,717	58,216,900	(65,625)	32,963,015	1,140,698,007
Transportation equipment	484,678,618	65,077,455	(52,823,893)	751,962	497,684,142
Furniture, fixtures and equipment	174,051,159	4,950,779	(289,781)	(29,277,460)	149,434,697
	10,716,711,335	306,503,486	(55,890,853)	17,570,132	10,984,894,100
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	1,480,111,379	140,183,177	–	2,275,650	1,622,570,206
Antenna and transmitter systems and broadcast equipment	4,633,309,838	453,313,256	(2,711,555)	(1,291,457)	5,082,620,082
Communication and mechanical equipment	816,954,816	98,119,251	(63,802)	27,883,811	942,894,076
Transportation equipment	304,315,890	91,799,498	(50,966,056)	(8,438,489)	336,710,843
Furniture, fixtures and equipment	143,887,211	13,488,116	(288,004)	(23,758,265)	133,329,058
	7,378,579,134	796,903,298	(54,029,417)	(3,328,750)	8,118,124,265
Construction in progress and equipment for installation	35,678,226	246,294,122	–	(20,898,882)	261,073,466
	₱3,373,810,427	(₱244,105,690)	(₱1,861,436)	₱–	₱3,127,843,301

	2014				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,819,009,872	₱45,899,980	(₱3,561,769)	₱16,612,180	₱2,877,960,263
Antenna and transmitter systems and broadcast equipment	5,757,631,807	309,423,264	(89,895,309)	153,277,816	6,130,437,578
Communication and mechanical equipment	924,212,961	96,681,933	(510,568)	29,199,391	1,049,583,717
Transportation equipment	472,743,730	69,319,527	(59,044,634)	1,659,995	484,678,618
Furniture, fixtures and equipment	190,002,542	9,049,182	(27,403,350)	2,402,785	174,051,159
	10,163,600,912	530,373,886	(180,415,630)	203,152,167	10,716,711,335
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	1,343,011,656	139,082,021	(1,982,298)	–	1,480,111,379
Antenna and transmitter systems and broadcast equipment	4,277,597,672	442,445,626	(86,733,460)	–	4,633,309,838
Communication and mechanical equipment	720,853,931	96,559,457	(458,572)	–	816,954,816
Transportation equipment	276,411,552	86,011,158	(58,106,820)	–	304,315,890
Furniture, fixtures and equipment	161,382,108	9,420,556	(26,915,453)	–	143,887,211
	6,779,256,919	773,518,818	(174,196,603)	–	7,378,579,134
Construction in progress and equipment for installation	205,307,788	33,522,605	–	(203,152,167)	35,678,226
	₱3,589,651,781	(₱209,622,327)	(₱6,219,027)	₱–	₱3,373,810,427

The cost of fully depreciated assets still used by the Group amounted to ₱4,659.21 million and ₱4,253.49 million as at December 31, 2015 and 2014, respectively.

Construction in progress pertains to costs incurred for installation of equipment, signal strengthening of transmitters nationwide and construction/improvement of studios and stations in the regions.

As at December 31, 2015 and 2014, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. Land at Revalued Amounts

	2015	2014
Cost:		
Balance at beginning year	**₱346,502,817**	₱346,502,817
Additions	**2,809,999**	–
Balance at end of year	**349,312,816**	346,502,817
Revaluation increment:		
Balance at beginning of year	**1,453,210,041**	1,458,797,234
Deductions	–	(5,587,193)
Balance at end of year	**1,453,210,041**	1,453,210,041
	₱1,802,522,857	₱1,799,712,858

Land used in operations was last appraised on December 17, 2013 by an accredited firm of appraisers and is valued in terms of its highest and best use. The ₱5.59 million reduction in 2014 from the account represents adjustment to the previously recognized appraisal increase after completion of the asset reconciliation.

The fair value was arrived at through the use of the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation.

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

Management expects that there is no significant change on the fair value of land at revalued amount as at December 31, 2015 and 2014.

As at December 31, 2015 and 2014, no land has been pledged as collateral or security for any of the Group's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

14. Investment Properties

	2015		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning of year	**₱30,501,881**	**₱76,879,099**	**₱107,380,980**
Additions	**–**	**105,411**	**105,411**
Balance at end of year	**30,501,881**	**76,984,510**	**107,486,391**

(Forward)

	2015		
	Land and Improvements	Buildings and Improvements	Total
Accumulated depreciation:			
Balance at beginning of year	₱–	₱46,765,625	₱46,765,625
Depreciation during the year (see Note 23)	–	3,368,716	3,368,716
Balance at end of year	–	50,134,341	50,134,341
Accumulated impairment in value	–	1,804,049	1,804,049
Balance at end of year	₱30,501,881	₱25,046,120	₱55,548,001

	2014		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱31,287,881	₱75,154,820	₱106,442,701
Additions	–	3,299,279	3,299,279
Disposal	(576,000)	(1,575,000)	(2,151,000)
Write-off (see Note 25)	(210,000)	–	(210,000)
Balance at end of year	30,501,881	76,879,099	107,380,980
Accumulated depreciation:			
Balance at beginning of year	–	44,106,443	44,106,443
Depreciation during the year (see Note 23)	–	3,006,994	3,006,994
Disposal	–	(347,812)	(347,812)
Balance at end of year	–	46,765,625	46,765,625
Accumulated impairment in value	–	1,804,049	1,804,049
Balance at end of year	₱30,501,881	₱28,309,425	₱58,811,306

The Parent Company wrote off some of its investment properties with carrying value of ₱0.21 million in 2014 due to dispute in ownership (see Note 25).

Certain investment properties were provided with allowance for impairment in prior years. Management believes that the carrying values after impairment approximate its recoverable values.

The fair market value of investment properties owned by the Group amounted to ₱133.67 million as at December 31, 2013. Land was last appraised on December 17, 2013 by an accredited appraiser and is valued in terms of its highest and best use. The fair value was arrived at through the use of the "Market Data Approach". Management expects that there is no significant change in the fair market value as at December 31, 2015 and 2014. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation.

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

Rental income and the directly related expenses arising from these investment properties follow:

	2015	2014	2013
Rental income (see Note 25)	₱3,664,115	₱2,995,615	₱2,942,417
Direct operating expenses	(3,368,716)	(3,006,994)	(3,647,263)
	₱295,399	(₱11,379)	(₱704,846)

As at December 31, 2015 and 2014, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. Other Noncurrent Assets

	2015	2014
Deferred input VAT	₱30,876,257	₱31,387,166
Refundable deposits	20,040,588	19,913,347
Guarantee deposits	18,046,427	17,162,764
Software costs	17,406,636	35,917,092
Investment in artworks	10,406,255	10,406,255
Deferred production cost	1,952,433	–
Others	533,642	1,581,765
	₱99,262,238	₱116,368,389

Deferred input VAT relates to input tax on capital goods which is available for future application against output VAT in future periods.

The movements in software costs follow:

	2015	2014
Cost:		
Balance at beginning of year	₱256,111,222	₱234,479,164
Additions	2,170,075	21,632,058
Balance at end of year	258,281,297	256,111,222
Accumulated amortization:		
Balance at beginning of year	220,194,130	196,825,119
Amortization during the year (see Note 23)	20,680,531	23,369,011
Balance at end of year	240,874,661	220,194,130
	₱17,406,636	₱35,917,092

16. Trade Payables and Other Current Liabilities

	2015	2014
Trade payables	**₱592,626,117**	₱442,372,314
Payable to government agencies	**595,723,879**	716,452,892
Customers' deposits	**239,932,427**	220,874,091
Advances from customers (see Note 10)	**156,369,021**	–
Accrued expenses:		
Payroll and talent fees (see Note 26)	**222,796,911**	183,956,394
Production costs	**214,239,585**	226,233,686
Utilities and other expenses	**80,158,312**	80,705,045
Commission	**50,373,301**	27,536,812
Others	**38,437,946**	33,051,951
	₱2,190,657,499	₱1,931,183,185

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from 7 to 60 days.

Payable to government agencies is remitted within 30 days after reporting period.

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are non-interest bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

Advances from customers include payments received before broadcast from customers. These deposits will be settled and implemented within the next financial year. As provided in Note 10, this account also includes unearned revenue of ₱22.00 million resulting from the sale of the Group's interests in X-Play.

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

Others include unpaid subscriptions and customs duties. These are noninterest-bearing and are normally settled within one year.

17. Short-term Loans

The Parent Company obtained unsecured short-term peso and US dollar denominated loans from various local banks in 2015 and 2014. Details and movements of the short-term loans are as follows:

	2015	2014
Balance at beginning of year	**₱2,222,960,000**	₱1,106,875,000
Availments	**1,200,000,000**	2,191,559,000
Payments	**(2,325,197,500)**	(1,106,824,000)
Foreign exchange loss	**55,207,500**	31,350,000
Balance at end of year	**₱1,152,970,000**	₱2,222,960,000

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

Lender	Currency	Interest Rate (per annum)	Terms	2015	2014
Citibank	Dollar	1.73%	Availed of in 2015; payable in one year	**₱1,152,970,000**	₱–
Citibank	Dollar	1.68%	Availed of in 2014; payable in one year	–	1,922,960,000
BPI	Peso	1.90%	Availed of in 2014; payable in two months	–	300,000,000
Total				**₱1,152,970,000**	₱2,222,960,000

Interest expense and other financing charges amounted to ₱39.09 million, ₱31.68 million and ₱47.96 million in 2015, 2014 and 2013, respectively.

