

FILE COPY



THE LAW FIRM OF
**BELO GOZON ELMA
PAREL ASUNCION & LUCILA**

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Enrique M. Belo (1922-2004)

Felipe L. Gozon
Magdangal B. Elma
Roberto O. Parel
Gener E. Asuncion
Roberto Rafael V. Lucila
Eric Vincent A. Estoesta

Anna-Theresa M. Gozon*
Pierre M. Cantara
Regino A. Moreno
Yvonne Angeli C. Lee Tupas
Maria Theresa E. De Mesa
Felipe M. Gozon Jr.
Maria Estelita B. Arles-Gozon
Jessalyn E. Echano

SPECIAL PROJECTS

Jorge V. Sarmiento
Antonio A. Merelos
Angelita D. De Guzman
Maximilian Chua
Roberto Rafael N. Lucila II
Ryan P. Oliva
Edmar Tundayag

* On Leave

Corporation Finance Department
Securities and Exchange Commission
SEC Building, EDSA,
Greenhills, Mandaluyong City

April 16, 2018

SECURITIES AND EXCHANGE
COMMISSION

APR 17 2018
MARKET REGULATION DEPT
BY: *Cape* TIME: 2:00

Attention: *Vicente Graciano P. Felizmenio, Jr.*
Director

Re : *GMA Network, Inc.*
Definitive Information Statement

Gentlemen:

Our client, GMA Network, Inc. (the "Corporation") filed its Preliminary Information Statement (SEC Form 20-IS) on April 10, 2018. In your letter dated April 11, 2018, which we received on April 12, 2018, you directed our client to amend the same in accordance with the remarks in your checklist attached to the letter.

In compliance thereof, we have incorporated the following:

- (1) "May 16, 2018" as the exact date of Annual Stockholders' Meeting on pages 4 and 6;
- (2) The names of the persons who will vote the shares of the record and beneficial corporate owners of more than 5% of each class of shares of the Corporation on pages 8 to 9;
- (3) Updated information as of March 31, 2018 on the record and beneficial owners of more than 5% of each class of

shares, security ownership of management and the list of top 20 stockholders on pages 7, 9 and 61.

- (4) Dated Revised Certification that none of the directors and officers works in government (attached to the Definitive 20-IS);
- (5) 2017 Consolidated Audit Financial Statements (kindly see attachments to the Information Statement);
- (6) Price Information as of the latest practicable date (April 13, 2018) (kindly see page 61 of the Information Statement providing for the latest practicable date);
- (7) Statement of Management's Responsibility signed under oath by the following: Chairman of the Board, Chief Executive Officer, pursuant to Bulletin No. 001 dated February 16, 2012, SRC Rule 68, as amended (kindly see cover page of the Audited Financial Statements).
- (8) Additional Components of Financial Statements (SRC Rule 68, amended October 2011) (kindly refer to the AFS and the schedules thereto);
- (9) Additional Disclosures set forth in Annex 68-D (kindly refer to the attachments to the AFS); and
- (10) Additional Disclosures Requirements (SRC Rule 68, as amended October 2011) (kindly refer to the attachments to the AFS).

Moreover, we updated the information contained in the following pages of the report:

- (1) Ages of the Board of Directors on page 12 (chart);
- (2) Highest compensated Executive Officers ("2018 estimate") on page 21;
- (3) Advances to Affiliates (Mont-Aire – 2017 and 2016 figures) on page 20;

- (4) MD&A on pages 37 to 50;
- (5) List of TV Stations on page 52 and
- (6) List of Radio Stations on page 56.

We also corrected minor clerical errors and incorporated minimal formal revisions for purposes of clarity and presentation of the Definitive Information Statement.

With this, the undersigned respectfully requests the Honorable Commission to approve the Company's Definitive Information Statement so the Company may distribute the same to its stockholders.

Thank you very much.

Very truly yours,

**BELO GOZON ELMA
PAREL ASUNCION & LUCILA**

By:



ROBERTO RAFAEL V. LUCILA



MARIA ESTELITA A. GOZON

April 24, 2018

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 16, 2018** (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 17, 2017
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 7, 2018.

For purposes of the meeting, only stockholders of record as of April 16, 2018 are entitled to attend and vote in the said meeting.

For your convenience in registering your attendance, please bring any form of government issued ID.

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 RAFAEL V. LUCILA
Corporate Secretary

RATIONALE FOR THE SALIENT MATTERS CONTAINED IN THE AGENDA

Approval of the Minutes of the Annual Stockholders' Meeting Held on May 17, 2017

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 2017 has been detailed in the Audited Financial Statements (AFS) of the Company which were reviewed in audit 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 their 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 SyCipGorres&Velayo& Co. (SGV) as the Company's external auditor for 2017. 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 at 15/F Sagittarius Building, H.V. De la Costa Street, Salcedo Village, Makation or before **May 7, 2018**. You may deliver this form or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on May 9, 2018 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 16, 2018 at 10:00 a.m. and at any postponement or adjournment thereof.

Name

Signature

Date

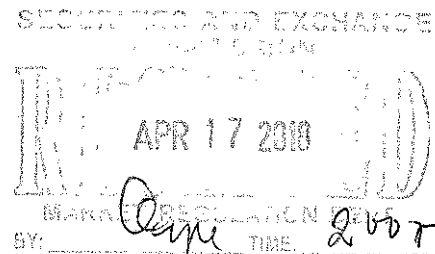
No. of Shares Held

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 20-IS

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 16, 2018, 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 24, 2018

10. **In case of Proxy Solicitations:**

Name of Person Filing the Statement/Solicitor: Not Applicable

Address and Telephone No.: Not Applicable

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

Title of Each Class

Number of Shares Outstanding
or Amount of Debt Outstanding

Common Stock
Preferred Stock

3,361,047,000
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 24, 2018 is being furnished to the stockholders of record of GMA Network, Inc. as of April 16, 2018 in connection with the Annual Stockholders' Meeting.

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

A. GENERAL INFORMATION

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

- (a) Date: May 16, 2018
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 24, 2018

Item 2. Dissenters' Right of Appraisal

Title X of the Corporation Code of the Philippines grants to a shareholder the right to dissent and demand payment of the fair value of his share in certain instances, to wit: (1) in case any amendment to the corporation's articles of incorporation has the effect of changing and restricting the rights of any shareholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class; (2) in case of any sale, lease, exchange, transfer, mortgage or other disposition of all or substantially all of the corporate property or assets; (3) in case of merger or consolidation; (4) in case the corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose; and (5) extension or shortening of the term of corporate existence.

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

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

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

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

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

B. CONTROL AND COMPENSATION INFORMATION

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, 2018. 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 16, 2018 are entitled to notice of and to vote at the Company's Annual Stockholders' Meeting.
- (c) With respect to the election of directors, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may accumulate said shares and give one candidate as many votes as the number of directors to be elected or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the total number of shares owned by him, multiplied by the whole number of directors to be elected.
- (d) The following are the information on security ownership of certain record and beneficial owners and management:
 - (1) The security ownership of certain record and beneficial owners of more than 5% as of March 31, 2018 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 (shares voted by: Gilberto R. Duavit Jr. and/or Atty. Felipe L. Gozon)	815,392,400	24.23%

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.

Common	Group Management & Development Inc. ² No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner (shares voted by: Gilberto R. Duavit, Jr.)	789,813,389	23.47%
Common	FLG Management & Development Corporation ³ 16/F Sagittarius Condo 1, HV Dela Costa Street, Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner (shares voted by: Atty. Felipe L. Gozon)	677,213,227	20.13%
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 (shares voted by: Joel Marcelo G. Jimenez and/or Laura J. Westfall)	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 (shares voted by: Joel Marcelo G. Jimenez and/or Laura J. Westfall)	334,378,037	9.94%
Total Common Shares 3,070,679,148 91.26%					
Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner (shares voted by: Gilberto R. Duavit, Jr.)	2,625,805,308	35.01%
Preferred	FLG Management & Development Corporation 16/F Sagittarius Condo 1, HV Dela Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner (shares voted	2,181,898,644	29.09%

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.

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.

by: Atty. Felipe L. Gozon)					
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 (shares voted by: Joel Marcelo G. Jimenez and/or Laura J. Westfall)	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 (shares voted by: Joel Marcelo G. Jimenez and/or Laura J. Westfall)	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 ("PDRs") which give the holder of each PDR the right to the 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.

(2) Security Ownership of Management as of March 31, 2018

As of March 31, 2018, the Company's directors and senior officers owned an aggregate of 7,448,541 common shares of the Company, equivalent to 0.2210% of the Company's issued and outstanding common capital stock and 46,944 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	Director/Assistant Corporate Secretary	Filipino	R/B	3	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%
Gilberto M. Duavit	Director	Filipino	R/B	8,345	0.00%	20,028	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	1,613,000	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	294,001	0.0087%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	200,001	0.00%	0	0.00%
Roberto Rafael V. Lucila	Corporate Secretary/Compliance Officer	Filipino	R/B	12,000	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino		474,000	0.00%	0	0.00%
Ronaldo P. Mastrilli	Senior Vice President – Finance and ICT	Filipino	R/B	354,000	0.0054%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	R/B	158,000	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 person 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 the 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 (2018-2019):

Anna Teresa M. Gozon
Gilberto R. Duavit, Jr.
Felipe L. Gozon
Joel Marcelo G. Jimenez
Gilberto M. 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 March 31, 2018, 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, 2018, 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	78
Gilberto M. Duavit	Filipino	Director	2016	N/A	N/A	83
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	54
Anna Teresa M. Gozon	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	48
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	54
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	50
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President/Chief Financial Officer	2011	61
Roberto Rafael V. Lucila	Filipino	Corporate Secretary	2017	N/A	N/A	61
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	54
Ronnie P. Mastrilli	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	52
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment TV	2013	54
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	81
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	79
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	51
Lizelle G. Maralag	Filipino	N/A	2016	Chief Marketing Officer	2016	52

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

Felipe L. Gozon, Filipino, 78 years old, is the Chairman of the Board of Directors and Chief Executive Officer of GMA Network, Inc.

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

Atty. Gozon is also a Director of GMA Worldwide, Inc., GMA Films, Inc., Antipolo Agri-Business & Land Dev. Corp., and Chamber of Commerce of the Philippine Islands. He is a Trustee of the Philippine Center for Entrepreneurship Foundation, Inc., and Environmental Heroes Foundation, Inc. He is also an Advisory Board Member of the Asian TV Awards (2010 to present).

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

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

Gilberto R. Duavit, Jr., Filipino, 54 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. He also serves as President and CEO of GMA Holdings, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the President and a Director of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc. and a Trustee of the Guronasyon Foundation, Inc. and the HERO Foundation.

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

Joel Marcelo G. Jimenez, Filipino, 54 years old, has been a Director of the Company since 2002. He is currently the Vice Chairman of the Executive Committee of GMA Network, Inc., President and CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., 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, 61 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a

Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., and Majalco Finance and Investments, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc..

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

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

Anna Teresa M. Gozon, Filipino, 46 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

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

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

Gilberto M. Duavit, Sr., Filipino, 83 years old, was elected to the Company's Board of Directors in 2016.

Atty. Duavit was the founding Chairman of GMA Network, Inc. in 1974-1976 and was a former Director of the Company in 1977. He is one of the pillars behind the rebirth of Republic Broadcasting System (RBS)-TV Channel 7 in the 1970s.

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

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

He was also formerly Assistant Executive Secretary for Social, Political, Legal, and Economic Affairs (1966-1970) and Acting Executive Secretary, Office of the President (1969), and was twice awarded the Presidential Merit Award in 1967 and 1968.

Atty. Duavit was a delegate to the 1971 Constitutional Convention, representing the 2nd district of Rizal, and became President of the Philippine Constitutional Association or PHILCONSA (1970). He served as Executive Director of the National Youth and Sports Development Foundation of the Philippines (1978), and as Senior Deputy Minister of the Ministry of Youth and Sports Development (1974-1978). He was

also a member of the BatasangPambasa, representing the Southern Tagalog Region from 1978 to 1984.

Aside from GMA, he was also Chairman/Director of various firms and companies, among them Permastress Industries, Inc., Unistress Concrete Systems, Inc., Sagittarius Condominium Corporation, and Mar Fishing Company, Inc. Atty.Duavit earned his Bachelor of Arts and Law degree from the University of the East Manila, and holds a Doctorate degree in Humanities from the University of Rizal System.

Laura J. Westfall, Filipino, 50 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 Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines and MuseoPambata.

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

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

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

Jaime C. Laya, Filipino, 79 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., Philippine AXA Life Insurance Company, Inc., and Charter Ping An Insurance Corporation. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural

Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other organizations. He writes a weekly column for the *Manila Bulletin*.

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

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

Roberto Rafael V. Lucila, Filipino, 61 years old, has been the Corporate Secretary of the Company since March 27, 2017. He is a co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. He currently sits as director in the Philippine affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc. as well as a member of the Board of Regents of the Bicol University. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., eMerchant Asia Inc., and eMerchant Pay Asia Inc.. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer for Constitutional Law at the University of the Philippines, College of Law and the University of Asia and the Pacific, School of Law and Government. He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010, Avenue Capital Global Investor Conference in 2005, and The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997. He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012.

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

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

Marissa L. Flores, Filipino, 54 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. Ms. Flores was recognized for her work in the field of broadcast journalism by the University of the Philippines College of Mass Communication at the first Glory Awards in 2017.

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

Lilybeth G. Rasonable, Filipino, 54 years old, is the Senior Vice President of the Entertainment Content Group of GMA Network, Inc. She is mainly responsible for the production of 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 re-joined 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 ground-breaking 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. ETV was renamed Entertainment Content Group in 2017.

Elvis B. Ancheta, Filipino, 51 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 Professional Electronics Engineer and is a member of the Institute of Electronics and Communications Engineers of the Philippines. 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, 52 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, StarcomMediavest Group Phils. Co. Inc. as Managing Director, while concurrently serving as the Chairperson of PublicisGroupe Media Philippines, overseeing Zenith OptimediaPhils., too. 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 StarcomMediavest 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 StarcomMediaVest Group Fuel Awards (2004), and is a frequent jury member in local and regional advertising and marketing industry awards, the most recent of which is the Asia-Pacific Advertising Effectiveness Awards(Effies).

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

Gilberto R. Duavit, Jr. is the son of Gilberto M. Duavit 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

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, 2017 and 2016, Mont-Aire has had advances owing to the Company in the amount of P88.23 million and P88.27 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. In 2016, GMA Marketing operations were integrated to the Company. 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 Group
Lizelle G. Maralag	Chief Marketing Officer, Sales and Marketing Group
Rizalina D. Garduque	Vice President, Sales – News and Public Affairs and Regional TV

	Year	Annual Salaries (in thousands)	13th Month and Bonuses (in thousands)	Total
CEO and Top 5 Highest Compensated Officers	2015	105,700.4	72,452.0	178,152.4
	2016	127,348.3	158,525.0	285,873.2
	2017	144,348.5	131,232.1	275,580.6
	2018 (estimate)	150,122.4	136,481.3	286,603.8
Aggregate compensation paid to all officers and directors as a group	2015	156,399.9	90,808.5	247,208.4
	2016	196,896.4	197,604.4	394,500.8
	2017	223,700.6	167,779.8	391,480.4
	2018 (estimate)	232,648.6	174,491.0	407,139.6

(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) SyCipGorresVelayo & 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) under the Rules and Regulations Covering Form and Content of Financial Statements (SRC Rules 68 and 68.1, as amended), the Company has engaged Ms. Marydith C. Miguel, partner of SGV & Co., to sign the Company's 2017 audited financial statements.