18. Obligations for Program and Other Rights

This account consists of:

	2015	2014
Current	**₱220,843,041**	₱116,533,114
Noncurrent	–	5,193,223
	₱220,843,041	₱121,726,337

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. The current portion of the obligations for program rights is noninterest-bearing and is generally payable in equal monthly or quarterly installments. The amounts presented in the consolidated statements of financial position as at December 31, 2015 and 2014 represent the nominal amounts of the obligations which are expected to be settled within the next 12 months.

The noncurrent portion of obligations for program rights is payable in four years and is presented at its accreted value, using 4.03% discount rate, in the consolidated statements of financial position as at December 31, 2014.

Interest expense recognized on obligation and program rights amounted to ₱1.44 million, ₱2.58 million and ₱3.70 million in 2015, 2014 and 2013, respectively.

19. **Equity**

a. Capital Stock

Details of capital stock as at December 31, 2015 and 2014:

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - ₱0.20 par value per preferred share/₱1.00 par value per common share	7,500,000,000	₱1,500,000,000	5,000,000,000	₱5,000,000,000
Subscribed and issued	7,500,000,000	1,500,000,000	3,364,692,000	3,364,692,000
Treasury shares	492,816	98,563	3,645,000	3,645,000
Underlying shares of the acquired PDRs	–		750,000	750,000

The preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the dividends paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

Preferred shares enjoy priority over common shares in the distribution of assets of the Parent Company in the event of dissolution and liquidation, at such rates, terms and conditions as the BOD may determine. Each preferred share is entitled to one vote and shall have the same voting rights as the common shares.

The Parent Company's BOD may specify other terms and conditions, qualifications, restrictions and privileges of the preferred shares or series/classes thereof, insofar as such terms, conditions, qualifications, restrictions and privileges are not inconsistent with the articles of incorporation and any applicable law or regulation.

The following summarizes the information on the Parent Company's registration of securities with the SEC which was approved on June 20, 2007, as required by Securities Regulation Code (SRC) Rule 68, As Amended (2011):

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

In prior years, the Parent Company has acquired 945.43 million PDRs issued by GMA Holdings for ₱8.50 per share. In as much as each PDR share grants the holder, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) Parent Company share or the sale and delivery of the proceeds of such sale of Parent Company share, such PDRs held by the Parent Company is being treated similar to a treasury shares.

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2015 and 2014, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively, in 2015 and 2014.

Consolidated retained earnings include undeclared retained earnings of subsidiaries amounting to ₱192.13 million and ₱193.62 million as at December 31, 2015 and 2014, respectively. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SRC Rule 68, As Amended (2011), amounted to ₱1,689.77 million and ₱1,005.90 million as at December 31, 2015 and 2014, respectively.

The BOD of the Parent Company approved the declaration of the following cash dividends in 2015, 2014 and 2013:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2015	**March 30, 2015**	**April 24, 2015**	**₱0.25**	**₱1,214,854,609**
2014	April 2, 2014	April 24, 2014	₱0.27	₱1,312,253,578
2013	March 4, 2013	April 17, 2013	₱0.25	₱1,215,049,609

On April 8, 2016, the BOD approved the Parent Company's declaration and distribution of cash dividends amounting to ₱0.40 per share totaling ₱1,944.08 million to all stockholders of record at April 25, 2016 and will be paid on May 16, 2016.

20. Related Party Disclosures

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

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2015 and 2014, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Company transacts with associates, affiliates, jointly controlled entities and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the years ended December 31, 2015 and 2014 with related parties are as follows:

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Advances (see Note 11)	**2015**	**₱250,000**	**₱87,860,215**	Noninterest-bearing	Unsecured; not impaired
		2014	3,134,845	87,610,215		
Common stockholders:						
GMA Kapuso Foundation Inc.	Reimbursable charges	**2015**	**132,035**	**4,078,697**	On demand, noninterest-bearing	Unsecured; not impaired
		2014	197,020	4,011,857		
Belo, Gozon, Elma Law	Legal, consulting and retainers' fees	**2015**	**12,880,960**	**(560,000)**	On demand, noninterest-bearing	Unsecured; not impaired
		2014	12,327,240	(576,800)		
Joint ventures:						
Gamespan	Advances (see Note 11)	**2015**	**₱1,959,670**	**₱1,959,670**	Noninterest-bearing	Unsecured; not impaired
PEP	Advances (see Note 11)	**2015**	**₱619,078**	**₱619,078**	Noninterest-bearing	Unsecured; not impaired

The advances made by the Parent Company to Mont-Aire, Gamespan and PEP are intended for future capital subscription.

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

	2015	2014	2013
Salaries and other long-term benefits	**₱340,264,893**	₱286,346,811	₱294,044,757
Pension benefits	**145,000,353**	140,385,431	40,322,398
	₱485,265,246	₱426,732,242	₱334,367,155

Equity Investments of the Retirement Fund
The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱47.78 million and ₱366.63 million in 2015, respectively, and ₱43.62 million and ₱342.76 million in 2014 respectively (see Note 26).

21. Net Revenues

	2015	2014	2013
Television and radio airtime	**₱12,397,118,205**	₱10,676,626,531	₱11,740,503,370
Subscription income (see Note 27)	**1,023,317,743**	1,075,797,836	977,812,319
Production and others	**324,488,394**	231,668,941	244,342,288
	13,744,924,342	11,984,093,308	12,962,657,977
Co-producers' shares	**(17,829,673)**	(1,204,962)	(11,778,655)
	₱13,727,094,669	₱11,982,888,346	₱12,950,879,322

Television and radio airtime include tax credits earned from airing of government commercials and advertisements amounting to ₱80.00 million and ₱44.80 million in 2014 and 2013, respectively. There were no income from tax credits earned in 2015.

22. Production Costs

	2015	2014	2013
Talent fees and production personnel costs (see Note 24)	**₱2,800,282,474**	₱2,738,810,934	₱3,102,519,989
Program and other rights usage (see Note 8)	**754,638,743**	646,680,799	565,357,691
Rental (see Note 27)	**731,850,677**	740,353,019	819,150,879
Facilities and production services	**567,552,339**	423,825,118	368,904,457
Tapes, sets and production supplies	**499,144,415**	497,911,836	575,808,346
Depreciation and amortization (see Note 12)	**308,860,531**	304,727,337	287,553,835
Transportation and communication	**180,255,889**	199,473,921	237,086,508
	₱5,842,585,068	₱5,551,782,964	₱5,956,381,705

23. General and Administrative Expenses

	2015	2014	2013
Personnel costs (see Note 24)	**₱2,608,455,858**	₱2,551,482,765	₱2,136,684,981
Depreciation and amortization (see Notes 12 and 14)	**491,411,483**	471,798,475	417,887,050
Communication, light and water	**274,428,572**	305,091,717	300,090,593
Advertising	**205,890,056**	332,414,477	393,148,883
Sales incentives	**180,064,157**	131,295,671	120,864,969
Professional fees	**171,532,826**	128,295,409	150,975,509
Marketing expense	**169,597,704**	131,764,590	140,909,480
Taxes and licenses	**157,226,517**	231,918,830	140,703,017
Rental (see Note 27)	**111,783,265**	114,768,310	100,339,414
Research and surveys	**93,171,513**	104,163,990	145,899,290
Repairs and maintenance	**66,894,802**	117,069,321	207,641,209
Transportation and travel	**65,272,971**	76,951,664	80,977,911
Security services	**55,017,437**	80,529,075	76,193,077
Software maintenance	**46,094,304**	62,371,317	39,099,556
Insurance	**27,162,693**	26,370,189	21,218,563
Janitorial services	**22,555,180**	21,320,457	16,616,542
Amortization of software costs (see Note 15)	**20,680,531**	23,369,011	30,995,844
Materials and supplies	**18,075,596**	22,480,776	24,094,187
Entertainment, amusement and recreation	**13,953,633**	13,724,393	13,728,404
Freight and handling	**10,988,081**	12,266,107	12,095,311
Dues and subscriptions	**8,930,117**	14,142,699	10,646,983
Provision for doubtful accounts (see Note 7)	**8,581,859**	715,495	848,005
Impairment loss on AFS financial assets (see Note 10)	**1,360,000**	1,370,300	1,053,550
Others	**73,242,868**	46,294,854	26,232,818
	₱4,902,372,023	₱5,021,969,892	₱4,608,945,146

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

Depreciation and Amortization

	2015	2014	2013
Property and equipment			
Production costs (see Notes 12 and 22)	**308,860,531**	304,727,337	287,553,835
General and administrative expenses (see Note 12)	**488,042,767**	468,791,481	414,524,911
Investment properties (see Note 14)	**3,368,716**	3,006,994	3,362,139
	₱308,860,531	₱776,525,812	₱705,440,885

24. Personnel Costs

	2015	2014	2013
Talent fees	**₱2,712,804,218**	₱2,652,472,280	₱2,971,320,857
Salaries and wages	**1,684,867,546**	1,710,460,808	1,553,164,989
Employee benefits and allowances	**741,620,872**	700,654,088	544,233,809
Pension expense (see Note 26)	**166,938,102**	163,016,525	116,158,183
Sick and vacation leaves expense	**102,507,594**	63,689,998	54,327,132
	₱5,408,738,332	₱5,290,293,699	₱5,239,204,970

The above amounts were distributed as follows:

	2015	2014	2013
Production costs (see Note 22)	**₱2,800,282,474**	₱2,738,810,934	₱3,102,519,989
General and administrative expenses (see Note 23)	**2,608,455,858**	2,551,482,765	2,136,684,981
	₱5,408,738,332	₱5,290,293,699	₱5,239,204,970

25. Others - Net

	2015	2014	2013
Commission from Artist Center	**₱26,486,506**	₱10,316,102	₱6,293,587
Gain on disposal of asset held for sale (see Note 10)	**23,567,528**	–	–
Gain on sale of property and equipment	**19,962,498**	32,321,569	11,243,730
Tax refund of GMA Pinoy TV	**14,742,143**	20,138,635	19,161,027
Merchandising license fees and others	**9,666,065**	10,641,552	1,657,906
Income from mall shows	**7,133,827**	4,232,090	2,908,221
Recycling of fair value change of certain available-for-sale firnancial assets due to redemption (Note 10)	**6,601,820**	–	–
Gain on reversal of long-outstanding payables	**6,466,667**	–	–
Rental income (see Note 27)	**6,278,507**	5,175,461	4,845,450
Write-off of AFS financial assets (See Note 10)	**–**	(6,725,912)	–
Sales of DVDs and integrated receiver-decoders	**4,457,354**	135,984	1,279,078
Bank charges	**(2,596,314)**	(2,097,352)	(1,454,150)
Loss on asset disposed/written off (see Notes 8, 9 and 14)	**(1,113,094)**	(3,624,011)	(2,703,576)
Loss on redemption of AFS financial assets	**(147,380)**	–	–
Dividends from AFS financial assets (see Note 10)	**–**	514,942	22,130,300
Gain on sale of investment properties	**–**	396,813	–
Others	**(3,952,667)**	3,143,722	745,321
	₱117,553,460	₱74,569,595	₱66,106,894

26. Pension and Other Employee Benefits

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

	2015	2014
Pension liability	**₱1,102,714,871**	₱1,161,280,052
Vacation and sick leave accrual	**304,942,271**	277,149,229
	1,407,657,142	1,438,429,281
Less current portion of vacation and sick leave accrual*	**9,225,020**	18,136,250
Pension and other long-term employee benefits	**₱1,398,432,122**	₱1,420,293,031

**Included in "Accrued expenses" under Trade payables and other current liabilities (see Note 16).*

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Pension benefits recognized in the statements of comprehensive income are as follows (see Note 24):

	2015	2014	2013
Current service cost	**₱127,973,941**	₱123,391,933	₱91,017,025
Net interest cost	**38,964,161**	39,624,592	25,141,158
	₱166,938,102	₱163,016,525	₱116,158,183

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

	2015	2014	2013
Present value of defined benefit obligation	**₱1,700,980,562**	₱1,642,786,529	₱1,226,966,160
Fair value of plan assets	**598,265,691**	481,506,477	621,718,108
Net pension liability	**₱1,102,714,871**	₱1,161,280,052	₱605,248,052

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

	2015	2014	2013
Balance at beginning of year	**₱1,642,786,529**	₱1,226,966,160	₱1,095,667,012
Current service cost	**127,973,941**	123,391,933	91,017,025
Interest cost	**64,213,973**	75,185,302	67,222,108
Benefits paid*	**(133,993,881)**	(97,319,728)	(26,939,985)
Remeasurement losses:			
Changes in financial assumptions	**–**	146,438,354	–
Experience adjustment	**–**	168,124,508	–
Balance at end of year	**₱1,700,980,562**	₱1,642,786,529	₱1,226,966,160

**Includes payments made by the Group amounting to ₱34.48 million and ₱0.42 million in 2015 and 2013, respectively.*

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

	2015	2014	2013
Balance at beginning of year	**₱481,506,477**	₱621,718,108	₱688,722,578
Contribution during the year	**172,681,390**	17,595,626	3,578,687
Interest income	**25,249,812**	35,560,710	42,080,950
Benefits paid	**(99,518,417)**	(97,689,078)	(26,519,787)
Remeasurement gain (loss) - return on plan assets	**18,346,429**	(95,678,889)	(86,144,320)
Balance at end of year	**₱598,265,691**	₱481,506,477	₱621,718,108

At each reporting period, the Group determines its distribution based on the performance of its retirement fund.

The Group expects to contribute ₱150.00 million to the defined benefit pension plan in 2016.

The funds are managed and supervised by a trustee bank for the benefits of the members. However, the general administration of the funds is vested in a Retirement Committee.

The following table presents the carrying amounts and estimated fair values of the plan assets:

	2015	2014
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	**₱150,245,482**	₱31,416
Equity instruments (see Note 20):		
GMA PDRs	**366,627,268**	342,760,950
GMA Network, Inc.	**47,775,600**	43,621,200
Debt instruments -		
Government securities	**20,201,208**	82,435,325
Others	**13,416,133**	12,657,586
	₱598,265,691	₱481,506,477

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of unsecured and not impaired investments on the listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value in these investments amounted to a gain of ₱91.93 million and ₱63.91 million in 2015 and 2014, respectively.
- Investments in debt instruments bear interest ranging from 3.15% to 7.89% and have maturities from February 2015 to October 2037. Equity and debt instruments held have quoted prices in active market.
- Others consist of loans and receivables which are collectible within the next twelve months.

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

The plan assets consist of 69.50% and 80.24% investments in equity instruments as at December 31, 2015 and 2014 , respectively. The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

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

The Group performed an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans. The Group's current investment strategy consists of 70% equity instruments, 25% cash and cash equivalents, 5% debt instrument and 10% loans and receivables.

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

However, in the event a benefit claim arises under the retirement plan and the retirement fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable to the retirement fund from the Group.
The principal assumptions used in determining pension liability for the Group's plans are shown below:

	2015	2014	2013
Discount rate	**5.00%**	4-5%	6-7%
Expected rate of salary increase	**4.00%**	4.00%	4.00%
Turn-over rates:			
19-24 years old	**13.22%**	8.63%	10.44%
25-29 years old	**6.60%**	6.71%	6.95%
30-34 years old	**1.85%**	3.70%	3.87%
35-39 years old	**2.28%**	3.04%	2.55%
40-44 years old	**1.80%**	2.50%	2.18%
≥45 years old	**1.63%**	2.84%	2.75%

The sensitivity analysis below has been determined by remeasuring the defined benefit obligation at the reporting period after first adjusting one of the current assumption that were reasonably possible at the valuation date while all other assumptions remained unchanged. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation		
		2015	2014	2013
Discount rate	50	**(₱85,998,488)**	(₱101,408,874)	(₱69,078,195)
	(50)	**94,061,708**	111,348,361	63,311,454
Future salary increases	50	**91,314,035**	103,936,573	67,115,049
	(50)	**(84,180,125)**	(95,817,259)	(61,961,791)

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

Year	2015	2014	2013
Less than one year	**147,494,493**	₱103,899,340	₱49,613,321
More than 1 year to 3 years	**175,270,293**	189,955,877	206,832,446
More than 3 years to 7 years	**1,626,292,102**	1,107,707,179	953,524,310
More than 7 years to 15 years	**1,607,684,500**	1,307,077,274	1,384,008,046
More than 15 years to 20 years	**3,321,520,977**	2,817,584,173	2,577,809,201
More than 20 years	**13,882,063,607**	15,039,983,913	13,406,113,484

Other Employee Benefits
Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱295.72 million and ₱259.01 million as at December 31, 2015 and 2014, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included

under "Trade and other current liabilities" account amounted to ₱9.23 million and ₱18.14 million as at December 31, 2015 and 2014, respectively (see Note 16).

27. Agreements

Lease Agreements

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

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

Total rental expense amounted to ₱843.63 million, ₱855.12 million and ₱919.49 million in 2015, 2014, and 2013, respectively (see Notes 22 and 23).

The future minimum rentals payable under the non-cancellable operating leases follow:

	2015	2014
Within one year	**₱174,684,625**	₱158,804,204
After one year but not more than five years	**495,058,978**	669,743,603
	₱669,743,603	₱828,547,807

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and portion of land in regional stations. Total rental income amounted to ₱6.28 million, ₱5.18 million and ₱4.85 million in 2015, 2014 and 2013, respectively (see Note 25).

Subscription Agreements

The Parent Company entered into various subscription agreements with international cable providers for the airing of its programs and shows abroad. The agreements generally have terms of three to five years and are based on certain agreed service package rates.

Total subscription income amounted to ₱1,023.32 million, ₱1,075.80 million and ₱977.81 million in 2015, 2014 and 2013, respectively (see Note 21).