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

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

SycipGorresVelayo & 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.

- (c) The aggregate fees billed for each of the last two years for the professional services rendered by SyCipGorresVelayo & Co. amounted to P6.3 million in 2016 and P6.3 million in 2017 (these included the fees related to financial audit and services for general tax compliance).
- (d) 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 SyCipGorresVelayo 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
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 under the Rules and Regulations Covering Form and Content of Financial Statements (SRC Rules 68 and 68.1, as amended):

- 1) Audited Financial Statements for December 31, 2017 and 2016;
- 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, 2017.
- (b) Approval of the Minutes of the 2016 annual meeting of the Stockholders held on May 17, 2017, covering the following salient matters:
 - (i) Approval of the Minutes of the annual meeting of the stockholders on May 18, 2016
 - (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 17, 2017 to May 16, 2018 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 17, 2017;
- 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, 2017.

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 March 27, 2017 of cash dividends to stockholders of record as of April 20, 2017 and payment date on May 15, 2017.
- (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, 2018) ("IFS") will be made available to each stockholder at least five (5) calendar days before the Annual Meeting. Such report can be viewed at the Company's official website five (5) calendar days before the meeting and hard copies of the company's IFS and management discussion may be available upon request also 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 16, 2018.

GMA NETWORK, INC.

By:



ROBERTO RAFAEL V. LUCILA
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.

GMA Network has 47 VHF and 41 UHF TV stations throughout the Philippines with its signal reaching approximately 95% of the country's total TV households (Source: 2017 Nielsen Television Establishment Survey; Claimed reception among TV homes).

In 2017, GMA Network, Inc. maintained leadership in National Urban TV ratings and in the viewer-rich areas of Urban Luzon and Mega Manila. The Company posted decreases in its gross revenues and net income for 2017 versus 2016.

GMA Network's international operations continued to expand during the year. The Company's international syndication and distribution business likewise grew in 2017.

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, 2017:

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
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.

**** Not operational

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		2017 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	15.2	14.3	12.7
		Audience Share	49.0	46.0	40.3
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	8.6	9.8	11.7
		Audience Share	27.7	31.5	37.0
GNTV	GMA Network's sister channel. It is	Household Ratings	1.6	1.3	1.2

	programmed by GMA.				
	GMANEWS TV (GNTV) was launched on February 28, 2011.	Audience Share	5.1	4.3	3.7
TV5	Third-oldest TV network in the country, with 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	Household Ratings	1.8	1.7	2.0
		Audience Share	5.7	5.6	6.5
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.	Household Ratings	0.1	0.1	0.1
	*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	Audience Share	0.4	0.4	0.5

	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.				
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	0.6	0.7	0.8
		Audience Share	1.9	2.1	2.4
National Broadcasting Network / PTV	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.1	0.1	0.1
		Audience Share	0.4	0.4	0.4
Intercontinental Broadcasting Corporation (IBC 13)	IBC-13 is a VHF TV station of the Government Communications Group launched in 1975 by Roberto	Household Ratings	0.0	0.0	0.0
		Audience Share	0.2	0.1	0.1

	Benedicto.				
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.	Household Ratings	0.1	0.0	0.1
	***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.	Audience Share	0.2	0.1	0.2
2nd Ave. (RJTV)	RJTV is a UHF free to air television channel owned and operated by Rajah Broadcasting Network, Inc. owned by Ramon "RJ" Jacinto. Solar is also programming 2 nd Ave.	Household Ratings	0.0	0.0	0.0
		Audience Share	0.1	0.1	0.1

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 - which are all distributed both through the traditional (DTH, cable, IPTV) and digital (OTT/mobile) platforms across various territories in North America, APAC, 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.

Aside from license fees received from channel subscriptions, GMA International's revenue stream also includes sponsorships from events and ticket sales.

GMA PINOY TV

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

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. In North America, GMA Pinoy TV is available across all 50 states of the United States and Canada, while in the Middle East, it can be accessed in 17 countries such as the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait.

The Company's flagship international channel has also established its presence in 12 countries in North Africa and 16 countries in Europe – among them are the UK, France, Germany, and Italy. In Asia Pacific, GMA Pinoy TV can be enjoyed in Japan, Guam, Saipan, Hong Kong, Singapore, Papua New Guinea, Australia, New Zealand, the British Indian Territory of Diego Garcia, Madagascar, Malaysia, Palau, Haiti, and soon in South Korea.

Under the carriage and licensing agreements with international payTV operators, 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 Sales and Marketing Group (SMG).

As of December 2017, GMA Pinoy TV's viewership increased by 4% from 2016. GMA's viewership base continues its steady growth despite the business challenges brought by overall industry and marketplace factors.

GMA LIFE TV

GMA Life TV, GMA Network's second international channel, was launched three years after the success of GMA Pinoy TV. 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, and Asia Pacific, particularly in Australia, New Zealand, Hong Kong, Singapore, Japan, Papua New Guinea, Madagascar, Palau, Guam and Saipan. As of December 2017, GMA Life TV's viewership increased by 3% from 2016.

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.

GMA News TV International is now available in the United States, Canada, Middle East, North Africa, Europe, and Asia Pacific, particularly in Australia, New Zealand, Hong Kong, Singapore, Japan, Malaysia, Madagascar, Palau, Guam and Saipan. As of December 2017, GMA News TV International's viewership increased by 3% from 2016.

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.

Almost two decades 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.

NMI launched www.GMANetwork.com in late 2011 to consolidate all of GMA's web properties into a single portal. The GMA portal won in the Digital Filipino Web Awards in 2014 for the Television category, an indication that the move was a master stroke in establishing the Network's dominant presence online. In 2016, [GMANetwork.com](http://www.GMANetwork.com) breached the two-billion mark in pageviews as it generated 2.01 billion in total, up by 10% from 2015's 1.87 billion pageviews.

2015 was a milestone year for GMA News Online (GNO) as it breached the one billion pageviews mark. From 1.14 billion in 2015, GNO increased its pageviews to 1.3 billion in 2016, up by 17%. 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.

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 **CandidatesSection**⁶ 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** section⁷ 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**.⁸ Information is presented based on gender, age, civil status and can be drilled down to the city level.

According to data from Effective Measure for worldwide audience for the period May 9 to 11, GMA News Online recorded 109,802,626 page views—the highest number of page views for three consecutive days, a feat that has never been achieved by any local site to date. GMA's online portal had almost 90 million page views over ABS-CBN News, which only managed 19,940,178.

GMA News Online delivered real-time election updates, including up-to-the-minute partial and unofficial results for all positions in the national and local elections up to the clustered precinct level, accessible in all platforms and devices.

Using a proprietary technology developed by GMA NMI, GNO also offered "Smart Search" that made it faster and easier for site visitors to find results by candidate, place or position. 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. It utilizes a special single web camera that captures all angles simultaneously. Moreover, NMI's 360 technology allows simultaneous streams to multiple users and at bit-rates that are within practical web limits.

Digital TV

During the Internet Mobile Marketing Association of the Philippines (IMMAP) Digicon held on October 12, 2016, NMI unveiled a prototype of GMA's upcoming digital television product, an innovation that features both a receiver for digital television and a digital media set-top box.

A first in the country, the unique combination of a DTV and over-the-top (OTT) media delivery platform was demonstrated during the Digicon where NMI showed the digital transmission from GMA-7 and GMA News TV and how the device turned the television into a smart TV capable of playing on-demand content while simultaneously running chat applications and games such as "Angry Birds."

The development of the digital receiver is part of GMA's strategy to attract the elusive millennials as it enables the Network to provide them with content that they want, when they want it, and where they already are.

⁶ Click here to see page: <http://www.gmanetwork.com/news/eleksyon2016/candidates>

⁷ Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/campaign_tracker

⁸ Click here to see page: http://www.gmanetwork.com/news/eleksyon2016/voters_profile

The Intellectual Property Office already issued a Certificate of Registration for the Utility Model application of the device.

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 2017.

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 2016 by posting a 74% growth in total online advertising sales, or PHP 137.8M compared to PHP 79.3M gained in the previous year. The sustained improvements in both online sales and web metrics manifested throughout the year were due in large part to the skillful execution of initiatives anchored on sound growth strategies that NMI set out for the year. These include optimizing the websites to make them more suitable for "programmatic buying"⁹; 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 major telecommunications companies in the Philippines and abroad, and with leading global brands such as Google, YouTube Facebook, 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* (OTT), is an IP-based¹⁰ 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

⁹Programmatic 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>

¹⁰ 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.

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 2017.

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 music 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 market of digital music downloading and streaming. 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 and SoundsRight.

Last May 2017, GMA Records ventured into concert production since as a record label, it is much abreast with the live performance circuit and is knowledgeable of the current music scene. Producing concerts enables GMA Records to exploit album productions and showcase the musical talents of GMA artists.

GMA Records also started producing an online musical channel in October 2017 via video performances of various music artists which will be made available online and will generate additional revenue for the company.

STAGE DESIGN

Script2010, Inc. was formally established in April 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 video wall, light and sound equipment rental and mobile LED and robotics truck rental, and facility support services to various GMA departments.

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. Its audio studio has now also included closed-captioning as new service.

In addition, Alta Productions Group's shoot and video post-production department produces TVCs, broadcast content, and documentaries for both local and international clients. It has also become a prominent player in the conceptualization, design, and staging of corporate events, conferences, exhibits, and other on-ground activations.

Alta Productions Group is proud to be one of the few production houses capable of servicing the complete spectrum of production requirements all under one roof. From conceptualization, creatives, shoot, post-production, all the way to execution. We find solutions for any kind corporate event or on-ground activity requirement.

EMPLOYEES

As of December 31, 2017, the Company has 2,509 regular and probationary employees. The Company also engaged 1,077 talents in 2017. 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, 2017 AND 2016

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, 2017

Following a banner year in 2016 with the windfall of nearly ₱1.5-billion from the last national elections and compounded by contraction in the adspend of major industry players this year, GMA Network and Subsidiaries (GMA/the Company) nevertheless managed to exceed prior year's top line in terms of recurring sales. For the twelve-month period ended December 31, 2017 the Company pegged recurring revenues at ₱15,345 million, inching up versus last year's regular sales by a notch or ₱159 million. In absolute terms, in the absence of the significant boost from political advocacies and advertisements this year, the Company sealed full year 2017 with a shortfall in consolidated revenues of ₱1,329 million. This translated into an 8% decline from last year's top line of ₱16,673 million.

Airtime sales went down by ₱1,523 million or 10%, ending at ₱13,609 million versus ₱15,131 million a year ago. Minus the extra-ordinary election-related load last year, airtime revenues from regular advertisers ended at about the same level as last year. All airtime-generating platforms registered setbacks in their absolute sales in between periods with the exception of Regional TV's revenues from local sources which bucked the trend and recorded top-line growth. The aforementioned contraction in airtime sales was partly cushioned by the improvement in revenues coming from international, subsidiaries' and other sources by a combined ₱194 million or 13% higher against last year. This segment contributed ₱1,736 million or 11% of the Company's total revenue pie.

Meanwhile, the Company continued to maintain cost control with total consolidated operating expenses (OPEX) for 2017 accumulating to ₱11,809 million. This year's OPEX edged prior year's ₱11,597 million by a low single-digit increase of 2% or ₱212 million. Production cost finished off at ₱6,425 million and inched up versus last year by only ₱64 million or 1%. Meanwhile, general and administrative expenses (GAEX) stood at ₱5,384 million, slightly ahead versus last year by 3% or ₱148 million.

The drop in this year's top line mainly due to the absence of the non-recurring influx from the 2016 elections drove this year's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) down to ₱5,217 million. Compared to 2016's remarkable performance, this yielded a ₱1,561 million reduction equivalent to 23%.

Consolidated Net Income after tax for the twelve-month period this 2017 thus sealed at ₱2,560 million, down by ₱1,087 million or 30% against last year's unprecedented performance of ₱3,647 million. Nonetheless, it is noteworthy to mention that this year's consolidated bottom line of ₱2,560 million was the highest non-election year result in the history of the Company.

Income Data	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Television and radio airtime	13,608.8	15,131.5	(1,522.7)	-10%
Production and others	1,736.1	1,541.9	194.2	13%
	15,344.9	16,673.4	(1,328.5)	-8%
Total operating expenses	11,809.3	11,597.0	212.3	2%
EBITDA	5,217.4	6,778.0	(1,560.7)	-23%
Net income	2,559.7	3,646.6	(1,086.9)	-30%
Attributable to Equity Holders of Parent Company	2,543.9	3,626.3	(1,082.4)	-30%
Noncontrolling Interest	15.8	20.3	(4.4)	-22%

Revenues

For the year 2017, consolidated revenues hiked to ₱15,345 million, lower than prior year's top line by ₱1,329 million, resulting from the absence of nearly ₱1.5-billion worth of election-related load. The shortfall in airtime revenues from both television and radio operations was partly cushioned by the improvement in other revenue streams of the Company which grew by 13% or ₱194 million in between periods.

Revenues	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	13,608.8	13,643.9	(35.1)	-0.3%
Production and others	1,736.1	1,541.9	194.2	13%
	15,344.9	15,185.8	159.1	1%
Add: Non-recurring political advertisements	-	1,487.6	(1,487.6)	-100%
	15,344.9	16,673.4	(1,328.5)	-8%

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

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

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

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

In other revenue sources, international operations and other businesses (which were not affected by the extraordinary influx from election placements last year) wrapped up with a combined top line of ₱1,736 million, growing by ₱194 million or 13% versus a year ago. International operations comprised mainly of GMA Pinoy TV, Life TV and News TV raked in total revenues of more than a billion and registered a 9% climb from same period last year. Subscriptions revenues propelled the growth, ending higher by 8% from a year ago. The increase in revenues from subscribers was influenced by the depreciation of the PhP against the USD by an average of 6%. Augmenting the above forex difference was the increase in subscriber count – of up to 8% for the different channels. Advertising income and on-ground sponsorships abroad meanwhile pitched in an 18% hike in the platform's total revenue improvement. Shows held abroad this year included *SikatKa Kapuso* in the US, *Wowowin* in the Middle East, *Fiesta Ko sa Texas* featuring Alden Richards, among others. In USD-terms the growth in Pinoy TV stood at 3.5% y-o-y.

On the other hand, revenues from subsidiaries' operations and other businesses likewise provided significant sources of top-line growth with a 23% upswing from last year. Among subsidiaries, GMA New Media (GNMI) led the pack topping the sales chart with an increase by 34% – mainly from sponsorship plus content provisioning (i.e. HOOQ, iFlix). There were also top-line growths seen in Script2010 and Digify. Syndication revenues spearheaded by subsidiary GWI also recorded an 18% improvement in sales in between years. Finally, inflows from on-line advertising in GMA's various websites started to pick up, thus further amplifying this period's growth. These however were partly trimmed down by absence of theatrical revenues as last year's results included the showing of *Imagine You and Me* starring Alden Richards and Maine Mendoza, with nearly ₱200.0 million in gross theatrical receipts (a portion of which represented GMA Film's share).