28. Income Taxes

The current income tax pertains to the following:

	2015	2014	2013
RCIT	**₱951,169,854**	₱512,851,208	₱908,993,419
MCIT	**3,728,988**	1,066,086	196,921
	₱954,898,842	₱513,917,294	₱909,190,340

The components of the Group's provision for (benefit from) income tax in the consolidated profit or loss are as follows:

	2015	2014	2013
Current - RCIT	**₱954,898,842**	₱513,917,294	₱909,190,340
Deferred	**(44,562,213)**	(65,982,463)	(196,859,299)
	₱910,336,629	₱447,934,831	₱712,331,041

Income Tax

The reconciliation between the statutory income tax and effective income tax on income before income tax is shown below:

	2015	2014	2013
Statutory income tax	**30%**	30%	30%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	**(0.10)**	(0.23)	(0.23)
Nondeductible interest expense	**(0.06)**	0.08	0.07
Equity in net earnings (losses) of joint ventures	**0.03**	(0.37)	0.22
Nontaxable refund of foreign tax credit	**(0.02)**	–	0.21
Nondeductible tax deficiency payment	**0.01**	–	–
Income tax holiday	**–**	–	(1.14)
Impairment loss on investment	**–**	–	0.04
Others - net	**0.12**	1.25	0.80
Effective income tax	**29.98%**	30.73%	29.97%

Deferred Income Taxes

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

	2015	2014
Parent Company		
Deferred income tax assets:		
Pension liability	**₱234,743,605**	₱252,045,092
Allowance for doubtful accounts	**83,243,469**	80,961,771
Other long-term employee benefits	**72,014,626**	69,867,993
Advances from customers	**46,910,706**	–
Accrued rent	**28,650,284**	25,870,239
Unrealized foreign exchange loss	**7,650,732**	5,973,762
Revaluation of AFS financial assets	**623,954**	–
Customers deposits	**–**	605,392
	473,837,376	435,324,249

(Forward)

	2015	2014
Parent Company		
Deferred income tax liabilities:		
Revaluation increment on land	**(₱435,963,012)**	(₱435,963,012)
Unamortized capitalized borrowing costs	**(15,115,728)**	(18,138,874)
Discounting of noncurrent obligation for program and other rights	**(62,708)**	(496,254)
Revaluation of AFS financial assets	**–**	(422,410)
	(451,141,448)	(455,020,550)
	₱22,695,928	(₱19,696,301)

	2015	2014
Subsidiaries		
Deferred income tax assets:		
Pension liability	**₱95,284,022**	₱96,338,924
Intercompany sale of intangible assets	**40,500,000**	45,000,000
Other long-term employee benefits	**19,263,919**	7,835,907
Allowance for probable losses in investments	**7,405,770**	1,893,651
Allowance for doubtful accounts	**660,936**	1,446,511
Excess MCIT over RCIT	**196,806**	780,366
Unrealized loss on AFS financial assets	**16,000**	–
Unrealized foreign exchange loss	**6,750**	–
Others	**–**	922,207
	163,334,203	154,217,566
Deferred income tax liabilities:		
Unrealized foreign exchange gain	**(377,212)**	(6,574,266)
Revaluation of AFS financial assets	**(190,000)**	(242,501)
	(567,212)	(6,816,767)
	₱162,766,991	₱147,400,799
Deferred income tax assets - net	**₱185,462,919**	₱147,400,799
Deferred income tax liabilities - net	**₱–**	(₱19,696,301)

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

	2015	2014
Revaluation increment on land	**(₱435,963,012)**	(₱435,963,012)
Pension liability - remeasurement loss on retirement plan	**128,779,787**	134,283,716
Revaluation of AFS financial assets	**(25,573,578)**	(2,151,332)
	(₱332,756,803)	(₱303,830,628)

The components of the subsidiaries' deductible temporary differences and carryforward benefits of NOLCO and MCIT, for which no deferred income tax assets have been recognized in the Group's consolidated statements of financial position, are as follows:

	2015	2014
NOLCO	**₱35,320,723**	₱81,641,826
Allowance for doubtful accounts	**6,989,912**	9,805,947
Pension liability	**2,622,785**	1,992,286
Allowance for inventory stock	**1,708,252**	–
Other long-term employee benefits	**680,456**	627,035
Excess MCIT over RCIT	**161,953**	154,354
Allowance for impairment loss	–	540,866
Unrealized foreign exchange loss	–	57,200
	₱47,484,081	₱94,819,514

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱14.36 million and ₱28.55 million as at December 31, 2015 and 2014, respectively.

The deferred income tax assets were not recognized as management believes that future taxable income against which the deferred income tax assets can be used for these entities may not be available.

As at December 31, 2015, the Group's MCIT and NOLCO are as follows:

Date Paid/Incurred	Carry forward Benefit Up To	MCIT	NOLCO
December 31, 2013	December 31, 2016	₱401	₱15,613,400
December 31, 2014	December 31, 2017	76,482	19,473,687
December 31, 2015	December 31, 2018	281,876	233,636
		₱358,759	₱35,320,723

The movements in MCIT and NOLCO in 2015 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱934,720	₱81,641,826
Additions	281,876	233,636
Application	(656,338)	(4,998,884)
Expirations	(201,499)	(41,555,855)
	₱358,759	₱35,320,723

29. EPS Computation

The computation of basic and diluted EPS follows:

	2015	2014	2013
Net income attributable to equity holders of the Parent Company (a)	**₱2,115,082,277**	₱1,004,651,016	₱1,666,949,855
Less attributable to preferred shareholders	**652,733,626**	310,044,440	514,435,885
Net income attributable to common equity holders of the Parent Company (b)	**1,462,348,651**	₱694,606,576	₱1,152,513,970
Common shares issued at the beginning of year (Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱0.435**	₱0.207	₱0.343
Diluted EPS (a/d)	**₱0.435**	₱0.207	₱0.343

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Group's operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and nontrade receivables (excluding advances to suppliers), refundable deposits, trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and advances from customers), short-term loans, obligations for program and other right, dividends payable and other long-term employee benefits, which arise directly from its operations, and AFS financial assets. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk and credit risk. The Group is not exposed to interest rate risk as most of its financial assets and financial liabilities have fixed rates.

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

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

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

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

	2015				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents*	₱1,379,929,293	₱653,042,597	₱–	₱–	₱2,032,971,890
Trade receivables:					–
Television and radio airtime	1,400,967,153	2,575,855,130	277,478,231	–	4,254,300,514
Subscriptions	102,517,693	175,160,249	–	–	277,677,942
Others	22,686,391	94,525,563	5,797,900		123,009,854
Nontrade receivables:					
Advances to officers and employees	315,790	3,102,192	–	–	3,417,982
Others	4,991,390	4,077,051		–	9,068,441
Refundable deposits**	–	–	–	20,040,588	20,040,588
	2,911,407,710	3,505,762,782	283,276,131	20,040,588	6,720,487,211
AFS financial assets	–	-	.	191,116,881	191,116,881
	₱2,911,407,710	₱3,505,762,782	₱283,276,131	₱211,157,469	₱6,911,604,092
Other financial liabilities:					
Trade payables and other current liabilities***	₱592,626,117	₱567,568,109	₱38,437,946	₱–	₱1,198,632,172
Short-term loans****	–	–	1,160,475,629	–	1,160,475,629
Obligations for program and other rights	–	220,843,041	–	–	220,843,041
Dividends payable	10,873,177	–	–	–	10,873,177
	₱603,499,294	₱788,411,150	₱1,198,913,575	₱–	₱2,590,824,019

**Excluding cash on hand and production fund amounting ₱127.33 million.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
****Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱595.72 million, ₱239.93 million and ₱156.37 million, respectively (see Note 16).*
*****Gross contractual payments.*

	2014				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents*	₱1,412,013,951	₱159,644,753	₱–	₱–	₱1,571,658,704
Trade receivables:					
Television and radio airtime	550,910,486	2,473,761,000	269,872,570	–	3,294,544,056
Subscriptions	320,876,428	718,519,443	–	–	1,039,395,871
Others	47,348,164	122,069,524	4,821,702	–	174,239,390
Nontrade receivables:					
Advances to officers and employees	39,000	4,404,381	–	–	4,443,381
Others	11,980,481	74,067,442	–	–	86,047,923
Refundable deposits**	–	–	–	19,913,347	19,913,347
	2,343,168,510	3,552,466,543	274,694,272	19,913,347	6,190,242,672
AFS financial assets	–	–	–	129,024,081	129,024,081
	₱2,343,168,510	₱3,552,466,543	₱274,694,272	₱148,937,428	₱6,319,266,753
Other financial liabilities:					
Trade payables and other current liabilities***	₱427,501,183	₱500,295,668	₱66,059,351	₱–	₱993,856,202
Short-term loans****	–	300,649,167	1,935,504,556	–	2,236,153,723
Obligations for program and other rights	–	116,533,114	–	5,193,223	121,726,337
Dividends payable	9,698,035	–	–	–	9,698,035
	₱437,199,218	₱917,477,949	₱2,001,563,907	₱5,193,223	₱3,361,434,297

*Excluding cash on hand and production fund amounting ₱27.17 million.
**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).
***Excluding payable to government agencies and customer deposits amounting to ₱716.45 million and ₱220.87 million, respectively (see Note 16).
****Gross contractual payments.