Expenses

Total consolidated operating expenses for the year amounted to ₱11,809 million, edging last year by only a single-digit percentage of 2% or ₱212 million versus 2016's ₱11,597 million. Total cash OPEX inched up by ₱246 million or 2% and was even partly trimmed down by the reduction in non-cash OPEX by ₱34 million, also 2%.

	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Production Costs				
Talent fees	3,113.6	2,873.2	240.4	8%
Rentals and outside services	845.0	820.6	24.4	3%
Other program expenses	1,320.1	1,558.8	(238.7)	-15%
Sub-total - Cash Production Costs	5,278.7	5,252.5	26.2	0.5%
Program rights amortization	905.3	836.2	69.1	8%
Depreciation and amortization	240.9	272.2	(31.3)	-12%
Sub-total - Non-cash Production Costs	1,146.2	1,108.4	37.8	3%
Total production costs	6,424.9	6,360.9	64.0	1%

Production cost and talent fees which comprised 55% of total consolidated OPEX sealed the year at ₱6,425 million, only 1% higher than a year ago. Cash production cost ended at ₱5,279 million ending at about the same level as last year's ₱5,253 million. Talent fees drove the growth at ₱3,114 million, higher by ₱240 million or 8% versus 2016. There were also increases in rental and outside services by 3%. These were partly offset by the reduction in other production accounts. The general growth was attuned to this year's mix of *Telebabad* offerings featuring the high-rating fantaserye "*Encantadia*" and the remake of "*Mulawin vs. Ravena*" which entailed higher production spending compared to counterpart programs last year. Towards the last quarter of the year, *Alyas Robinhood Book 2* was also launched which likewise required relatively higher budget. Non-cash production cost mainly program rights usage also finished off higher by ₱69 million or 8% more versus last year owing to more slots being occupied by rented movies (under the *Kapuso Movie Festival* series) and higher cost of foreign titles featured during the period. On the other hand, partly trimming down the escalation from the above was the reduction in depreciation charges related to production equipment and facilities which dipped by ₱31 million or 12% from a year ago.

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to ₱5,384 million during the year, slightly ahead of last year by 3% or ₱148 million. Propelling the increase was the growth in personnel cost by ₱208 million or 7% owing to the one-time payout of the CBA signing bonus to rank and file employees and the appreciation bonus to confidential employees totaling about ₱216 million during the third quarter of this year. This was partly offset by the higher mid-year and year-end bonuses distributed in 2016 compared to 2017 bonus payouts. Other GAEX accounts which also ended lower this year compared to previous period included Outside services, in particular Management and Professional fees and Advertising and Promotions. Depreciation and amortization, as well as lower Provision for doubtful accounts, also saw reduction year-on-year.

	2017 (in millions PhP)	2016 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
General and Administrative Expenses				
Personnel costs	3,200.8	2,992.8	208.0	7%
Outside services	376.5	406.5	(30.1)	-7%
Facilities costs	449.6	446.3	3.3	1%
Taxes and licenses	182.7	178.4	4.3	2%
Others	752.5	718.3	34.2	5%
Subtotal - Cash GAEX	4,962.2	4,742.4	219.8	5%
Depreciation and amortization	390.6	451.4	(60.8)	-13%
Provision for doubtful accounts	8.3	25.2	(16.9)	-67%
Amortization of software costs	23.4	17.2	6.2	36%
Subtotal - Non-cash GAEX	422.2	493.7	(71.5)	-14%
Total GAEX	5,384.4	5,236.1	148.3	3%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2017 sealed at ₱ 5,217 million, lower by ₱1,561 million or 23% compared with prior year's ₱6,778 million. The drop in EBITDA was attuned to the presence in 2016 of the non-recurring elections load in the Company's consolidated top line.

Net Income

The Company finished off the twelve-month period this 2017 with consolidated net income after tax of ₱ 2,560 million, a drop of ₱1,087 million or 30% year-on-year. Despite this decline, the Company chronicled its best consolidated bottom-line performance on a non-election year.

Balance Sheet Accounts

As at end-2017, the Company's total assets stood at ₱14,793 million, exhibiting an increase of 8% from December 31, 2016's ₱16,059 million.

Cash and cash equivalents of ₱2,280 million decreased by ₱1,139 million or 33% from 2016 balance of ₱3,419 million as a result of operating income netted by the dividends declared during the year and various investing activities amounting to ₱4,276 million. Trade and other receivables closed at ₱4,906 million, 7% lower than previous year.

Total liabilities also declined by 5% or ₱259 million as at end-December this year to ₱5,343 million from ₱5,603 million in 2016 primarily due from the reduction of Notes payable by of over a hundred million or ₱146 million, coupled by the drop in Trade payables and other current liabilities and Income tax payable by ₱55 million and ₱149 million, respectively. This was partially offset by the rise in Obligation for program and other rights by ₱63 million and Pension liability by ₱26 million.

Equity attributable to Parent Company stockholders of ₱9,403 million as at December 31, 2017 decreased by 10% or ₱1,004 million in between years, as a result of dividends declared during the first half of 2017 amounting to ₱3,548 million, subsequently counterbalanced by ₱2,544 million net income attributable to Parent Company earned in 2017.

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

Operating Activities

Net cash from operations registered at ₱3,072 million in 2017. This stemmed from income before income tax of ₱3,658 million, adjusted mainly by Depreciation expense of ₱632 million, Program and other rights usage of ₱905 million, Pension expense of ₱290 million, Interest expense and financing charges of ₱23 million, Net unrealized foreign currency exchange gain of ₱59 million, Gain on sale of property and equipment of ₱27 million and Amortization of software costs of ₱23 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱347 million reduction in Trade and other receivables partly offset by the ₱24 million upturn in Trade payables and other current liabilities.

Investing Activities

Net cash used in investing activities amounted to ₱543 million, coming primarily from the ₱524 million and ₱42 million net additions to Property and equipment and Software costs, respectively. These were partly offset by the ₱30 million Proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱3,733 million basically due to loan payments of ₱1,647 million and cash dividend payout amounting to ₱3,563 million during the year, plus some ₱23 million in Interest expense netted by ₱1,500 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2016

GMA Network and its subsidiaries (GMA/the Company) capped the year 2016 by chronicling milestones in almost all financial metrics, starting off with unprecedented revenues which eventually trickled down to an all-time high bottom line result.

The boost from the national elections held during the first half of the year coupled by the upbeat turnout from regular advertising placements buoyed the Company's top line for the twelve month-period ended December 31 this year. Thus, consolidated revenues wrapped up at ₱16,673 million posting an improvement of nearly ₱3.0 billion or 21% from comparable period last year. Election-related placements for the year amounted to about ₱1.5 billion, significantly higher than the increment in political advocacies towards the latter part of 2015. Nonetheless, carving the impact of these non-recurring inflows in both years, the upswing in regular sales amounting to close to ₱2.0 billion

accounted for the major part of the year-on-year improvement in the Company's top line. The resurgence of the Network as the leader in terms of nationwide TV ratings buoyed revenues from regular advertising placements.

Airtime revenues continued to be the Company's bread and butter with combined sales from all platforms surging to ₱15,131 million, overtaking last year by ₱2,751 million or by 22%. Discounting the impact of additional load from political advocacies and advertisements, airtime revenues significantly grew by ₱1,739 million or 15% in between periods. Meanwhile, revenues from other sources totaling ₱1,542 million also ended on a positive note with a ₱196 million improvement equivalent to 15% more than a year ago.

While consolidated revenues climbed by a double-digit growth of 21%, the Company's total operating expenses for full year of 2016 was kept at bay with an increase of only 8% year-on-year. Combined cash and non-cash operating expenses registered at ₱11,597 million, reflecting an escalation of ₱852 million over prior year's spending of ₱10,745 million. Total direct/production cost scaled by ₱518 million or 9% to ₱6,361 million while general and administrative expenses (GAEX) climbed by ₱334 million or just 7% to ₱5,236 million versus a year ago.

The remarkable performance in the top line due to the election boost which was further cemented by the upbeat contribution from regular advertisers, and buoyant sales from other businesses and subsidiaries propelled the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) to a new high of ₱6,778 million this 2016. Coupled by prudent cost management, EBITDA for 2016 towered over last year's peg by a whopping ₱2,139 million or 46%.

Similarly, with non-cash operating expenses yielding an almost flat growth, and with the cash position of the Company allowing for a net interest income vs. a net interest expense a year ago, bottom line for the twelve-month period in 2016 skyrocketed to ₱3,647 million, the highest ever by far and a staggering ₱1,521 million or 72% increase over last year's audited net income after tax of ₱2,126 million.

Income Data	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Television and radio airtime	15,131.5	12,380.7	2,750.8	22%
Production and others	1,541.9	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%
Total operating expenses	11,597.0	10,745.0	852.0	8%
EBITDA	6,778.0	4,638.6	2,139.4	46%
Net income	3,646.6	2,125.8	1,520.8	72%
Attributable to Equity Holders of Parent Company	3,626.3	2,115.1	1,511.3	71%
Noncontrolling Interest	20.3	10.7	9.6	89%

Revenues

For the year 2016, consolidated revenues amassed to ₱16,673 million, overtaking prior year's top-line by a huge ₱2,946 million or 21% due the windfall from political advertisements and advocacies from the recent national elections bolstered by the significant growth in regular ad placements. Airtime revenues

provided the boost soaring by ₱2,751 million or 22% vis-à-vis last year, while revenues from production and others likewise pulled ahead by 15% or ₱196 million.

Revenues	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	15,131.5	12,380.7	2,750.8	22%
Production and others	1,541.9	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%

Aided by the influx of election-driven load, nearly all airtime revenue-generating platforms outpaced last year's performances, establishing double digit advantages against comparable period. Core channel, GMA-7 topped the growth charts with a solid lead of more than ₱2.0 billion or 23% over last year. Minus the impact of political advocacies, Ch-7 still yielded a remarkable growth of 16% in sales from regular advertisers. The ratings supremacy regained by the channel during the second half of the year propelled the growth in recurring sales.

GMA News TV (GNTV-11), which was barely affected by political advocacies or advertisements also recorded its highest ever top line since it was launched ten years ago. The platform sealed 2016 with revenues up 10% versus previous year.

Radio likewise set a new milestone wrapping up with revenues higher by 19% from a year ago. Election-related placements played a crucial role in upping the revenues of the platform with more than a hundred million incremental sales.

Meanwhile, Regional TV's combined national and local sales for the year, also surpassed 2015's performance by a modest 4%. National sales contributed 57% while the balance was provided by local sales. Local sales despite contributing a smaller share in the pie, was the revenue driver for the year. Political advocacies and placements this 2016 aided the platform in achieving the sales growth against comparable period a year ago.

According to Nielsen's full year 2016 NUTAM (National Urban Television Audience Measurement) household shares, GMA was ahead of other networks in total day ratings with 36.3 percent, leading ABS-CBN's 36.2 percent and TV5's 7.8 percent.

Full year 2016 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 60 percent.

Urban Luzon continued to be a strong area for GMA as it registered 41.1 percent, beating ABS-CBN's 31.5 percent by 9.6 points and TV5's 6.9 percent by 34.2 points. GMA also remained dominant in Mega Manila with 43.2 percent, up 14.9 points from ABS-CBN's 28.3 percent and up 35.9 points from TV5's 7.3 percent.

The optimistic showing in airtime sales was likewise matched in the top line of other revenue streams. International operations and other businesses wrapped up the year ended December 31, 2016 with

sales of ₱1,542 million, pitching in incremental revenues of ₱196 million or 15% more than a year ago. Propelling the increase was the surge in sales from International operations, in particular GMA Pinoy/Life TV (GPTV), which made a turn-around from last year's not so impressive results. Providing the second largest source of revenue inflow for the Company, GPTV's sales reached more than a billion, thus recording a 12% growth against comparable period in 2015. The climb was driven by the accretion in subscriber count by 8% for GPTV and GLTV with a growth of 23% over same period last year. The climb in subscriber count was fuelled by the comeback tie-up with OSN in the Middle East (OSN's partnership was revived starting April this year), as well as the launch of GMA channels on StarHub, one of the major PayTV operators in Singapore. Further, the depreciation of the peso against the dollar by an average of ₱2.01 or 4.4% this year aided in the revenue improvement of the platform.

Meanwhile, syndication activities pitched higher sales this year, exceeding last year's contribution by 36%. The revenue upswing was boosted by the licensing of format rights abroad with the likes of *My Destiny*, *Other Mrs. Real* and *Half Sisters*, to name some. In the local scene, biggest gainer in terms of revenues was GMA New Media (NMI) the Company's subsidiary in charge of converging technologies, which more than doubled its revenues from outside sources in between years. Fresh revenues from content provisioning as well as the climb in online sponsorships were the primary sources for the increase. The Company's film production outfit, GMA Films likewise recorded a banner year in 2016 with theatrical receipts 166% more than prior period mainly on account of the box-office success of the co-production featuring *AiDub's* very first solo film, *"Imagine You and Me"* which raked in gross ticket sales of nearly ₱200.0 million nationwide.

Expenses

Total operating expenses for the year amounted to ₱11,597 million, climbing by only a single-digit percentage of 8% versus 2015's ₱10,745 million. Total cash OPEX escalated by more than half a billion equivalent to 9% but was partly cushioned by the lower growth seen in non-cash spending. Program rights amortization, depreciation and other non-cash expenses only inched up by 1% in between periods.

	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Production Costs				
Talent fees	2,873.2	2,800.3	72.9	3%
Rentals and outside services	820.6	731.9	88.7	12%
Other program expenses	1,558.8	1,247.0	311.8	25%
Sub-total - Cash Production Costs	5,252.5	4,779.1	473.4	10%
Program rights amortization	836.2	754.6	81.5	11%
Depreciation and amortization	272.2	308.9	(36.7)	-12%
Sub-total - Non-cash Production Costs	1,108.4	1,063.5	44.9	4%
Total production costs	6,360.9	5,842.6	518.3	9%

Comprising 55% of the Company's total OPEX, the growth in direct/production cost resulted from the growth in talent fees as well as overall increase in cost in producing high-budgeted series such as the acclaimed *fantaseryeEncantadia*. There were likewise new in-house productions that further buoyed the growth in direct cost for the period. Moreover, incremental costs were incurred for this year's comprehensive election coverage which included *Eleksyon 2016* and *Pilipinas Debates 2016*.

Amortization of program rights similarly netted an increase of 11% resulting from higher costing films shown this year.

Meanwhile, general and administrative expenses (GAEX) by the end of the twelve-month period this 2016 measured at ₱5,236 million, edging last year by only 7% or ₱334 million. Personnel cost drove the increase, finishing off at ₱2,993 million, ₱422 million or 16% more than prior year. This year's higher bonus payout to all qualified employees due to the remarkable performance of the Company as well as the annual merit and CBA adjustments accounted mainly for the growth. The reduction in rental fees in particular the payment to satellite provider due to the implementation of the uplink upgrade cushioned the increase in other GAEX accounts. Outside services likewise saw a reduction mainly from the drop in Advertising and promotions particularly from lower spending for the Corporate Synergy activities in the regions.

General and Administrative Expenses	2016 <i>(in millions PhP)</i>	2015 <i>(in millions PhP)</i>	Inc/(Dec) <i>(in millions PhP)</i>	%
Personnel costs	2,992.8	2,570.9	421.9	16%
Facilities costs	446.3	341.3	105.0	31%
Outside services	406.5	557.5	(150.9)	-27%
Taxes and licenses	178.4	157.2	21.2	13%
Others	718.3	754.7	(36.4)	-5%
Subtotal - Cash GAEX	4,742.4	4,381.7	360.7	1%
Depreciation and amortization	451.4	491.4	(40.0)	-8%
Provision for doubtful accounts	25.2	8.6	16.6	193%
Amortization of software costs	17.2	20.7	(3.5)	-17%
Subtotal - Non-cash GAEX	493.7	520.7	(27.0)	-5%
Total GAEX	5,236.1	4,902.4	333.7	7%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2016 sealed at ₱6,778 million, exhibiting a considerable growth of ₱2,139 million or 46% more than prior year's tally of ₱4,639 million. The more than ₱2.0 billion climb in EBITDA was buoyed by the commendable increase in consolidated top line by 21% or ₱2,946 million which was met by a single-digit growth in combined cash operating expenses vs. prior year.

Net Income

The outstanding performance in sales this year and managed growth in total spending which remained one of the Company's strengths propelled net income after tax to an all-time high of ₱3,647 million for the full year of 2016 – a huge ₱1,521 million or 72% improvement year-on-year.

Balance Sheet Accounts

As at end-2016, the Company's total assets stood at ₱16,059 million, exhibiting an increase of 11% from December 31, 2015's ₱14,416 million.

Climbing to ₱3,419 million, cash and cash equivalents soared by a huge 58% or ₱1,259 million more than the ₱2,160 million recorded in 2015 while trade and other receivables closed at ₱5,270 million, 20% greater than previous year.

Total liabilities grew by 5% or ₱269 million as at end-December this year to ₱5,603 million from ₱5,333 million in 2015 mainly from the rise in pension liability by ₱542 million, coupled by the increase in trade payables & other current liabilities and income tax payable by ₱251 million and ₱136 million, respectively.

This was partly counterbalanced by the payments of short-term loans which as at end-2016 finished off at ₱646 million from ₱1,153 million a year ago.

Equity attributable to Parent Company stockholders of ₱10,407 million as at December 31, 2016 surged by 15% or ₱1,368 million in between years, arising from the ₱3,626 million net income attributable to Parent Company earned in 2016 subsequently offset by the dividend declared during the first half of 2016 amounting to ₱1,944 million.

Cash Flows	2016 <i>(in millions PhP)</i>	2015 <i>(in millions PhP)</i>
Net cash provided by operating activities	4,117.9	3,462.4
Net cash used in investing activities	(408.1)	(539.6)
Net cash used in financing activities	(2,490.5)	(2,392.3)
Effect of exchange rate changes on cash and cash equivalents	39.4	30.9
Net increase in cash and cash equivalents	1,258.7	561.5
Cash and cash equivalents at beginning of year	2,160.3	1,598.8
Cash and cash equivalents at end of year	3,419.0	2,160.3

Operating Activities

Net cash from operations registered at ₱4,118 million in 2016. This stemmed from income before income tax of ₱5,208 million, adjusted mainly by depreciation expense of ₱724 million, program and other rights usage of ₱836 million, pension expense of ₱199 million, interest expense and financing charges of ₱17 million, net unrealized foreign currency exchange gain of ₱48 million, gain on sale of property and equipment of ₱27 million and amortization of software costs of ₱17 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱890 million and ₱704 million upturn in trade and other receivables and acquisition of program and other rights, respectively, partly offset by the ₱235 million dip in prepaid expense and other current assets.

Investing Activities

Net cash used in investing activities amounted to ₱408 million, coming primarily from the ₱373 million and ₱71 million net additions to property and equipment and software costs, respectively. This was partly offset by the ₱30 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to ₱2,491 million basically due from the loan payment of ₱1,018 million and cash dividend payout amounting to ₱1,955 million during the year, plus some ₱18 million in interest expense netted by ₱500 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, 2017, 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, 2017, 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 2018, the parent company has allotted ₱835 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, 2017, 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, 2017 vs. December 31, 2016)

- Cash and cash equivalents decrease by 33% to ₱3,419 million at year-end which is directly attributed to this year's result of operation. Net cash provided by operating activities amounted to ₱3,074 million partly netted by the net cash used in investing activities of ₱545 million and in financing activities of ₱3,734 million.
- Trade and other receivables dropped to ₱4,906 million from ₱5,270 million in 2016 as a direct impact of lower sales over collections.
- Short-term loans decreased by 23% as availments made are lower at ₱1,500 million vs. payments of ₱1,647 million.

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 2018. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2018 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

III. PROPERTIES

As of December 31, 2017, the Company's total property and equipment and real property amounted to ₱4,470.9 million. The property and equipment had a book value of ₱2,664.3 million, while its real property had a fair market value of ₱1,806.5 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;
- 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 P18.0 million for the year ended December 31, 2017.

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, TandangSora, Quezon City	(02) 931-9183
	TV-27 Metro Manila (DTTB GMA/GNTV)	Brgy. Culiat, TandangSora, Quezon City	(02) 931-9183
2	TV-5 Ilocos Norte (GMA)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-27 Ilocos Norte (GNTV)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
3	TV-48 Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	RGMA TV-40 Ilocos Sur (GNTV)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
4	TV-7 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, Cagayan	0915-6127263
	TV-27 Tuguegarao, Cagayan (GNTV)	No. 91 Mabini St., Tuguegarao City, Cagayan	0915-6127263
7	TV-7 Isabela (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
8	TV-5 Baler (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	RGMA TV-28 Tarlac City (GNTV)	Exclusively His Bldg., 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 Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
	TV-26 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 Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
18	TV-12 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legaspi (GNTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	RGMA TV-33 Legaspi (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
19	TV-8 Daet (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
20	TV-7 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga (GNTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	RGMA TV-44 Naga (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
21	TV-13 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 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 (GMA)	New Busuanga, Numancia, Aklan	0915-6127216
	TV-27 Kalibo (GNTV)	New Busuanga, Numancia, Aklan	0915-6127216
28	TV-5 Roxas (GMA)	Brgy. Milibili, Roxas City, Capiz	0915-6127217

	TV-27 Roxas (GNTV)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
29	TV-6 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 Bohol (GMA)	Banat-I Hills, Brgy. Bool, Tagbilaran City	0915-6127214
34	TV-7 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (GNTV)	Bonbon, Cebu City	0915-4417075
	RGMA TV-51 Cebu (GMA)	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 (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 (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
MINDANAO			
40	TV-4 Dipolog(GMA)	LinaboPeak, Dipolog City, Zamboanga Del Norte	0915-6127247
	TV-26 Dipolog (GNTV)	LinaboPeak, Dipolog City, Zamboanga Del Norte	0915-6127247
41	TV-3 Pagadian (GMA)	Mt. Palpalan, Pagadian City, Zamboanga del Sur	0915-6127245
	TV-26 Pagadian (GNTV)	Mt. Palpalan, Pagadian City, Zamboanga del Sur	0915-6127245
42	TV-9 Zamboanga(GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870

	TV-21 Zamboanga (GNTV)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	RGMA TV-45 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
43	TV-12 Mt. Kitanglad, Bukidnon (GMA)	Mt. Kitanglad, Bukidnon	0915-8632863
44	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
45	TV-11 Iligan City (GMA)	Brgy. Del Carmen, Iligan City, Lanao del Norte	0915-6131202
46	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
47	TV-26 Butuan (GMA)	Brgy. Bonbon, Butuan City, Agusan del Norte	09163178470
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
	TV-26 General Santos (GNTV)	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
51	TV-10 Surigao(GMA)	Lipata Hills, Surigao City, Surigao del Norte	0915-6131227
	TV-27 Surigao (GNTV)	Lipata Hills, Surigao City, Surigao del Norte	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., HadjiButu St., Jolo, Sulu	0915-6131182
	TV-26 Jolo, Sulu (GNTV)	Ynawat Bldg., HadjiButu St., Jolo, Sulu	0915-6131182

GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	AM / FM	POWER	ADDRESS
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LUZON

METRO MANILA	594 kHz 97.1 MHz	DZBB DWLS	AM FM	50kW 25kW	GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City
BAGUIO	92.7 MHz	DWRA	FM	10kW	2/F Baguio Midland Courier Bldg., Kisad Road, Baguio City
DAGUPAN	1548 kHz 93.5 MHz	DZSD DWTL	AM FM	10kW 10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City
LEGAZPI	96.3 MHz	DWCW	FM	10kW	3/L A. Bichara Silverscreen Entertainment Center, Magallanes St., Legazpi City
LUCENA	91.1 MHz	DWQL	FM	10kW	3/F Ancon Bldg., Merchan St., Lucena City
NAGA	101.5 MHz	DWQW	FM	5kW	GMA Complex (Beside Mother Seton Hospital), Diversion Road (Roxas Ave.), Naga City
PALAWAN	909 kHz 97.5 MHz	DYSP DYHY	AM FM	5kW 5kW	Solid Road, San Manuel, Puerto Princesa City, Palawan
TUGUEGARAO	89.3 MHz	DWWQ	FM	10kW	4/F Villablanca Hotel, Pattau St. cor, Pallua Rd., Ugac Norte, Tuguegarao City, Cagayan

VISAYAS

BACOLOD	1341 kHz 107.1 MHz	DYSB DYEN	AM FM	5KW 10kW	3/F Centroplex Mall, Gonzaga-Locsin St., Bacolod City
CEBU	999 kHz 99.5 MHz	DYSS DYRT	AM FM	10kW 25kW	GMA Broadcast Complex, Nivel Hills, Lahug, Cebu City
ILOILO	1323 kHz 93.5 MHz	DYSI DYMK	AM FM	10kW 10kW	GMA Broadcast Complex Phase 5, Alta Tierra Village, Jaro, Iloilo City
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	2/F Centro Mariano Bldg., Osmena St., Cagayan De Oro City
DAVAO	1125 kHz 103.5 MHz	DXGM DXRV	AM FM	10kW 10kW	GMA Network Complex, Shrine Hills, Matina, Davao City
GENERAL SANTOS	102.3 MHz 1107 kHz	DXCJ DXBB	FM AM	10kW 5KW	3/F PBC Bldg., Cagampang St., General Santos City
ILIGAN (RGMA)	90.1 MHz	DXND	FM	1kW	Infinity Suites, Consunji St., Iligan City
ZAMBOANGA	1287 kHz	DXRC	AM	5KW	Logoy Duitay, Talon-Talon, Zamboanga 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, 2017.

Labor Cases

There is 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 which denied the same. Her motion for reconsideration was likewise denied by the Court of Appeals.

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. The case is now CLOSED and TERMINATED.

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 with the Court of Appeals a Petition questioning the decision and resolution of the NLRC. The parties have filed their respective Memoranda. The Court of Appeals partially granted the Petition by granting Manalili 13th month pay. Manalili's motion for reconsideration was denied. Manalili filed a Petition for Review with the Supreme Court, where the case now pends.

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. Complainant did not file a Petition for Certiorari. The case is now CLOSED and TERMINATED.

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. We filed our Comment/Opposition and Memorandum. The CA rendered the Decision dated March 3, 2017, denying Complainants' Petition for Certiorari. Complainants filed a motion for reconsideration which was also denied by the CA. Complainants filed a motion for extension to file petition for Review with the Supreme Court.

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 which was denied. This case is now awaiting execution of judgment. During the pre-execution conference, the parties executed a Compromise Agreement and Waiver, Release and Quitclaim. The case is now CLOSED and TERMINATED.

There is a case for illegal dismissal, backwages and other money claims (NLRC-NCR-07-09474-13) filed by former segment producer De Chavez 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. The case is now CLOSED and TERMINATED.

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 which affirmed the Labor Arbiter's decision. A petition for certiorari was filed with the Court of Appeals which affirmed the rulings of the NLRC. During the pre-execution conference, complainants executed a Waiver, Release and Quitclaim. The judgment has been satisfied and the parties executed Waiver Release and Quitclaim. The case is now CLOSED and TERMINATED.

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 have filed a petition for certiorari with the Court of Appeals and the petition is now deemed submitted for decision.

There is a case for illegal dismissal with money claims filed by Cynthia Malabunga against GMA. She was first engaged by GMA for various programs until her last talent contract as Associate producer was terminated on 30 April 2014. The Labor Arbiter rendered a decision dismissing the complaint. Complainant filed an appeal which was dismissed by the NLRC. The NLRC also denied her motion for reconsideration. Complainant filed a petition for certiorari with the Court of Appeals and respondent filed its comment/opposition thereto. The petition was referred for mediation/conciliation. In the process Ms.Malabunga agreed to settle. The CA issued the Resolution dated May 12, 2017, declaring the case as CLOSED and TERMINATED.

There is another case for regularization filed by Micholl P. Mabinta whose talent agreement was no longer renewed. The Labor Arbiter rendered a decision dismissing the complaint on June 8, 2015. Complainant filed an appeal which was dismissed by the NLRC in the Decision dated January 29, 2016. Complainant filed a Motion for Reconsideration which was denied by the NLRC in the Resolution dated March 31, 2016. Complainant filed a petition to the Court of Appeals and Respondents filed their comment/opposition thereto. The petition is now submitted for decision.

There is a case for illegal suspension, moral and exemplary damages and attorneys fee filed by EdmalyneRemillano et al. The parties have already filed their respective position paper and reply, and the case is now submitted for decision.

There is a case involving a complaint filed against GMA by Alfredo LubricaEnoce for alleged illegal dismissal with a prayer for separation pay, backwages, moral and exemplary damages and attorney's fees. The parties filed their respective position papers on November 15, 2016 as well as their respective replies. The Labor Arbiter rendered a decision finding illegal dismissal. However, the decision was reversed on appeal by NLRC. Enoce's motion for reconsideration was likewise denied. Enoce filed a petition with the Court of Appeals. GMA is still awaiting resolution from the Court of Appeals as to what action it will take on the Petition.

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 MagandangUmaga Bayan relative to the incident involving the dela Cruz feed. The Company also seeks damages in the aggregate amount of ₱100 million.

In the 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 the 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 prosecution will continue their presentation of evidence on May 14, 2018.

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. The proceedings before the RTC QC Branch 93 will resume with the presentation of the prosecution's evidence on April 19, 2018.

Civil Cases

A case for damages was filed by Ronaldo Virola against Miguel Enriquez and the Company. 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 November 25, 2015, the CA issued an Entry of Judgment attesting that the Decision dated March 2015 became final and executory on April 23, 2015. We now consider this case close and terminated.

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. The hearing for reception of defendant's evidence is set on April 2, 2018.

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. Defendants have completed the presentation of their evidence and filed their offer of documentary exhibits.

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

Market Information

Stock Prices GMA7

<u>Period in 2017</u>	<u>Highest Closing</u>	<u>Lowest Closing</u>
1Q	6.56	6.08
2Q	7.05	6.05
3Q	6.27	6.01
4Q	6.07	5.70

Stock Prices GMAP

<u>Period in 2017</u>	<u>Highest Closing</u>	<u>Lowest Closing</u>
1Q	6.10	5.83
2Q	6.34	5.69
3Q	6.05	5.74
4Q	5.78	5.39

The Company's 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 16, 2018; GMA7's closing price is P6.35 for GMA7 and P6.24 for GMAP (PDRs).

Holders

There are 1,678 holders of common equity as of March 31, 2018.