Foreign Currency Exchange Risk. Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to foreign currency exchange risk results from its business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

The Group's foreign currency-denominated monetary assets and liabilities are as follows:

	2015		2014	
Assets				
Cash and cash equivalents	**$11,450,723**	**₱538,871,024**	$18,233,035	₱815,381,325
Trade receivables	**25,470,989**	**1,198,664,742**	24,933,815	1,115,040,207
	$36,921,712	**₱1,737,535,766**	$43,166,850	₱1,930,421,532
Liabilities				
Trade payables	**$2,684,356**	**₱126,325,793**	$614,398	₱27,475,879
Short-term loans	**24,500,000**	**1,152,970,000**	43,000,000	1,922,960,000
Obligations for program and other rights	**3,174,067**	**149,371,593**	1,114,846	49,855,913
	$30,358,423	**₱1,428,667,386**	$44,729,244	₱2,000,291,792
	$6,563,289	**₱308,868,380**	($1,562,394)	(₱69,870,260)

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱47.06 to US$1.00 and ₱44.72 to US$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2015 and 2014, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in US$ exchange rate, with all other variables held constant, of the Group's income before income tax from reporting period up to next reporting period (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity other than those already affecting profit or loss.

	Appreciation (Depreciation) of ₱	Effect on Income before Income Tax
2015	**0.50**	**(₱820,411)**
	(0.50)	**820,411**
2014	0.50	₱1,033,850
	(0.50)	(1,033,850)

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

The table below shows the maximum exposure to credit risk for the components of the consolidated financial position as at December 31:

	2015	2014
Loans and receivables		
Cash and cash equivalents*	**₱2,032,971,890**	₱1,571,658,704
Trade receivables:		
Television and radio airtime	**4,254,300,514**	3,294,544,056
Subscriptions	**277,677,942**	1,039,395,871
Others	**123,009,854**	174,239,390
Nontrade receivables:		
Advances to officers and employees	**3,417,982**	4,443,381
Others	**9,068,441**	86,047,923
Refundable deposits**	**20,040,588**	19,913,347
	6,720,487,211	6,190,242,672
AFS financial assets	**191,116,881**	129,024,081
	₱6,911,604,092	₱6,319,266,753

**Excluding cash on hand amounting to ₱27.17 million and ₱24.44 million as at December 31, 2014 and 2013, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

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

- *High Grade.* Pertains to a counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes prime financial institutions and companies and top 20 advertisers in terms of volume of sales, who consistently pay on or before the maturity date and related parties.
- *Standard Grade.* Pertains to a counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Group. The delays may be due to cut-off differences. This includes customers outside the top 20 advertisers in terms of volume of sales, who consistently pay on maturity date and officers and employees.

As at December 31, 2015 and 2014, the credit quality of the Group's financial assets is as follows:

	2015				
	Neither Past Due Nor Impaired		Past Due but not Impaired	Past Due and Impaired	Total
	High Grade	Standard Grade			
Loans and receivables:					
Cash and cash equivalents*	₱2,032,971,890	₱–	₱–	₱–	₱2,032,971,890
Trade receivables:					
Television and radio airtime	2,365,548,701	210,306,429	1,400,967,153	277,478,231	4,254,300,514
Subscriptions	117,689,978	57,470,271	102,517,693	–	277,677,942
Others	91,835,899	2,689,664	22,686,391	5,797,900	123,009,854
Nontrade receivables:					
Advances to officers and employees	3,102,192	–	315,790	–	3,417,982
Others	3,962,266	114,785	4,991,390	–	9,068,441
Refundable deposits**	20,040,588	–	–	–	20,040,588
	4,635,151,514	270,581,149	1,531,478,417	283,276,131	6,720,487,211
AFS financial assets	191,116,881	–	–	–	191,116,881
	₱4,826,268,395	₱270,581,149	₱1,531,478,417	₱283,276,131	₱6,911,604,092

**Excluding cash on hand amounting to ₱127.33 million as at December 31, 2015.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

	2014				
	Neither Past Due Nor Impaired		Past Due but not Impaired	Past Due and Impaired	Total
	High Grade	Standard Grade			
Loans and receivables:					
Cash and cash equivalents*	₱1,571,658,704	₱–	₱–	₱–	₱1,571,658,704
Trade receivables:					–
Television and radio airtime	269,872,570	1,870,274,281	884,524,635	269,872,570	3,294,544,056
Subscriptions	–	443,781,464	595,614,407		1,039,395,871
Others	4,821,702	81,967,263	82,628,723	4,821,702	174,239,390
Nontrade receivables:					–
Advances to officers and employees	–	4,404,381	39,000	–	4,443,381
Others	–	71,627,672	14,420,251	–	86,047,923
Refundable deposits**	19,913,347	–	–	–	19,913,347
	1,866,266,323	2,472,055,061	1,577,227,016	274,694,272	6,190,242,672
AFS financial assets	129,024,081	–	–	–	129,024,081
	₱1,995,290,404	₱2,472,055,061	₱1,577,227,016	₱274,694,272	₱6,319,266,753

**Excluding cash on hand amounting to ₱27.17 million as at December 31, 2014.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

Capital Management

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

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

The Parent Company is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for the three years ended December 31, 2015, 2014 and 2013.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱1,152.97 million and ₱2,222.96 million as at December 31, 2015 and 2014, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2015 and 2014 amounted to ₱9,038.85 million and ₱8,190.47 million, respectively.

31. Fair Value Measurement

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

	2015			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets Measured at Fair Value				
Land at revalued amount	**₱1,802,522,857**	**₱–**	**₱–**	**₱1,802,522,857**
AFS financial assets	**39,833,800**	**39,833,800**	**–**	**–**
Assets for which Fair Values are Disclosed				
Investment properties	**55,548,001**	**–**	**–**	**135,390,479**
Loans and receivables - Refundable deposits*	**20,040,588**	**–**	**–**	**18,260,354**
	₱1,917,945,246	**₱39,833,800**	**₱–**	**₱1,956,173,690**

*Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

	2014			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value				
Land at revalued amount	₱1,799,712,858	₱–	₱–	₱1,799,712,858
AFS financial assets	6,840,000	6,840,000	–	–
Assets for which Fair Values are Disclosed				
Investment properties	58,811,306	–	–	135,390,479
Loans and receivables - Refundable deposits*	19,913,347	–	–	18,144,416
	₱1,885,277,511	₱6,840,000	₱–	₱1,953,247,753
Liability for which Fair Value is Disclosed				
Other financial liability - Noncurrent portion of obligation for program and other rights	₱5,193,223	₱–	₱–	₱6,526,340

*Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

During the years ended December 31, 2015 and 2014, there were no transfers between levels of fair value measurement. There are no financial instruments classified under levels 1 and 2.

Fair Value Determination

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

Cash and Cash Equivalents, Short-term Investments and Trade and Nontrade Receivables

The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables are the approximate fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits
The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.14% to 4.72% in 2015 and 3.64% to 4.83% in 2014.

AFS Financial Assets
These are investments in quoted and unquoted shares of stock. The fair value of quoted shares is based on quoted market prices. For unquoted shares, the carrying amounts (cost less allowance for impairment losses) approximate fair values due to unpredictable nature of future cash flows and lack of other suitable methods for arriving at reliable fair value.

Investment Properties
The valuation for investment properties was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱900 to ₱118,945.

Land at Revalued Amount
The valuation for land was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱50,000.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the properties.

Trade Payables and Other Current Liabilities (excluding payable to government agencies and customer deposits), Short-term Loans, Current Portion of Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable are the approximate fair values due to the relatively short-term maturity of these financial instruments.

Noncurrent Portion of Obligations for Program and Other Rights
The fair value of noncurrent portion of obligation for program and other rights is based on the present value of the future cash flows. Discount rate used is 4.03% in 2014.

32. Supplemental Information to Consolidated Statements of Cash Flows

Non-cash transaction in 2015 consists of acquisition of AFS financial assets for ₱130.00 million in exchange for investments in X-Play for ₱26.43 million, advances for ₱30.00 million and airtime receivables for ₱28.00 million (see Note 10).

Non-cash transaction in 2013 consists of investment in PEP for ₱12.00 million through conversion of advances of GNMI in PEP (see Note 11). This also consists of the increase in AFS financial assets amounting to ₱22.13 million which is attributable to the dividends declared to the Parent Company.

SGV
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 AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GMA Network, Inc. and Subsidiaries (collectively, the Group) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 included in this Form 17-A, and have issued our report thereon dated April 8, 2016. 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 Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group'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.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

April 8, 2016

GMA NETWORK, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2015

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	Attached
D. Intangible Assets and Other Assets	Attached
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

i) Reconciliation of Retained Earnings Available for Dividend Declaration	Attached
ii) List of Philippine Financial Reporting Standards Effective as at December 31, 2014	Attached
iii) Map of Relationships of the Companies within the Group	Attached
iv) Schedule of Financial Ratios	Attached

GMA NETWORK, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-E
DECEMBER 31, 2015

Schedule A. Financial Assets

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount Shown in the Statements of Financial Position	Value Based on Market Quotation at end of Reporting Reriod	Income Received and Accrued
Cash and cash equivalents				
Cash in Banks	₱–	₱1,507,255,528	₱–	₱701,740
Peso Placements:				
Abacus Capital & Investment Corporation	–	106,732,747	–	4,490,617
Banco De Oro	–	65,322,556	–	617,839
Bank of Philippine Island	–	90,581,982	–	1,001,628
Malayan Bank	–	54,520,826	–	970,218
Philippine Bank of Communications	–	70,477,947	–	544,509
Unicapital, Inc.	–	20,282,811	–	53,486
Philippine National Bank	–	1,388,060	–	9,105
Eastwest	–	20,137,264	–	185,370
Union Bank of the Philippines	–	50,140,000	–	1,374,320
MBTC	–	56,536,861	–	571,284
AUB	–	50,447,103	–	827,365
UCPB	–	–	–	762,642
Land Bank of the Philippines	–	–	–	416,902
	–	586,568,157	–	11,825,285
Dollar Placements:				
Asia United Bank	–	6,931,139	–	127,507
Eastwest Bank	–	33,454,253	–	463,788
Union Bank of the Philippines	–	26,089,048	–	346,552
	–	66,474,440	–	937,847
Total Placements	–	653,042,597	–	12,763,132
Short-term Investments	–	–	–	190,938
	₱–	₱2,160,298,125	₱–	₱13,655,810
Available-for-sale investments				
IP E Games Ventures, Inc.	13,000,000,000	₱68,900,000	₱68,900,000	₱–
Unicapital, Inc.	–	75,109,800	–	–
Mabuhay Philippine Satellite	–	29,000,000	–	–
Optima Studio	–	11,023,156	–	–
Ayala Alabang Country Club - A	1	2,300,000	2,300,000	–
Baguio Country Club	1	1,300,000	1,300,000	–
Metropolitan Club (Metroclub) A	7	1,825,000	1,825,000	–
Manila Southwoods A	1	1,100,000	1,100,000	–
Camp John Hay Golf Club	1	90,000	90,000	–
PLDT Company	2,100	21,000	21,000	–
Reefpoint Picture	–	216,925	–	–
Royale Tagaytay	2	230,000	230,000	–
To Research Council	–	1,000	–	–
	13,000,002,113	₱191,116,881	₱75,766,000	₱–

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

			Deductions				
Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amount Collected	Amount Written Off	Current	Non Current	Balance at End of Period

Not Applicable: The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2015.

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2015

Alta Productions Company, Inc. (Alta)

			Deductions				
Account	January 1, 2015	Additions	Amoun Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Receivables - Trade	₱143,455	₱–	₱–	(₱143,455)	₱–	₱–	₱–
Receivables- Nontrade	–	–	–	143,455	–	143,455	143,455
Payables - Trade	(10,358,470)	–	8,220,780	–	(2,137,690)	–	(2,137,690)
Total	**(₱10,215,015)**	–	**₱8,220,780**	**₱–**	**₱(2,137,690)**	**₱143,455**	**₱(1,994,235)**

Citynet Network Marketing and Productions, Inc. (Citynet)

			Deductions				
Account	January 1, 2015	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Advances to Citynet	₱118,934,402	₱–	₱–	₱–	₱–	₱118,934,402	₱118,934,402
Payables- Nontrade	(200,000)	–	–	200,000	–	–	–
Payables -Trade	–	–	6,000	(200,000)	–	(194,000)	(194,000)
Total	**₱118,734,402**	**₱–**	**₱6,000**	**₱–**	**₱–**	**₱118,740,402**	**₱118,740,402**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2015

GMA Network, Films, Inc. (GNFI)

			Deductions				
Account	January 1, 2015	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Advances to GNFI	₱44,511,314	₱–	₱–	₱–	₱–	₱44,511,314	₱44,511,314
Receivables-Trade	–	225,000	–	–	225,000	–	225,000
Receivables	65,385,486	–	–	(65,385,486)	–	–	–
Receivables-Nontrade	–	1,347,544	–	65,385,486	1,347,544	65,385,486	66,733,030
Payables-Nontrade	(5,659,974)	–	–	5,659,974	–	–	–
Payables-Trade	–	–	–	(5,659,974)	–	(5,659,974)	(5,659,974)
Total	**₱104,236,826**	**₱1,572,544**	**₱–**	**₱–**	**₱ 1,572,544**	**₱104,236,826**	**₱105,809,370**

GMA Marketing and Productions, Inc. (GMPI)

			Deductions				
Account	January 1, 2015	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Receivables-Trade	₱1,470,796	₱–	₱–	(₱1,470,796)	₱–	₱–	₱–
Receivables-Nontrade	–	676,858	(49,629)	1,470,796	676,858	1,421,167	2,098,025
Payables-Nontrade	(188,903,762)	–	–	188,903,762	–	–	–
Payables-Trade	–	–	–	(113,261,271)	–	(113,261,271)	(113,261,271)
Total	**(₱187,432,966)**	**₱676,858**	**(₱49,629)**	**₱75,642,491**	**₱676,858**	**(₱111,840,104)**	**(₱111,163,246)**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2015

GMA New Media, Inc. (GNMI)

Account	January 1, 2015	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Advances to GNMI	₱35,524,846	₱–	₱–	₱–	₱–	₱35,524,846	₱35,524,846
Receivables-Trade	82,387,871	–	–	(82,387,871)	–	–	–
Receivables-Nontrade	–	51,597	(116,973)	82,390,758	–	82,325,382	82,325,382
Payables-Nontrade	(51,727,382)	–	–	51,727,382	–	–	–
Payables-Trade	–	(70,688,294)	57,243,531	(51,207,454)	(64,652,217)	–	(64,652,217)
Total	**₱66,185,335**	**(₱70,636,697)**	**₱57,126,558**	**₱522,815**	**(₱64,652,217)**	**₱117,850,228**	**₱53,198,011**

GMA Worldwide (Philippines), Inc. (GWI)

Account	January 1, 2015	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Receivables-Trade	₱–	₱450,000	(₱225,000)	₱–	₱225,000	₱–	₱225,000
Receivables	2,766,391	–	–	(2,766,391)	–	–	–
Receivables-Nontrade	–	3,190,595	–	2,766,391	3,190,595	2,766,391	5,956,986
Payables-Nontrade	(11,191,528)	–	–	11,191,528	–	–	–
Payables-Trade	–	(20,361,770)	16,303,850	(11,191,528)	(15,249,448)	–	(15,249,448)
Total	**(₱8,425,137)**	**(₱16,721,175)**	**₱16,078,850**	**₱–**	**(₱11,833,853)**	**₱2,766,391**	**(₱9,067,462)**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2015

RGMA Marketing & Productions, Inc. (GMA Records)

			Deductions				
Account	January 1, 2015	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Advances to GMA Records	₱20,806,216	₱–	₱–	₱–	₱–	₱20,806,216	₱20,806,216
Receivables-Trade	–	3,335	–	–	3,335	–	3,335
Receivables	3,611,895	–	–	(3,611,895)	–	–	–
Receivables-Nontrade	–	197,716	(85,384)	3,611,895	197,716	3,526,511	3,724,227
Payables-Trade	–	(2,897,469)	1,675,170	–	(1,222,299)	–	(1,222,299)
Total	**₱24,418,111**	**(₱2,696,418)**	**₱1,589,786**	**₱–**	**(₱1,021,248)**	**₱24,332,727**	**₱23,311,479**

Scenarios, Inc. (Scenarios)

			Deductions				
Account	January 1, 2015	Additions	Amount Collected	Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Advances to Scenarios	₱1,014,090	₱–	₱–	₱–	₱–	₱1,014,090	₱1,014,090
Receivables	12,733,493	–	–	(12,733,493)	–	–	–
Receivables-Nontrade	–	–	(2,750)	12,733,493	–	12,730,743	12,730,743
Total	**₱13,747,583**	**₱–**	**(₱2,750)**	**₱–**	**₱–**	**₱13,744,833**	**₱13,744,833**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2015

Script2010, Inc. (Script2010)

Account	January 1, 2015	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Receivables	₱19,014,595	₱–	₱–	(₱19,014,595)	₱–	₱–	₱–
Receivables-Nontrade	–	749,503	(73,068)	19,014,595	749,503	18,941,527	19,691,030
Payables-Trade	–	(166,684,165)	156,747,182	(2,307,129)	(12,244,112)	–	(12,244,112)
Payables-Nontrade	(2,307,129)	–	–	2,307,129	–	–	–
Total	**₱16,707,466**	**(₱165,934,662)**	**₱156,674,114**	**₱–**	**(₱11,494,609)**	**₱18,941,527**	**₱7,446,918**

Media Merge Corporation (MM)

Account	January 1, 2015	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Receivables-Trade	₱11,954,398	₱–	₱–	(₱11,954,398)	₱–	₱–	₱–
Receivables-Nontrade	–	54,301	(69,440)	11,954,398	54,301	11,884,958	11,939,259
Payables-Nontrade	(14,256,882)	–	–	14,256,882	–	–	–
Payables-Trade	–	(36,457,437)	39,979,635	(14,256,882)	(10,734,684)	–	(10,734,684)
Total	**(₱2,302,484)**	**(₱36,403,136)**	**₱39,910,195**	**₱–**	**(₱10,680,383)**	**₱11,884,958**	**₱1,204,575**

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2015

Digify, Inc.