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
Group Management Development Inc.	789,813,389	23.47%
GMA Holdings, Inc.	750,688,000	22.31%
FLG Management & Development Corp.	663,929,027	20.48%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	241,367,096	8.77%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation, Inc.	5,144,361	0.15%
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%
Luisito C. Cirineo	1,750,500	0.05%
Jose Mari L. Chan	1,315,900	0.04%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%
Judith Duavit Vazquez	588,000	0.02%
Jose P. Marcelo	501,498	0.01%
Jaime Javier Gana and/or Ma. Erlinda G. Gana	444,900	0.01%
Kong Yu Uychoi	350,000	0.01%

The following are the top 20 holders of the Company's preferred shares as of March 31, 2018:

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%

Name of Shareholders	No. of Preferred Shares	Percentage of Ownership of Total Preferred Shares
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

<u>Year</u>	<u>Amount</u>	<u>Date Declared</u>	<u>Type of Dividend</u>
2005	P 218,521,203.5	February 17, 2005	Cash and Property
2005	P 3,000,000,000.0	October 11, 2005	Stock
2006	P 1,150,000,000.0	June 13, 2006	Cash and Property
2007	P 1,500,000,000.0	March 19, 2007	Cash
2007	P 375,000,000.0	April 26, 2007	Stock
2007	P 1,000,000,000.0	July 2, 2007	Cash
2008	P 1,214,163,001.0	May 21, 2008	Cash
2009	P 1,701,069,453.0	April 2, 2009	Cash
2010	P 2,187,089,296.56	March 25, 2010	Cash
2010	P 1,215,049,069.20	October 28, 2010	Cash
2011	P 2,187,089,296.56	March 11, 2011	Cash
2012	P 1,944,079,375	April 16, 2012	Cash
2012	P 1,264,794,293	August 22, 2012	Cash
2013	P 1,215,049,609	March 21, 2013	Cash
2014	P 1,312,253,577	April 2, 2014	Cash
2015	P 1,215,049,609.20	March 30, 2015	Cash
2016	P 1,944,079,375	April 8, 2016	Cash
2017	P 3,547,944,859	March 27, 2017	Cash
2018	P 2,430,099,218.40	April 5, 2018	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. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Manual on Corporate Governance Manual (attached to the Company's letter to the Securities and Exchange Commission dated May 22, 2017) as well as the Company's Annual Corporate Governance Report for 2016 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 M. Gozon	Director
Joel Marcelo G. Jimenez	Director
Gilberto M. Duavit	Director
Laura J. Westfall	Director
Felipe S. Yalong	Chief Financial Officer and Executive Vice-President
Artemio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met five (5) times in 2017. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	<i>Present</i>	<i>Absent</i>
Felipe L. Gozon	5	0
Gilberto R. Duavit, Jr.	5	0
Joel Marcelo G. Jimenez	5	0
Felipe S. Yalong	5	0
Anna Teresa M. Gozon	5	0
Gilberto M. Duavit	4	1
Laura J. Westfall	4	1
Artemio V. Panganiban	5	0
Jaime C. Laya	5	0

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

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

Board Remuneration

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

Committees and Meetings of the Board of Directors

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

Executive Committee

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

The jurisdiction of the Executive Committee has been expanded to include the functions and responsibilities of the Corporate Governance Committee, except those pertaining to the nomination and election of directors and the procedure for determining the remuneration of directors and officers which remain vested in the Nomination Committee and the Compensation and Remuneration Committee, as well as the power to evaluate the performance of the Board of Directors as it pertains to the stockholders and the duly elected Board directors themselves.

Nomination Committee

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

Compensation and Remuneration Committee

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

Audit and Risk Management Committee

Audit

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

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

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

The jurisdiction of the Audit and Risk Management Committee has been expanded to include the functions and responsibilities of the Board and Risk Oversight Committee ("BROC") and the Related Party Transactions ("RPT") Committee.

The Audit and Risk Management Committee held five (5) meetings in 2017 wherein the Committee reviewed and approved, among others, the Company's 2017 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 Corporate Planning Department has been designated by the Board of Directors to monitor the courses of action taken by the departments to manage the risks. The Head of the Company's Corporate Planning Department performs the functions and responsibilities of a Chief Risk Officer on the matter of Enterprise Risk Management.

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 periodic 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	2016 (in millions PhP)	2015 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues	16,673.4	13,727.1	2,946.3	21%
Airtime revenues	15,131.5	12,380.7	2,750.8	22%
Cash operating expenses	9,994.9	9,180.8	834.1	9%
EBITDA	6,778.0	4,638.6	2,139.4	46%
Net income before tax	5,207.8	3,036.2	2,171.7	72%
Net income after tax	3,646.6	2,125.8	1,520.8	72%

	2016	2015	Inc/(Dec)	%
Current ratio	2.88	2.24	0.64	29%
Asset-to-Equity ratio	1.54	1.59	(0.05)	-3%
Debt-to-Equity ratio	0.06	0.13	(0.07)	-51%
Interest Rate Coverage ratio	307.66	75.57	232.09	307%
Gross Profit margin	61%	57%	0.03	6%
EBITDA margin	41%	34%	0.07	20%
Net income margin	22%	15%	0.06	41%

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; provided however that it must be disclosed that as of this date, Dr. Jaime C. Laya is a Trustee (Director) of the Cultural Center of the Philippines and Atty. Roberto Rafael V. Lucila is a member of the Bicol University Board of Regents.

Issued this 10th day of April 2018.



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

CERTIFICATION OF INDEPENDENT DIRECTOR

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

1. I am a nominee for independent director of **GMA NETWORK, INC.** and have been its independent director since 2007;
2. I am affiliated with the following publicly-listed companies:

Company/Organization	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
Asian Terminals, Inc.	Independent Director	2010 - present
Philippine Long Distance Tel. Co.	Independent Director	2013 - present
Jollibee Foods Corporation	Non-Executive Director	2012 - present
Metropolitan Bank & Trust Company	Senior Adviser	2007 - present
Double Dragon Properties Corporation	Adviser	2014 - present
Bank of the Philippine Islands	Member, Advisory Council	2016 - present
(For my full bio-data, log on to my personal website: 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, its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not related to any director/officer/substantial shareholder of GMA NETWORK, INC. and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any criminal or administrative investigation or proceeding pending in court.
6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government-owned and controlled corporation.
7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.
8. I shall inform the Corporate Secretary of GMA NETWORK, INC., of any changes in the above-mentioned information within five (5) days from its occurrence.


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


ARTEMIO V. PANGANIBAN
Affiant

APR 10 2018

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

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Page No. 52
Book No. 29
Series of 2018.


ATTY. VIRGILIO R. BATALLA
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-28
UNTIL DECEMBER 31, 2018
ROLL OF ATTY. NO. 48343
MCLE COMPLIANCE NO. IV-0016333/4-10-2018
IBP O.R No. 706762-LIFETIME MEMBER JAN. 29, 2007
PTR No. 6607619- JAN 03, 2018
EXECUTIVE BLDG. CENTER
MAKATI AVE., COR., JUPITER

CERTIFICATION OF INDEPENDENT DIRECTORS

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

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

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

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

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

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

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

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



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


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


JAIME LAYA
Affiant

APR 10 2018

SUBSCRIBED AND SWORN to before me this 10 day of APRIL 2018 at Makati City, affiant personally appeared before me and exhibited to me his Passport Number EC3123777 by the DFA, Manila issued on January 7, 2015.

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Book No. 307
Series of 2018.


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



Cultural Center of the Philippines
SENTRONG PANGKULTURA NG PILIPINAS

To Whom It May Concern:

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

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

Issued this 6th day of March 2018.


ARSENIO C. LIZASO
President



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

April 5, 2018

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

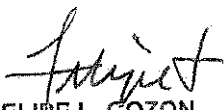
The management of GMA Network, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017, including the schedules attached therein, in accordance with the Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.


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

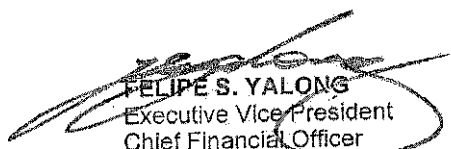
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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


FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer


GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer


FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 12 day of April 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.

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GMA NETWORK, INC.

GMA Network Center, EDSA cor. Timog Ave., Diliman, Quezon City, 1103, Philippines
Telephone No.: (632) 982-7777

APR 12 2018

FLORIMOND C. ROUS
Notary Public for Quezon City
Until December 31, 2018
PTR No. 5521227 / 01-3-18/ Q.C.
TIN No. 00315
POL. NO. 25763 / TIN. 142-154-935
P.O. Box 156 / RTC-QC / 2017-2018

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

						5	2	1	3
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COMPANY NAME

G	M	A	N	E	T	W	O	R	K	,	I	N	C	.	A	N	D	S	U	B	S	I	D	I	A
R	I	E	S																						

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

G	M	A	N	e	t	w	o	r	k	C	e	n	t	e	r	,	T	i	m	o	g	A	v	e	n	
u	e	c	o	r	n	e	r	E	D	S	A	,	Q	u	e	z	o	n	C	i	t	y				

Form Type

A	C	F	S
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Department requiring the report

SEC

Secondary License Type, if Applicable

Not Applicable

COMPANY INFORMATION

Company's Email Address

Not applicable

Company's Telephone Number

982-7777

Mobile Number

Not applicable

No. of Stockholders

1,996

Annual Meeting (Month / Day)

5/17

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Felipe S. Yalong

Email Address

FSY@gmanetwork.com

Telephone Number/s

928-5133

Mobile Number

Not applicable

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.





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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of GMA Network, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, 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, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2017 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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





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

(1) Advertising Revenue Recognition

The Group derives a significant portion of its revenue from television advertising, which represents 87% of the consolidated revenue for the year ended December 31, 2017. This matter is significant to our audit given the large volume of transactions processed daily and the highly automated airtime revenue process with multiple information technology (IT) interfaces from initiation to reporting. Further, there are different rates applicable depending on the time slot when the advertisements are aired which are adjusted by discounts granted by the Group on a case-by-case basis as indicated in the telecast orders. Lastly, there are variations in the timing of billings which are made depending on when the advertisements are aired.

See Note 3 to the consolidated financial statements for the Group's revenue recognition policy and Note 21 for the details about the Group's net revenues.

Audit Response

We obtained an understanding of the Group's advertising revenue process, tested the relevant internal controls and involved our internal specialists in testing the revenue-related IT controls. In addition, we selected samples of billing statements and performed recomputation. This was done by comparing the rates and billable airtime applied to the billing statements against the rates on the telecast orders and billable airtime on the certificates of performance generated when the advertisements were aired. We also tested transactions taking place one month before and after year-end to ensure that advertising revenues are recognized in the correct period.

(2) Recoverability of Receivables

The Group's receivables consist mainly of receivables from advertisers, which accounts for 29% of total consolidated assets. The appropriateness of the provision for doubtful accounts on these receivables is a key area requiring judgment and estimates from the management. The Group determines the allowance for doubtful accounts based on impairment assessments of individual advertiser balances. Individual balances for which there is no objective evidence of impairment are assessed collectively by applying a loss rate determined based on a five-year average of historical losses. The individual impairment assessment is an inherently uncertain process involving various assumptions and factors about the financial condition of the advertiser, estimates of amounts still collectible and, for the collective assessment, the loss rate used. These assumptions could be significantly different from actual credit losses.

See Note 3 to the consolidated financial statements for the Group's policy on impairment of receivables, Note 7 for details about the Group's receivables and allowance for doubtful accounts and Note 30 on the credit risk on receivables.





Audit response

For the provision for doubtful accounts calculated on an individual basis, we selected a sample of impaired receivables and obtained an understanding of the advertisers' financial condition. We also tested the assumptions underlying the impairment identification and the quantification of the recoverable amount. This was done by checking the payment history or collection experience from the customer, including payments made subsequent to year-end, the length of the Group's relationship with customers, customers' current credit status and average age of accounts.

For provision for doubtful accounts calculated on a collective basis, we tested management's calculation and management's inputs to the calculation, including the historical loss rates. This was done by comparing the details of the receivables information used in the calculation of loss rates to the Group's records and subsidiary ledgers, validating the delinquency age buckets of the receivables and re-performing the calculation of the provision for doubtful accounts.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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





- 5 -

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

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

The engagement partner on the audit resulting in this independent auditor's report is Marydith C. Miguel.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Partner

CPA Certificate No. 65556

SEC Accreditation No. 0087-AR-4 (Group A),

May 1, 2016, valid until May 1, 2019

Tax Identification No. 102-092-270

BIR Accreditation No. 08-001998-55-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 6621301, January 9, 2018, Makati City

April 5, 2018



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

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	₱2,279,838,495	₱3,419,014,205
Trade and other receivables (Notes 7, 20, 30 and 31)	4,905,864,211	5,270,306,881
Program and other rights (Note 8)	1,140,223,422	860,369,128
Prepaid expenses and other current assets (Note 9)	868,750,195	833,817,514
Total Current Assets	9,194,676,323	10,383,507,728
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	2,664,340,975	2,776,484,984
At revalued amounts (Note 13 and 31)	1,806,511,193	1,805,146,475
Available-for-sale (AFS) financial assets (Notes 10, 30 and 31)	245,741,881	243,391,881
Investments and advances (Notes 11 and 20)	151,103,271	150,835,949
Program and other rights (Note 8)	205,914,090	200,262,381
Investment properties (Notes 14 and 31)	51,048,514	53,314,111
Deferred income tax assets - net (Note 28)	291,169,389	291,512,030
Other noncurrent assets (Notes 15, 30 and 31)	182,608,646	154,319,976
Total Noncurrent Assets	5,598,437,959	5,675,267,787
TOTAL ASSETS	₱14,793,114,282	₱16,058,775,515

LIABILITIES AND EQUITY

Current Liabilities		
Trade payables and other current liabilities (Notes 16, 20, 30 and 31)	₱2,386,901,598	₱2,441,945,601
Short-term loans (Notes 17, 30 and 31)	500,000,000	646,360,000
Income tax payable	346,686,304	496,104,301
Obligations for program and other rights (Notes 18, 30 and 31)	139,571,493	76,847,692
Dividends payable (Notes 19, 30 and 31)	15,437,102	12,705,059
Total Current Liabilities	3,388,596,497	3,673,962,653
Noncurrent Liabilities		
Pension liability (Note 26)	1,670,157,190	1,644,323,747
Other long-term employee benefits (Note 26)	284,654,028	284,556,515
Total Noncurrent Liabilities	1,954,811,218	1,928,880,262
Total Liabilities	₱5,343,407,715	₱5,602,842,915

(Forward)



	December 31	
	2017	2016
Equity		
Capital stock (Note 19)	P4,864,692,000	P4,864,692,000
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 (Note 26)	(666,224,427)	(664,042,118)
Net unrealized loss on AFS financial assets - net of tax (Note 10)	(8,092,181)	(10,113,681)
Retained earnings (Note 19)	2,570,710,400	3,574,757,302
Treasury stocks (Note 19)	(28,483,171)	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	(5,790,016)	(5,790,016)
Total equity attributable to equity holders of the Parent Company	9,403,094,830	10,407,302,541
Non-controlling interests (Note 2)	46,611,737	48,630,059
Total Equity	9,449,706,567	10,455,932,600
TOTAL LIABILITIES AND EQUITY	P14,793,114,282	P16,058,775,515