Account	January 1, 2015	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Payables-Trade	₱–	₱3,427,232	(₱4,792,157)	₱–	(₱1,364,925)	₱–	(₱1,364,925)
Receivables-Nontrade	–	2,750	–	–	–	2,750	2,750
	₱–	**₱3,429,982**	**(₱4,792,157)**	**₱–**	**(₱1,364,925)**	**₱2,750**	**(₱1,362,175)**

RGMA Network, Inc. (RGMA Network)

Account	January 1, 2015	Additions	Deductions: Amount Collected	Deductions: Amount written off/ Reclassified	Current	Non Current	December 31, 2015
Receivables-Trade	₱18,283,246	₱–	₱–	(₱18,283,246)	₱–	₱–	₱–
Receivables-Nontrade	–	–	(5,399,281)	18,283,246	–	12,883,965	12,883,965
Payables-Trade	(10,047,791)	–	–	10,047,791	–	–	–
Payables-Nontrade	–	–	–	(10,047,791)	–	(10,047,791)	(10,047,791)
Total	**₱ 8,235,455**	**₱–**	**(₱5,399,281)**	**₱–**	**₱–**	**₱2,836,174**	**₱2,836,174**

Schedule D. Intangible Asset - Other Asset
December 31, 2015

Description	Beginning balance	Additions at cost	Charge to cost and expenses	Charged to other accounts	Ending balance
Program and film rights	₱1,182,630,981	₱734,084,599	(₱730,289,184)	₱–	₱1,186,426,396
Story format rights	15,639,728	14,890,663	(24,349,559)	–	6,180,832
Software cost	35,917,092	2,170,075	(20,680,531)	–	17,406,636
	₱1,234,187,801	₱751,145,337	(₱775,319,274)	₱–	₱1,210,013,864

Schedule E. Long-Term Debt
December 31, 2015

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, 2015.

Schedule F. Indebtedness to Related Parties (Long-Terms from Related Companies)
December 31, 2015

Name	Balance, January 1, 2015	Balance, December 31, 2015

Not Applicable: The Company has no indebtedness to a related party as at December 31, 2015.

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015

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, 2015.

Schedule H. Capital Stock
December 31, 2015

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statements of financial position 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	5,000,000,000	3,361,047,000*	NA	3,000,819,963	6,362,017	353,865,020
Preferred	7,500,000,000	7,499,507,184**	NA	7,428,344,388	26,916	71,135,880

**Net of treasury stock totaling 3,645,000 shares.*
***Net of treasury stock totaling 492,816 shares.*

GMA NETWORK, INC. AND SUBSIDIARIES

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2015

Unappropriated retained earnings, at beginning of year		₱1,101,594,067
Adjustments:		
Less: Treasury shares	(28,483,171)	
Underlying shares of the acquired Philippine Deposit Receipts	(5,790,016)	
Deferred tax assets, beginning	(316,386,825)	
Unrealized foreign exchange loss last year, realized this year	(19,912,541)	(370,572,553)
Adjusted beginning balance of unappropriated retained earnings available for dividend declaration		731,021,514
Net income during the period closed to retained earnings	2,094,053,637	
Adjustments:		
Less: Movements in deferred tax asset-net during the year	54,054,055	
Unrealized foreign exchange loss this year	25,502,441	
Net income actually earned during the year, as adjusted		2,173,610,133
Less: Appropriations during the period		(1,214,854,609)
Unappropriated retained earnings as adjusted to available for dividend declaration, at end of year		₱1,689,777,038

GMA NETWORK, INC. AND SUBSIDIARIES

LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS EFFECTIVE AS AT DECEMBER 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary				X
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	X		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	X		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
	Amendment to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'			X
PFRS 2	Share-based Payment	X		X
	Amendments to PFRS 2: Vesting Conditions and Cancellations	X		X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	X		X
	Amendments to PFRS 2: Share-based Payment - Definition of Vesting Condition	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations	X		
	Business Combinations - Accounting for Contingent Consideration in a Business Combination	Not Early Adopted		
	Business Combinations - Scope Exceptions for Joint Arrangements	Not Early Adopted		
PFRS 4	Insurance Contracts	X		X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	X		X

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	X		
	Amendments to PFRS 5: Changes in Methods of Disposal*	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources	X		X
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	X		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	X		
	Amendments to PFRS 7: Disclosures - Servicing Contracts*	Not Early Adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*	Not Early Adopted		
PFRS 8	Operating Segments	X		
	Amendments to PFRS 8: Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	Not Early Adopted		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	X		
	Amendments to PFRS 10: Investment Entities	X		X
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 11	Joint Arrangements	X		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	X		
	Amendments to PFRS 12: Investment Entities	X		X
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 13	Fair Value Measurement	X		
	Amendment to PFRS 13: Short-term Receivables and Payables	X		
	Amendment to PFRS 13: Fair Value Measurement - Portfolio Exception	X		
PFRS 14	Regulatory Deferral Accounts*	Not Early Adopted		
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	X		X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
	Amendments to PAS 1: Disclosure Initiative*	Not Early Adopted		
PAS 2	Inventories	X		
PAS 7	Statement of Cash Flows	X		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Reporting Period	X		
PAS 11	Construction Contracts	X		X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	X		
PAS 16	Property, Plant and Equipment	X		
	Amendment to PAS 16: Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation	X		X
	Amendment to PAS 16: Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*	Not Early Adopted		
	Amendment to PAS 16: Agriculture - Bearer Plants*	Not Early Adopted		
PAS 17	Leases	X		
PAS 18	Revenue	X		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 19 (Revised)	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	X		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	X		X
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate*	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation	X		X
PAS 23 (Revised)	Borrowing Costs	X		
PAS 24 (Revised)	Related Party Disclosures	X		
	Amendments to PAS 24: Key Management Personnel	X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	X		X
PAS 27 (Amended)	Separate Financial Statements	X		
	Amendments to PAS 27: Investment Entities	X		X
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	X		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			X
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	X		X
	Amendment to PAS 32: Classification of Rights Issues	X		X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X		
PAS 33	Earnings per Share	X		
PAS 34	Interim Financial Reporting	X		
	Amendments to PAS 34: Disclosure of information 'elsewhere in the interim financial report'*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	X		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	X		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets	X		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	X		X
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	X		X
	Amendments to PAS 39: The Fair Value Option	X		X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	X		X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	X		
	Amendment to PAS 39: Eligible Hedged Items	X		X
	Amendment to PAS 39: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	X		X
PAS 40	Investment Property	X		
	Amendment to PAS 40	X		
PAS 41	Agriculture			X
	Amendment to PAS 41: Agriculture - Bearer Plants*	Not Early Adopted		
Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	X		X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments	X		X
IFRIC 4	*Determining Whether an Arrangement Contains a Lease*	X		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	X		X
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*	X		X
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*	X		X
IFRIC 8	*Scope of PFRS 2*	X		
IFRIC 9	Reassessment of Embedded Derivatives	X		X
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	X		X
IFRIC 10	*Interim Financial Reporting and Impairment*	X		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	X		
IFRIC 12	Service Concession Arrangements	X		X
IFRIC 13	Customer Loyalty Programmes	X		X
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	X		X
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	X		X
IFRIC 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	X		X
IFRIC 17	Distributions of Non-cash Assets to Owners	X		X
IFRIC 18	Transfers of Assets from Customers	X		X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	X		X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	X		X
IFRIC 21	Levies	X		
SIC-7	Introduction of the Euro	X		X
SIC-10	Government Assistance - No Specific Relation to Operating Activities	X		X
SIC-12	Consolidation - Special Purpose Entities	X		X
	Amendment to SIC - 12: Scope of SIC 12	X		X
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	X		X
SIC-15	Operating Leases - Incentives	X		X
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	X		X

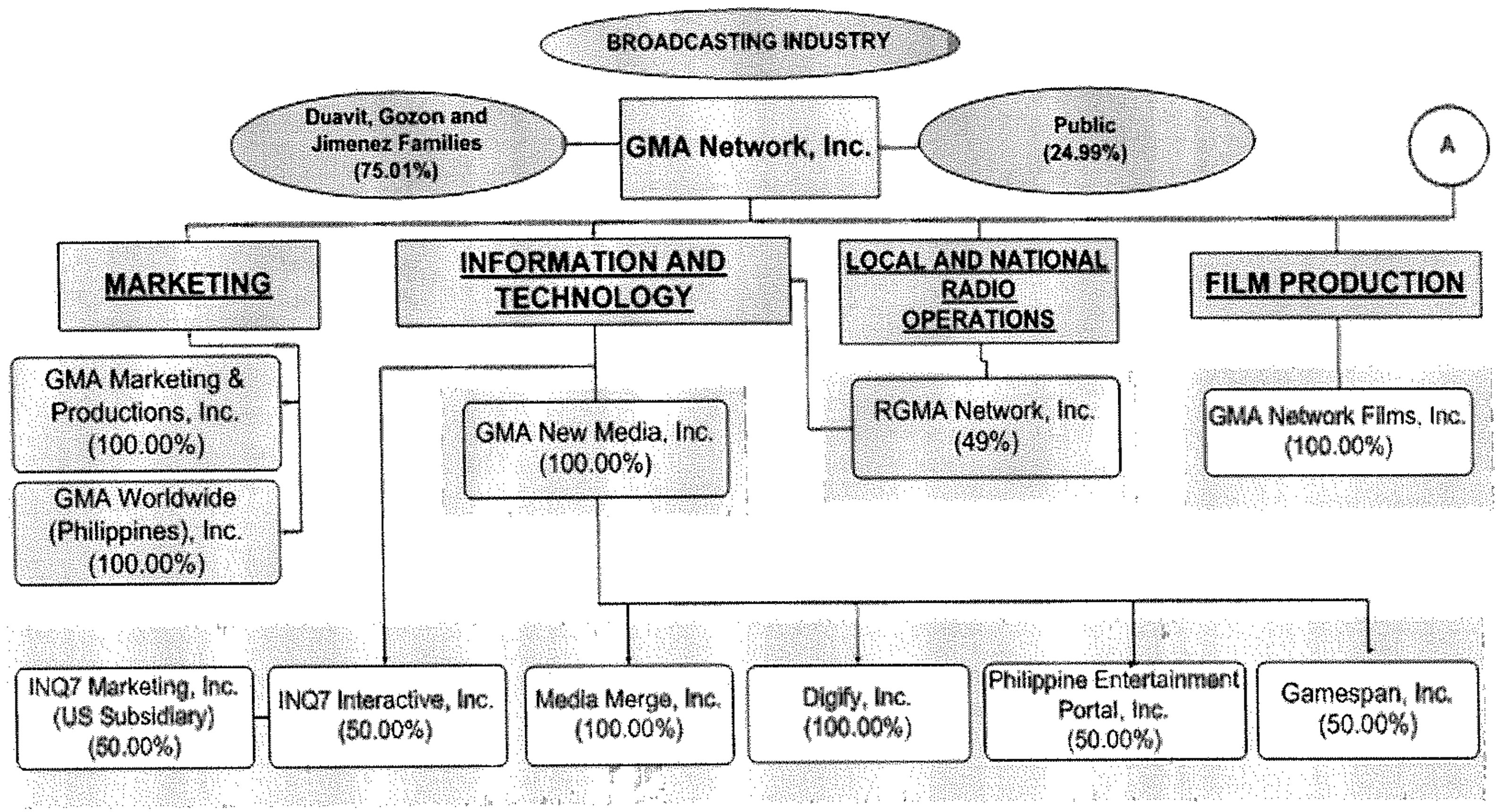
**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	X		
SIC-29	Service Concession Arrangements: Disclosures	X		X
SIC-31	Revenue - Barter Transactions Involving Advertising Services	X		X
SIC-32	Intangible Assets - Web Site Costs	X		X
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	X		X

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

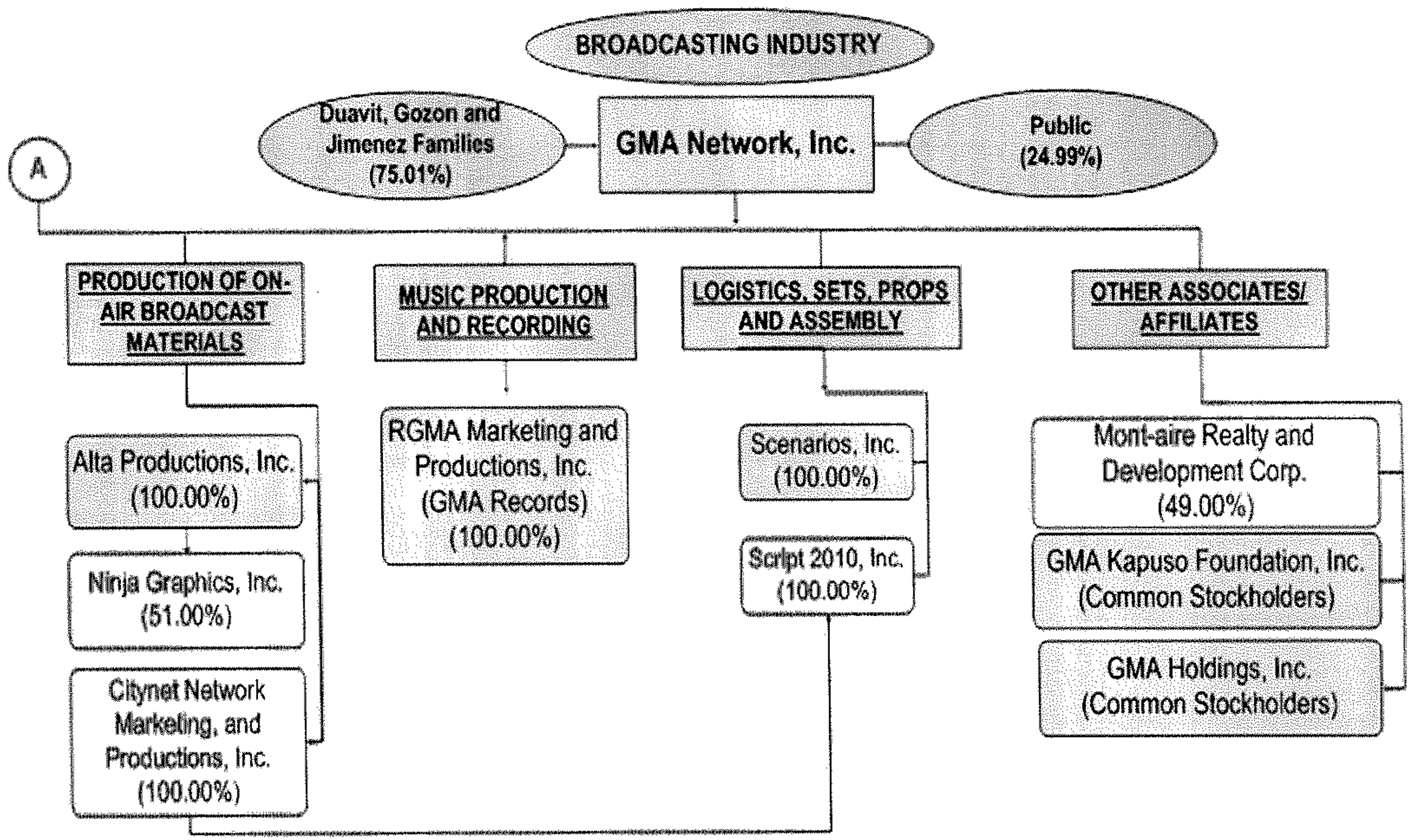
GMA NETWORK, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



GMA NETWORK, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP (cont.)



GMA NETWORK, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL RATIOS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 and 2013

Financial Ratios	Description	December 31 2015	December 31 2014
Current/liquidity ratio	Current assets over current liabilities	2.24:1	1.90:1
Asset to equity ratio	Total asset over total equity	1.59:1	1.70:1
Debt-to-equity ratio	Short-term loans over total equity	0.13:1	0.27:1
Net debt to equity ratio	Interest - bearing loans and borrowings less cash and cash equivalents over total equity	(0.11):1	0.08:1

Financial Ratios	Description	Years Ended December 31 2015	2014	2013
Interest rate coverage ratio	Earnings before interest, tax over interest expense	75.57:1	43.15:1	45.95:1
Gross profit margin	Gross profit over net revenues	57.44%	53.67%	54.01%
Net income margin	Net income over net revenues	15.49%	8.42%	12.93%

CERTIFICATION OF INDEPENDENT DIRECTORS

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

1. I am an Independent Director of **GMA NETWORK, INC.;**

2. I am affiliated with the following companies or organizations:

Company/Organizations	Position/Relationship	Period of Service
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
GMA Holdings, Inc.	Independent Director	2009 - present
Petron Corporation	Independent Director	2010 - present
Bank of the Philippine Islands	Independent Director	2010 - present
Metro Pacific Tollways Corporation	Independent Director	2010 - present
Asian Terminals, Inc.	Independent Director	2010 - present
Metropolitan Bank and Trust Co.	Senior Adviser	2007 - present
Philippine Long Distance Tel. Co.	Independent Director	2013 - present
Philippine Daily Inquirer	Columnist	2007 - present
Jollibee Foods Corporation	Director	2012 - present
(For my full bio-data, log on to my personal website: cjpanganiban.com)		

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

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

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

APR 12 2016

Done this ___ day of April, 2016 at Makati City.

ARTEMIO V. PANGANIBAN
Affiant

APR 12 2016

SUBSCRIBED AND SWORN to before me this ____ day of April 2016 at Makati City, affiant personally appeared before me and exhibited to me his Diplomatic Passport No. DE0013400 issued on December 15, 2015 by the DFA, Manila and will expire on December 14, 2020.

ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0015338/4-10-2013
IBP O.R No.706702 LIFETIME MEMBER JAN. 29,2007
PTR No. 532-33-05 - JAN 04,2016 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

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Book No. 709
Series of 2016.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **JAIME C. LAYA**, Filipino, of legal age, and with office address at Suite 703 Midland Mansion Condominium A. Arnaiz Avenue, Makati City, after having been duly sworn to in accordance with law, do hereby declare that:

1. I am an Independent Director of GMA Holdings, Inc.;

2. I am affiliated with the following companies or organizations:

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
Manila Polo Club	Director	2014-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 and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. 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 4th day of April two thousand and sixteen at Makati City.

JAIME C. LAYA
Affiant

APR 12 2016

SUBSCRIBED AND SWORN to before me this 4th day of April, two thousand and sixteen, at Makati City, affiant personally appeared before me and exhibited to me his Passport No. EC3123777 issued at Manila on January 7, 2015.

ATTY. VIRGILIO R. BATALLA
Notary Public
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M32
UNTIL DECEMBER 31, 2016
ROLL OF ATTY. NO. 48348
MCLE COMPLIANCE NO. IV-0010333/4-10-2013
IBP O.R No.705762-LIFETIME MEMBER JAN. 29,2007
PTR No. 532-35-05-JAN 04,2016 MAKATI CITY
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

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Book No. 209
Series of 2016

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 Network, Inc.** are elected as public servants and or appointed in any government agency, local or foreign, without authority of law.

Issued this 20th day of April 2016.

ROBERTO O. PAREL
Compliance Officer
GMA Network, Inc.