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2017	2016	2015
NET REVENUES (Note 21)	₱15,344,868,827	₱16,673,380,502	₱13,727,094,669
PRODUCTION COSTS (Note 22)	6,424,872,907	6,360,889,720	5,842,585,068
GROSS PROFIT	8,919,995,920	10,312,490,782	7,884,509,601
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	5,384,409,786	5,236,089,061	4,902,372,023
OTHER INCOME (EXPENSE) - NET			
Interest income (Note 6)	23,776,178	23,650,808	13,655,810
Interest expense (Notes 17 and 18)	(23,010,666)	(16,905,154)	(40,534,078)
Net foreign currency exchange gain (loss)	2,300,851	21,044,145	(33,533,918)
Equity in net earnings (losses) of joint ventures (Note 11)	329,580	2,758,875	(3,113,716)
Others - net (Note 25)	119,017,401	100,865,087	117,553,460
	122,413,344	131,413,761	54,027,558
INCOME BEFORE INCOME TAX	3,657,999,478	5,207,815,482	3,036,165,136
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)			
Current	1,094,886,107	1,510,923,590	954,898,842
Deferred	3,383,736	50,296,632	(44,562,213)
	1,098,269,843	1,561,220,222	910,336,629
NET INCOME	2,559,729,635	3,646,595,260	2,125,828,507
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
<i>Items to be reclassified to profit or loss in subsequent periods:</i>			
Net changes in the fair market value of AFS financial asset (Note 10)	2,350,000	49,725,000	(60,440,000)
Recycling of fair value change of certain AFS financial assets due to impairment and redemption (Note 10)	—	—	(5,241,820)
Income tax effect (Note 10)	(328,500)	(167,000)	990,364
	2,021,500	49,558,000	(64,691,456)
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on retirement plans - net of deferred income tax effect (Note 26)	(2,182,309)	(365,196,401)	12,842,500
TOTAL COMPREHENSIVE INCOME	₱2,559,568,826	₱3,330,956,859	₱2,073,979,551
Net income attributable to:			
Equity holders of the Parent Company	₱2,543,897,957	₱3,626,334,921	₱2,115,082,277
Non-controlling interests (Note 2)	15,831,678	20,260,339	10,746,230
	₱2,559,729,635	₱3,646,595,260	₱2,125,828,507
Total comprehensive income attributable to:			
Equity holders of the Parent Company	₱2,543,737,148	₱3,312,331,874	₱2,063,233,321
Non-controlling interests (Note 2)	15,831,678	18,624,985	10,746,230
	₱2,559,568,826	₱3,330,956,859	₱2,073,979,551
Basic/Diluted Earnings Per Share (Note 29)	₱0.523	₱0.746	₱0.435

See accompanying Notes to Consolidated Financial Statements.



GMA NETWORK, INC. AND SUBSIDIARIES

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

Equity Attributable to Equity Holders of the Parent Company

Equity Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land (Note 13)	Remeasurement Loss on Retirement Plans (Note 26)	Net Unrealized Loss on AFS Financial Assets (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Deposit Receipts (Note 19)	Underlying Shares of the Acquired Philippine Receipts (Note 19)	Total	Non- controlling Interests (Note 2)	Total Equity
Balances at January 1, 2017	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱664,042,118)	(₱10,113,681)	₱3,574,757,302	(₱28,483,171)	(₱5,790,016)	₱10,407,302,541	₱48,630,059	₱10,455,932,600	
Total comprehensive income:												
Net income	-	-	-	-	-	2,543,897,957	-	-	2,543,897,957	15,831,678	2,559,729,635	
Other comprehensive income (loss)	-	-	-	(2,182,309)	2,021,500	-	-	-	(160,809)	-	(160,809)	
Cash dividends - ₱0.73 a share (Note 19)	-	-	-	-	-	(3,547,944,859)	-	-	(3,547,944,859)	-	(3,547,944,859)	
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(17,850,000)	(17,850,000)	
Balances at December 31, 2017	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱664,042,118)	(₱8,092,181)	₱2,570,710,400	(₱28,483,171)	(₱5,790,016)	₱9,403,094,830	₱46,611,737	₱9,449,706,567	
Balances at January 1, 2016	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱300,486,170)	(₱59,671,681)	₱1,892,306,756	(₱28,483,171)	(₱5,790,016)	₱9,038,849,943	₱43,270,173	₱9,082,120,116	
Total comprehensive income:												
Net income	-	-	-	-	-	3,626,334,921	-	-	3,626,334,921	20,260,339	3,646,595,260	
Other comprehensive income (loss)	-	-	-	(363,555,948)	49,558,000	-	-	-	(313,997,948)	(1,640,453)	(315,638,401)	
Cash dividends - ₱0.40 a share (Note 19)	-	-	-	-	-	(1,943,884,375)	-	-	(1,943,884,375)	-	(1,943,884,375)	
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	(13,260,000)	(13,260,000)	
Balances at December 31, 2016	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱664,042,118)	(₱10,113,681)	₱3,574,757,302	(₱28,483,171)	(₱5,790,016)	₱10,407,302,541	₱48,630,059	₱10,455,932,600	
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	

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱3,657,999,478	₱5,207,815,482	₱3,036,165,136
Non-cash adjustments to reconcile income before income tax to net cash flows:			
Program and other rights usage (Notes 8 and 22)	905,254,190	836,176,965	754,638,743
Depreciation and amortization (Notes 12, 14, 22 and 23)	631,515,648	723,598,772	800,272,014
Pension expense (Note 26)	289,541,781	227,546,241	166,938,102
Contributions to retirement plan assets (Note 26)	(259,000,000)	(200,000,000)	(172,681,390)
Net unrealized foreign currency exchange loss (gain)	(59,133,380)	(48,144,387)	24,267,569
Reversal of long-outstanding payables (Note 25)	(32,999,414)	(3,233,336)	(6,466,667)
Gain on sale of property and equipment (Notes 12 and 25)	(27,060,463)	(29,717,284)	(19,962,498)
Interest income (Note 6)	(23,776,178)	(23,650,808)	(13,655,810)
Amortization of software costs (Notes 15 and 23)	23,362,883	17,173,566	20,680,531
Interest expense (Notes 17 and 18)	23,010,666	16,905,154	40,534,078
Provisions for doubtful accounts (Notes 7 and 23)	8,253,285	25,151,364	8,581,859
Equity in net losses (earnings) of joint ventures (Note 11)	(329,580)	(2,758,875)	3,113,716
Dividends from AFS financial assets (Notes 10 and 25)	(132,811)	(2,550,000)	—
Gain on disposal of asset held for sale (Notes 10 and 25)	—	—	(23,567,528)
Recycling of fair value change of certain AFS financial assets due to redemption (Notes 10 and 25)	—	—	(6,601,820)
Impairment loss on AFS financial assets (Notes 10 and 23)	—	—	1,360,000
Loss on asset disposed/written off (Note 25)	—	—	1,113,094
Loss on redemption of available-for-sale financial assets (Notes 10 and 25)	—	—	147,380
Working capital adjustments:			
Decreases (increases) in:			
Program and other rights	(1,190,760,193)	(704,201,246)	(748,975,262)
Trade and other receivables	346,895,501	(889,975,687)	(126,593,181)
Prepaid expenses and other current assets	(34,932,681)	235,211,693	29,693,093
Increases (decreases) in:			
Obligations for program and other rights	68,137,783	(143,634,530)	99,116,704
Trade payables and other current liabilities	(24,478,909)	255,213,597	235,498,767
Other long-term employee benefits	97,513	(11,160,736)	36,704,272
	(7,825,922)	(7,646,509)	(34,475,464)
Benefits paid out of Group's own funds	4,293,639,197	5,478,119,436	4,105,845,438
Cash flows provided by operations	(1,244,304,104)	(1,384,682,174)	(656,906,736)
Income taxes paid	23,158,153	21,769,542	13,444,879
Interest received	—	—	—
Net cash flows from operating activities	₱3,072,493,246	₱4,115,206,804	₱3,462,383,581

(Forward)



	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	(P523,727,612)	(P444,383,976)	(P552,797,608)
Software costs (Note 15)	(41,661,384)	(454,017)	(2,170,075)
Land at revalued amount (Note 13)	(1,364,718)	(2,623,618)	(2,809,999)
Investment properties (Note 14)	—	(43,811)	(105,411)
Proceeds from:			
Sale of property and equipment (Note 12)	29,578,768	33,113,635	21,823,934
Redemption of AFS financial assets (Note 10)	—	—	718,000
Decreases (increases) in other noncurrent assets	(5,824,646)	9,464,489	(1,404,305)
Cash dividends received	132,811	—	—
Advances to an associate and joint ventures (Notes 11 and 20)	—	(424,498)	(2,828,748)
Net cash flows used in investing activities	(542,866,781)	(405,351,796)	(539,574,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	1,500,000,000	500,000,000	1,200,000,000
Payments of:			
Cash dividends (Notes 2 and 19)	(3,563,062,816)	(1,955,312,493)	(1,223,879,467)
Short-term loans (Note 17)	(1,647,452,000)	(1,017,624,500)	(2,325,197,500)
Interest expense	(22,967,610)	(17,597,313)	(43,199,728)
Net cash flows used in financing activities	(3,733,482,426)	(2,490,534,306)	(2,392,276,695)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,203,855,961)	1,219,320,702	530,532,674
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	64,680,251	39,395,378	30,939,931
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,419,014,205	2,160,298,125	1,598,825,520
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	P2,279,838,495	P3,419,014,205	P2,160,298,125

See accompanying Notes to Consolidated Financial Statements.



GMA NETWORK, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

The registered office address of the Parent Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City.

The accompanying consolidated financial statements of the Group were approved and authorized for issuance by the BOD on April 5, 2018.

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

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for 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, 2017 and 2016 and for each of the three years in the period ended December 31, 2017. The Group controls an investee if, and only if, the Group has:

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



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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

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

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

NCI represents the portion of profit or loss and the net assets not held by owners of the Parent Company and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the non-controlling equity interest in the subsidiary. NCI represents the equity interest in RGMA Network, Inc. (RGMA Network).

The consolidated financial statements include additional information about subsidiary that have NCI that are material to the Parent Company. Management determined material partly-owned subsidiary as those with 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:

	2017	2016
Proportion of equity interest held by NCI	51%	51%
Accumulated balances of material NCI	₱46,611,737	₱48,630,059
Net income allocated to material NCI	15,831,678	20,260,339



The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

	2017	2016	2015
Revenues	₱218,504,662	₱229,917,237	₱192,281,024
Expenses	(171,962,237)	(173,207,765)	(162,154,673)
Provision for income tax	(15,499,920)	(16,983,318)	(9,055,313)
Net income	31,042,505	39,726,154	21,071,038
Other comprehensive loss	-	(3,206,575)	-
Total comprehensive income	₱31,042,505	₱36,519,579	₱21,071,038
Net income attributable to:			
NCI	₱15,831,678	₱20,260,339	₱10,746,230
Parent Company	15,210,827	19,465,815	10,324,808
Total comprehensive income attributable to:			
NCI	₱15,831,678	₱18,624,985	₱10,746,230
Parent Company	15,210,827	17,894,594	10,324,808

Summarized Statements of Financial Position

	2017	2016
Total current assets	₱166,452,173	₱164,420,288
Total noncurrent assets	29,013,136	27,136,877
Total current liabilities	19,156,691	18,808,884
Total noncurrent liabilities	87,050,561	79,534,479
Total equity	89,258,057	93,213,802
Attributable to NCI	46,611,737	₱48,630,059
Attributable to equity holders of the Parent Company	₱42,646,320	₱44,583,743

Summarized Cash Flows Information

	2017	2016	2015
Operating	₱20,793,197	₱79,837,572	₱17,479,616
Investing	(35,200,564)	(26,391,001)	(20,728,549)
Net increase (decrease) in cash and cash equivalents	(₱14,407,367)	₱53,446,571	(₱3,248,933)

In 2017 and 2016, RGMA declared and paid dividends amounting to ₱17.85 million and ₱13.26 million, respectively, to NCI.



The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2017 and 2016:

	Principal Activities	Percentage of Ownership	
		Direct	Indirect
Entertainment Business:			
Alta Productions Group, Inc. (Alta)	Pre and post-production services	100	—
Citynet Network Marketing and Productions, Inc. (Citynet)	Television entertainment production	100	—
GMA Network Films, Inc.	Film production	100	—
GMA New Media, Inc. (GNMI)	Converging Technology	100	—
GMA Worldwide (Philippines), Inc.	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100	—
Scenarios, Inc.*	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100	—
RGMA Marketing and Productions, Inc.	Music recording, publishing and video distribution	100	—
RGMA Network, Inc.	Radio broadcasting and management	49	—
Script2010, Inc.**	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	—	100
Advertising Business:			
GMA Marketing & Productions, Inc. (GMPD)***	Exclusive marketing and sales arm of Parent Company's airtime, events management, sales implementation, traffic services and monitoring	100	—
Digify, Inc.****	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	—	100
Others:			
Media Merge Corporation****	Business development and operations for the Parent Company's online publishing and advertising initiatives	—	100
Ninja Graphics, Inc.*****	Ceased commercial operations in 2004.	—	51
*****Under liquidation			
*****Indirectly owned through Citynet			
*****Ceased commercial operations in 2015			
*****Indirectly owned through GNMI			
*****Indirectly owned through Alta; ceased commercial operations in 2004			

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to existing PFRSs which became effective on January 1, 2017. Adoption of the pronouncements did not have any significant impact on the Group's consolidated financial statements, unless otherwise indicated.

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

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).



The Company has provided the required information in Note 17 to the consolidated financial statements. As allowed under the transition provision of the standard, the Company did not present comparative information for the years ended December 21, 2016 and 2015.

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

The amendment does not have any impact on the Group's consolidated financial position and results of operation.

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

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference.

The amendments do not have any impact on the Group's consolidated financial position and results of operation.

New Accounting Standards, Interpretations and Amendments to Existing Standards
Effective Subsequent to December 31, 2017

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when these become effective.

Effective beginning January 1, 2018

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

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

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

The amendments will not have any impact on the Group's consolidated financial statements.



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

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since the Group does not have activities that are predominantly connected with insurance nor does it issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

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

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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



- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)

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

These amendments are not expected to have a significant impact on the Group's financial position and performance.

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

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

These amendments are currently not applicable to the Group since the Group has no transfer into or out of investment property.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transaction for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

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



Effective beginning on or after January 1, 2019

- **PFRS 16, *Leases***

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply a single lessee accounting model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. 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 PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

The Group is currently assessing the potential impact on its consolidated financial statements resulting from the application of PFRS 16.

With Deferred Effective Date

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

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

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

These amendments are not expected to have a material impact to the Group's consolidated financial statements.



3. Summary of Significant Accounting and Financial Reporting Policies

Investments in an Associate and Joint Ventures

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

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

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

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

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

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

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

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

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

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

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



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

Current versus Noncurrent Classification

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred 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
- Land, see Note 13
- Investment properties, see Note 14
- Financial instruments (including those carried at amortized cost), see Note 31



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

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

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

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

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

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

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

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

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

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

"Day 1" Difference

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



Financial Instruments - Initial Recognition and Subsequent Measurement

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

Financial Assets

Initial Recognition and Measurement

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

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

The Group's financial assets include cash and cash equivalents, trade and other receivables, refundable deposits (included under "Other noncurrent assets" account in the consolidated statement of financial position) and AFS financial assets.

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

Subsequent Measurement

The Company has no financial assets at FVPL and HTM investments as at December 31, 2017 and 2016.

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, trade and other receivables and refundable deposits (included under "Other noncurrent assets" account) are classified as loans and receivables (see Notes 6, 7, 15, 30 and 31).

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 quoted and unquoted equity securities are classified as noncurrent AFS financial investments (see Notes 10, 30 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 statement of financial position) when:

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

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

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



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 financial 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 statement of comprehensive income. The financial assets, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery.

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

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



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

AFS Financial Assets

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

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss, is removed from OCI and recognized in the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in OCI.

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

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

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

Financial Liabilities

Initial Recognition and Measurement

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

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

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



Subsequent Measurement

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

a. *Financial liabilities at FVPL*

The Company has not designated any financial liabilities at FVPL or derivatives designated as hedging instruments in an effective hedge as at December 31, 2017 and 2016.

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 statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

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

Derecognition

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

Classification of Financial Instruments Between Liability and Equity

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

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

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

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

Offsetting of Financial Instruments

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



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, 2017 and 2016.

Program and Other Rights

Program and other rights with finite lives are stated at cost less amortization and impairment in value. The estimated useful lives and the amortization method used depend on the manner and pattern of usage of the acquired rights. The cost of program and other rights with specific number of runs within a specified term is amortized using straight line method up to the date of expiry. The cost of program and other rights with no definite expiration date is amortized on accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage" account included under "Production costs" in the consolidated statement 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 statement of financial position, represent costs paid in advance prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense under "Production costs" account in the consolidated statement of comprehensive income upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

Materials and Supplies Inventory

Materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. Net realizable value is the current replacement cost.

Tax Credits

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

Property and Equipment

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



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

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

Software Costs

Costs incurred in the acquisition and customization of new software, included under "Other noncurrent assets" account in the consolidated statement of financial position, are capitalized and amortized on a straight-line basis over three to 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 other 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 associate and interests in joint ventures are impaired. If this is the case, the Group calculates the



amount of impairment as being the difference between the recoverable amount of investments in associates and joint ventures, and the acquisition cost and recognizes the amount in the consolidated statement of comprehensive income.

Equity

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

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

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

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

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

Dividends on Common Shares of the Parent Company

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

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 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.

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 statement of financial position.

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



Tax credits on aggregate airtime credits from government sales availed of under PD No. 1362 are recognized as 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.

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.

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

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

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

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

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

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

Borrowing Costs

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

Expenses

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

Pension and Other Employee Benefits

The Parent Company 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" accounts in consolidated statements of comprehensive income (by function):

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

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

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

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 statement of comprehensive income on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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

Foreign Currency-denominated Transactions

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

Taxes

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



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

Deferred 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 statement 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 statement of financial position.

Earnings Per Share (EPS)

Basic EPS is computed by dividing the net income for the year attributable to the equity holders of the Parent Company, net of income attributable to preferred shares, by the weighted average number of common shares outstanding during the year, 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.

Consolidation of Entities in which the Group holds less than Majority of Voting Rights. The Group considers that it controls RGMA Network even though it owns less than 50% of the voting rights. This is because the Group is the single largest shareholder of RGMA Network with a 49% equity interest. The remaining 51% of the equity shares in RGMA Network are owned by several parties. Since September 27, 1995, which is the date of incorporation of RGMA Network, there is no history of the other shareholders collaborating to exercise their votes collectively or to outvote the Group. The carrying amount of NCI as at December 31, 2017 and 2016 are ₱46.61 million and ₱48.63 million, respectively.

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

Rental expense charged to operations amounted to ₱936.40 million, ₱899.89 million and ₱843.63 million in 2017, 2016, and 2015 respectively (see Notes 22, 23 and 27).

Operating Leases - Group as Lessor. The Group has entered into various lease agreements as lessor. The Group had determined that the risks and rewards of ownership of the underlying property were retained by the Group. Accordingly, the leases are classified as an operating lease.

Total rental income amounted to ₱8.18 million, ₱6.56 million and ₱6.28 million in 2017, 2016 and 2015, respectively (see Note 25).

Estimates and Assumptions

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

Estimating Allowance for Doubtful Accounts. Provisions are made for specific and groups of billed accounts where objective evidence of impairment exists. The Group determines the allowance for doubtful accounts based on impairment assessments of individual advertiser balances. Individual balances for which there is no objective evidence of impairment are assessed collectively by applying a loss rate determined based on a five-year average of historical losses. The individual impairment assessment is an inherently uncertain process involving various assumptions and factors about the



financial condition of the advertiser, estimates of amounts still collectible and, for the collective assessment, the loss rate used. These assumptions could be significantly different from actual credit losses.

Provision for doubtful accounts amounted to ₱8.25 million, ₱25.15 million and ₱8.58 million in 2017, 2016 and 2015, respectively (see Notes 7 and 23). Trade and other receivables, net of allowance for doubtful accounts of ₱311.71 million and ₱308.43 million, amounted to ₱4,905.86 million and ₱5,270.31 million as at December 31, 2017 and 2016, respectively (see Note 7).

Classification and Amortization of Program and Other Rights. Portions of program and other rights are classified as current and noncurrent assets. Current portion represents those expected to be aired any time within its normal operating cycle, whereas the noncurrent portion represents those without definite expiration.

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

Program and other rights usage amounted to ₱905.25 million, ₱836.18 million and ₱754.64 million in 2017, 2016 and 2015, respectively (see Notes 8 and 22). Program and other rights, net of accumulated impairment in value of ₱2.70 million, amounted to ₱1,346.14 million and ₱1,060.63 million as at December 31, 2017 and 2016, respectively (see Note 8).

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

The carrying value of materials and supplies inventory, included under "Prepaid expenses and other current assets" account in the consolidated statement of financial position, amounted to ₱15.69 million and ₱19.09 million as at December 31, 2017 and 2016, respectively (see Note 9). There were no provisions for inventory losses in 2017, 2016 and 2015.

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 2017 and 2016.

Total depreciation and amortization expense for the years ended December 31, 2017, 2016 and 2015 amounted to ₱654.88 million, ₱740.77 million, and ₱820.95 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 ₱1,806.51 million and ₱1,805.15 million as at December 31, 2017 and 2016, respectively (see Notes 13 and 31).

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

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

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

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

As at December 31, 2017 and 2016, 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:

	2017	2016
Property and equipment - at cost (see Note 12)	₱2,664,340,975	₱2,776,484,984
Land at revalued amounts (see Note 13)	1,806,511,193	1,805,146,475
Program and other rights (see Note 8)	1,346,137,512	1,060,631,509

(Forward)



	2017	2016
Investments and advances (see Note 11)	₱151,103,271	₱150,835,949
Prepaid production costs (see Note 9)	136,029,723	113,611,340
Software costs (see Note 15)	94,113,724	71,711,958
Tax credits (see Note 9)	92,288,022	128,875,751
Investment properties (see Note 14)	51,048,514	53,314,111
Investment in artworks (see Note 15)	10,186,136	10,186,136
Deferred production costs (see Note 15)	976,683	1,098,771

Estimating Realizability of Deferred Income Tax Assets. The Group reviews its deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. The Group's assessment on the recognition of deferred income tax assets on deductible temporary difference and carryforward benefits of NOLCO and excess MCIT over RCIT is based on the projected taxable income in the following periods.

Recognized deferred tax assets amounted to ₱766.13 million and ₱757.15 million as at December 31, 2017 and 2016, respectively, while unrecognized deferred tax assets amounted to ₱6.51 million and ₱5.11 million as at December 31, 2017 and 2016, 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 ₱1,670.16 million and ₱1,644.32 million as at December 31, 2017 and 2016, 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, 2017 and 2016 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 legal counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the Group's financial position.



5. Segment Information

Business Segments

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

- The television and radio segment, which engages in television and radio broadcasting activities and which generates revenue from sale of national and regional advertising time.
- The international subscription segment which engages in subscription arrangements with international cable companies.
- Other businesses which include movie production, consumer products and other services.

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

Geographical Segments

The Group operates in two major geographical segments - local and international. Local refers to revenues earned in the Philippines, the home country. Significant portion of the revenues earned locally pertain to television and radio airtime. International refers to revenues earned in United States and in other locations (which include Middle East, Europe, Australia, Canada, Guam, Singapore, Hongkong and Japan). The Group ties up with cable providers to bring local television programming outside the Philippines.

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

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

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

Inter-segment Transactions

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

Measurement Basis

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



[illegible]

6. Cash and Cash Equivalents

	2017	2016
Cash on hand and in banks	₱1,285,979,018	₱1,950,184,026
Short-term deposits	993,859,477	1,468,830,179
	₱2,279,838,495	₱3,419,014,205

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 ₱23.78 million, ₱23.65 million and ₱13.66 million in 2017, 2016 and 2015, respectively.

7. Trade and Other Receivables

	2017	2016
Trade:		
Television and radio airtime	₱4,782,684,495	₱5,098,043,485
Subscriptions	292,367,075	357,920,003
Others	138,916,772	117,137,935
Nontrade:		
Advances to officers and employees	2,489,025	3,183,197
Others	1,118,038	2,449,756
	5,217,575,405	5,578,734,376
Less allowance for doubtful accounts	311,711,194	308,427,495
	₱4,905,864,211	₱5,270,306,881

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:

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

	2016		
	Television and Radio Airtime	Others	Total
Balance at beginning of year	₱277,478,231	₱5,797,900	₱283,276,131
Provision for the year (see Note 23)	21,185,664	3,965,700	25,151,364
Balance at end of year	₱298,663,895	₱9,763,600	₱308,427,495

The allowance for doubtful accounts for television and radio airtime and other receivables in 2017 and 2016 are results of specific and collective impairment assessments performed by the Group as follows:

	2017	2016
Individually impaired	₱255,734,391	₱217,083,792
Collectively impaired	55,976,803	91,343,703
	₱311,711,194	₱308,427,495

As at December 31, 2017 and 2016, the aging analysis of receivables that are not impaired follows:

	2017				
	Trade				Total
	Television and Radio Airtime	Subscriptions	Others	Nontrade	Total
Neither past due nor impaired	₱2,932,227,638	₱180,069,041	₱40,585,643	₱2,605,462	₱3,155,487,784
Past due but not impaired:					
1-30 days	463,495,382	7,649,963	17,475,408	115,122	488,735,875
31-60 days	224,776,512	6,362,011	11,506,551	30,498	242,675,572
61-90 days	172,061,216	18,143,674	7,361,736	147,284	197,713,910
91-180 days	344,243,871	1,912,575	8,183,656	97,154	354,437,256
181-365 days	305,882,572	12,119,164	11,699,492	332,945	330,034,173
Over 1 year	39,887,972	66,110,647	30,502,424	278,598	136,779,641
	₱4,482,575,163	₱292,367,075	₱127,314,910	₱3,607,063	₱4,905,864,211



2016					
	Trade				Total
	Television and Radio Airtime	Subscriptions	Others	Nontrade	
Neither past due nor impaired	₱2,991,035,726	₱171,167,030	₱40,199,708	₱3,805,064	₱3,206,207,528
Past due but not impaired:					
1-30 days	264,889,963	28,693,321	878,744	364,599	294,826,627
31-60 days	128,245,974	20,039,146	7,951,534	32,983	156,269,637
61-90 days	507,892,843	10,801,899	6,963,314	725,012	526,383,068
91-180 days	343,174,437	30,090,828	5,545,646	177,142	378,988,053
181-365 days	123,257,748	16,145,227	6,512,154	286,662	146,201,791
Over 1 year	440,882,899	80,982,552	39,323,235	241,491	561,430,177
	₱4,799,379,590	₱357,920,003	₱107,374,335	₱5,632,953	₱5,270,306,881

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

8. Program and Other Rights

Details and movement in this account are as follows:

	2017		
	Program and Film Rights	Story/Format Rights	Total
Cost:			
Balance at beginning of year	₱1,056,147,957	₱7,185,812	₱1,063,333,769
Additions	1,181,069,718	9,690,475	1,190,760,193
Program and other rights usage (see Note 22)	(898,068,378)	(7,185,812)	(905,254,190)
Balance at end of year	1,339,149,297	9,690,475	1,348,839,772
Accumulated impairment in value	(2,702,260)	-	(2,702,260)
	1,336,447,037	9,690,475	1,346,137,512
Less noncurrent portion	205,914,090	-	205,914,090
Current portion	₱1,130,532,947	₱9,690,475	₱1,140,223,422

	2016		
	Program and Film Rights	Story/Format Rights	Total
Cost:			
Balance at beginning of year	₱1,189,128,656	₱6,180,832	₱1,195,309,488
Additions	692,777,422	11,423,824	704,201,246
Program and other rights usage (see Note 22)	(825,758,121)	(10,418,844)	(836,176,965)
Balance at end of year	1,056,147,957	7,185,812	1,063,333,769
Accumulated impairment in value	(2,702,260)	-	(2,702,260)
	1,053,445,697	7,185,812	1,060,631,509
Less noncurrent portion	200,262,381	-	200,262,381
Current Portion	₱853,183,316	₱7,185,812	₱860,369,128

The Group reclassified program rights without expiration date as of December 31, 2016 amounting to ₱200.26 million to conform with 2017 classification.



9. Prepaid Expenses and Other Current Assets

	2017	2016
Advances to suppliers	P267,163,762	P235,575,251
Input VAT	152,562,473	125,401,166
Prepaid production costs	136,029,723	113,611,340
Creditable withholding taxes	107,592,110	122,675,558
Prepaid expenses	95,433,891	86,623,905
Tax credits	92,288,022	128,875,751
Materials and supplies inventory	15,692,696	19,089,422
Others	1,987,518	1,965,121
	P868,750,195	P833,817,514

Advances to suppliers are noninterest-bearing and are generally applied to acquisition of inventories, availment of services and others within the next financial year.

Input VAT pertains to value-added tax on purchase of goods and services including capital acquisitions, a portion of which is realizable within the next twelve months.

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.

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.

In 2015, the Group has written off creditable withholding taxes and prepaid rentals amounting to P1.11 million (see Note 25).

10. Available-for-Sale Financial Assets

	2017	2016
Investments in shares of stock:		
Unquoted	P117,921,881	P117,921,881
Quoted	127,820,000	125,470,000
	P245,741,881	P243,391,881

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:

	2017	2016
Balance at beginning of year	₱243,391,881	₱191,116,881
Additions during the year	—	2,550,000
Net changes in the fair value of AFS financial assets	2,350,000	49,725,000
Balance at end of the year	₱245,741,881	₱243,391,881

IP E-Games

In 2015, IP E-Games Ventures, Inc. (IPE) issued ₱13,000.00 million of its own common shares to the Group in exchange of the Group's investment in X-Play Online Games Incorporated (X-Play) and in settlement of ₱30.00 million advances and ₱50.00 million airtime credits granted by the Group to X-Play. At initial recognition, the Group recognized at fair value the IPE shares as AFS financial assets amounting to ₱130.00 million.

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at date of exchange and therefore was recognized by the Group as unearned revenue, included as part of trade payables and other current liabilities as at December 31, 2017 and 2016 (see Note 16). 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 statement of comprehensive income in 2015 (see Note 25).

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

	2017	2016
Balance at beginning of the year - net of tax	(₱10,113,681)	(₱59,671,681)
Net changes in the fair market value of AFS financial assets	2,350,000	49,725,000
Tax effect of the changes in fair market values	(328,500)	(167,000)
Balance at end of the year - net of tax	(₱8,092,181)	(₱10,113,681)

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

In 2015, the Group recycled fair value changes of certain AFS financial assets due to impairment and redemption amounting to ₱1.36 million gain (see Note 23) and ₱6.60 million loss (see Note 25), respectively.

11. Investments and Advances

The following are the details of this account:

	2017	2016
Investment in an associate and interests in joint ventures	₱60,302,068	₱59,972,488
Advances to an associate and joint ventures (see Note 20)	90,801,203	90,863,461
	₱151,103,271	₱150,835,949



The movements in the account are as follows:

	2017	2016
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	(71,749,568)	(74,508,443)
Equity in net earnings during the year	329,580	2,758,875
Balance at end of year	(71,419,988)	(71,749,568)
	60,302,068	59,972,488
Advances to an associate:		
Balance at beginning of year	88,269,696	87,860,215
Advances during the year (see Note 20)	-	409,481
Other adjustments	(38,461)	-
Balance at end of year	88,231,235	88,269,696
Advances to joint ventures:		
Balance at beginning of year	2,593,765	2,578,748
Advances during the year (see Note 20)	-	15,017
Other adjustments	(23,797)	-
Balance at end of year	2,569,968	2,593,765
Total investments and advances	₱151,103,271	₱150,835,949

The ownership interests in joint ventures and an associate, which were all incorporated in the Philippines, and are accounted for under the equity method, as at December 31, 2017 and 2016 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:

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



	2016		
	Investments	Advances (Note 20)	Total
Associate - Mont-Aire	₱38,350,619	₱88,269,696	₱126,620,315
Joint ventures:			
Gamespan	8,947,966	1,959,670	10,907,636
PEP	12,673,903	634,095	13,307,998
	21,621,869	2,593,765	24,215,634
	₱59,972,488	₱90,863,461	₱150,835,949

The associate and joint ventures are not listed in any public stock exchanges.

PEP

On April 16, 2007, the Group and Summit Publishing, Co. entered into a shareholder's agreement for the establishment of PEP. The joint venture was organized to design, conceptualize, operate and maintain websites that make available all kinds of show business, entertainment and celebrity information, video or pictures in the internet worldwide web or other forms of seamless communication.

The Group recognized its share in net earnings of PEP amounting to ₱0.33 million and ₱2.76 million in 2017 and 2016, respectively, and share in net losses of ₱3.11 million in 2015.

Gamespan

On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club (MJC) for the establishment of Gamespan, a joint venture corporation. The joint venture was organized to operate and manage the hardware and software owned by MJC, set-up new media infrastructure for offering and taking bets in horse racing and other sports.

Gamespan has not started its commercial operations since its establishment. In 2014, the Group and MJC agreed to terminate its shareholder's agreement and to close Gamespan. As at December 31, 2017, the process of cessation of Gamespan is ongoing. Since Gamespan already ceased its operations, the Group did not recognize any share in net earnings in 2017, 2016 and 2015.

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, 2017 and 2016. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at December 31, 2017.

The Company believes that its interests in joint ventures are not individually material. Aggregate information of joint ventures that are not individually material are as follows:

	2017	2016	2015
The Group's share in income (loss)/total comprehensive income (loss)	₱329,580	₱2,758,875	(₱3,113,716)
Aggregate carrying value of the Group's interests and advances	24,521,417	24,215,634	21,441,742



Mont-Aire

The table below shows the condensed financial information of Mont-Aire as at December 31, 2017 and 2016, respectively:

Current assets	P53,469,276
Noncurrent assets	120,275,583
	<u>173,744,859</u>
Current liabilities	1,269,154
Noncurrent liabilities	94,209,136
	<u>95,478,290</u>
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	<u>P38,350,619</u>

Mont-Aire ceased its commercial operations in 2009. Assets include real estate and parcels of land with an aggregate cost of P157.09 million and fair market value of P210.64 million, as determined by an accredited appraiser as at March 14, 2017, enough to cover for the carrying amount of the Group's investment in Mont-Aire. Management believes that there are no events or changes in circumstances indicating a significant change in the fair value of the abovementioned properties from the last appraisal made.

12. Property and Equipment at Cost

	2017			
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	December 31
Cost:				
Buildings, towers and improvements	P2,920,276,961	P9,203,472	(P709,081)	P-
Antenna and transmitter systems				
and broadcast equipment	6,383,536,005	186,179,289	(97,875,045)	(1,664,309)
Communication and mechanical equipment	1,149,777,938	39,047,592	(16,922,595)	48,246,012
Transportation equipment	498,682,573	56,088,773	(56,804,265)	1,664,309
Furniture, fixtures and equipment	151,578,448	2,530,875	(200,351)	-
	<u>11,103,851,925</u>	<u>293,050,001</u>	<u>(172,511,337)</u>	<u>48,246,012</u>
				<u>11,272,636,601</u>
Accumulated Depreciation:				
Buildings, towers and improvements	1,764,451,369	141,479,413	(682,399)	-
Antenna and transmitter systems				
and broadcast equipment	5,486,061,495	334,312,359	(97,840,074)	(1,664,309)
Communication and mechanical equipment	1,015,150,890	73,008,734	(16,669,377)	-
Transportation equipment	326,274,574	75,826,821	(54,600,831)	1,664,309
Furniture, fixtures and equipment	142,371,928	4,622,724	(200,351)	-
	<u>8,734,310,256</u>	<u>629,250,051</u>	<u>(169,993,032)</u>	<u>-</u>
				<u>9,193,567,275</u>
Construction in progress and equipment				
for installation	406,943,315	230,677,611	-	(52,349,277)
	<u>P2,776,484,984</u>	<u>(P105,522,439)</u>	<u>(P2,518,305)</u>	<u>(P4,103,265)</u>
				<u>P2,664,340,975</u>



	2016				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	P2,910,206,400	P8,420,366	(P335,203)	P1,985,398	P2,920,276,961
Antenna and transmitter systems and broadcast equipment	6,286,870,854	91,229,693	(3,067,574)	8,503,032	6,383,536,005
Communication and mechanical equipment	1,140,698,007	22,917,867	(13,837,936)	-	1,149,777,938
Transportation equipment	497,684,142	90,606,340	(91,288,040)	1,680,131	498,682,573
Furniture, fixtures and equipment	149,434,697	2,057,143	(2,678)	89,286	151,578,448
	10,984,894,100	215,231,409	(108,531,431)	12,257,847	11,103,851,925
Accumulated Depreciation:					
Buildings, towers and improvements	1,622,570,206	142,164,688	(283,525)	-	1,764,451,369
Antenna and transmitter systems and broadcast equipment	5,082,620,082	406,508,987	(3,067,574)	-	5,486,061,495
Communication and mechanical equipment	942,894,076	86,094,750	(13,837,936)	-	1,015,150,890
Transportation equipment	336,710,843	77,508,058	(87,944,327)	-	326,274,574
Furniture, fixtures and equipment	133,329,058	9,044,588	(1,718)	-	142,371,928
	8,118,124,265	721,321,071	(105,135,080)	-	8,734,310,256
Construction in progress and equipment for installation	261,073,466	229,152,567	-	(83,282,718)	406,943,315
	P3,127,843,301	(P276,937,095)	(P3,396,351)	(P71,024,871)	P2,776,484,984

Construction in progress pertains to costs incurred for installation of equipment, signal strengthening of transmitters nationwide and construction/improvement of studios and stations in the regions.

The reclassification relates to the cost of software that were transferred to other noncurrent assets amounting to P4.10 million and P71.02 million in 2017 and 2016, respectively (see Note 15).

The Group disposed various property and equipment in 2017, 2016 and 2015 resulting to the recognition of gain on sale amounting to P27.06 million, P29.72 million and P19.96 million, respectively (see Note 25).

The cost of fully depreciated assets still being used by the Group amounted to P5,753.97 million and P5,375.23 million as at December 31, 2017 and 2016, respectively.

As at December 31, 2017 and 2016, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. Land at Revalued Amounts

	2017	2016
Cost	P351,936,434	P349,312,816
Additions	1,364,718	2,623,618
	353,301,152	351,936,434
Revaluation increment	1,453,210,041	1,453,210,041
	P1,806,511,193	P1,805,146,475

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 fair value was determined using the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation. Management expects that there is no significant change on the fair value of land at revalued amount as at December 31, 2017 and 2016.



The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

As at December 31, 2017 and 2016, 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

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

	2016		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱30,501,881	₱76,984,510	₱107,486,391
Additions	—	43,811	43,811
Balance at end of year	30,501,881	77,028,321	107,530,202
Accumulated depreciation:			
Balance at beginning of year	—	50,134,341	50,134,341
Depreciation during the year (see Note 23)	—	2,277,701	2,277,701
Balance at end of year	—	52,412,042	52,412,042
Accumulated impairment in value	—	1,804,049	1,804,049
	₱30,501,881	₱22,812,230	₱53,314,111

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, 2017. The land was last appraised on December 17, 2013 by an accredited appraiser and was valued in terms of its highest and best use. The fair value was determined using the "Market Data Approach". The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation. Management expects that there is no significant change in the fair market value as at December 31, 2017 and 2016.

The fair value is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.



Rental income and the directly related expense arising from these investment properties follow:

	2017	2016	2015
Rental income (see Note 25)	₱4,925,603	₱3,864,727	₱3,664,115
Depreciation expense (see Note 23)	(2,265,597)	(2,277,701)	(3,368,716)
	₱2,660,006	₱1,587,026	₱295,399

As at December 31, 2017 and 2016, 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

	2017	2016
Software costs	₱94,113,724	₱71,711,958
Deferred input VAT	35,537,774	32,214,081
Guarantee deposits	15,254,753	25,721,674
Refundable deposits	13,697,898	13,328,432
Investment in artworks	10,186,136	10,186,136
Facilities	7,204,423	58,924
Deferred production costs	976,683	1,098,771
Others	5,637,255	—
	₱182,608,646	₱154,319,976

Software cost relates to software applications and website development costs which provide an edge on the Group's online presence and other software issues.

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

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

Deferred input VAT relates to input tax on capital goods which is available for future application against output VAT in future periods.

Deferred production costs pertain to the costs of production incurred in relation to the inventories and are measured on recognition at cost. Deferred production costs are being amortized as the related inventories, compact disks are sold during the year. Amortization is computed using the output or units of production method. Any unamortized cost at the end of the seven year period is to be written off.



The movements in software costs follow:

	2017	2016
Cost:		
Balance at beginning of year	P329,760,185	P258,281,297
Additions during the year	41,661,384	454,017
Reclassifications during the year (see Note 12)	4,103,265	71,024,871
Balance at end of year	375,524,834	329,760,185
Accumulated amortization:		
Balance at beginning of year	258,048,227	240,874,661
Amortization during the year (see Note 23)	23,362,883	17,173,566
Balance at end of year	281,411,110	258,048,227
	P94,113,724	P71,711,958

16. Trade Payables and Other Current Liabilities

	2017	2016
Trade payables (see Note 20)	P845,018,977	P865,374,490
Payable to government agencies	762,892,224	768,564,415
Customers' deposits	31,753,616	61,748,503
Advances from customers (see Note 10)	162,247,590	42,876,300
Accrued expenses:		
Production costs	195,428,814	268,495,825
Payroll and talent fees (see Notes 24 and 26)	173,654,334	194,899,454
Utilities and other expenses	145,812,643	175,942,277
Commission	18,757,609	24,466,466
Others	51,335,791	39,577,871
	P2,386,901,598	P2,441,945,601

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from 7 to 60 days.

Payable to government agencies is composed of the Group's statutory compensation-related contributions to government agencies and net VAT and withholding taxes payable to the Bureau of Internal Revenue. The difference between the accrual accounting under the accounting standards and cash-basis accounting as prescribed by the BIR for service-related companies caused the Group to normally incur deferred output VAT which forms a substantial part of the Group's payable to government agencies. These payables are remitted within 30 days after reporting period.

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 P22.00 million resulting from the sale of the Group's interests in X-Play in 2015.



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

Others include unpaid subscriptions and retention payables. These are noninterest-bearing and are normally settled within one year.

17. Short-term Loans

The Parent Company obtained unsecured short-term peso and US dollar denominated loans from local banks in 2017 and 2016. Details and movements of the short-term loans are as follows:

	2017	2016
Balance at beginning of year	₱646,360,000	₱1,152,970,000
Availments	1,500,000,000	500,000,000
Payments	(1,647,452,000)	(1,017,624,500)
Foreign currency exchange loss	1,092,000	11,014,500
Balance at end of year	₱500,000,000	₱646,360,000

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

Lender	Currency	Amount	Interest Rate (per annum)	Terms	2017	2016
BPI	Peso	₱500,000,000	3.10%	Availed in 2017; payable in one year	₱500,000,000	₱-
Citibank	Dollar	\$13,000,000	1.52%	Availed in 2016; payable in one year	-	646,360,000

Interest expense and other financing charges amounted to ₱23.01 million, ₱16.70 million and ₱39.09 million in 2017, 2016 and 2015, respectively.

18. Obligations for Program and Other Rights

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. Outstanding unpaid balance as at December 31, 2017 and 2016 amounted to ₱139.57 million and ₱76.85 million, respectively. Obligations for program and other rights are generally payable in equal monthly or quarterly installments.

Interest expense recognized on obligations for program and other rights amounted to nil, ₱0.21 million and ₱1.44 million in 2017, 2016 and 2015, respectively.



19. Equity

a. Capital Stock

Details of capital stock as at December 31, 2017 and 2016:

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - P0.20 par value per preferred share/P1.00 par value per common share	7,500,000,000	P1,500,000,000	5,000,000,000	P5,000,000,000
Subscribed and issued	7,500,000,000	P1,500,000,000	3,364,692,000	P3,364,692,000
Treasury shares	492,816	P98,563	3,645,000	P3,645,000
Underlying shares of the acquired PDRs	-	P-	750,000	P750,000

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	P8.50
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, 2017 and 2016, 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, as at December 31, 2017 and 2016.

The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SRC Rule 68, As Amended (2011), amounted to ₱2,437.70 million and ₱3,624.98 million as at December 31, 2017 and 2016, respectively. The difference between the consolidated retained earnings and the Parent Company's retained earnings available for dividend declaration primarily consist of undistributed earnings of subsidiaries. Stand-alone earnings of the subsidiaries are not available for dividend declaration by the Parent Company until declared by the subsidiaries as dividends.

The Parent Company's BOD approved the declaration of the following cash dividends:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2017	March 27, 2017	April 20, 2017	₱0.73	₱3,547,944,859
2016	April 8, 2016	April 25, 2016	₱0.40	₱1,943,884,375
2015	March 30, 2015	April 24, 2015	₱0.25	₱1,214,854,609

The Parent Company's outstanding dividends payable amounts to ₱15.44 million and ₱12.71 million as at December 31, 2017 and 2016, respectively.

On April 5, 2018 the Parent Company's BOD approved declaration and distribution of cash dividends amounting to ₱0.50 per share totaling ₱2,430.10 million to all stockholders of record at April 23, 2018 and will be paid on May 15, 2018.

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, 2017 and 2016, 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, 2017 and 2016 with related parties are as follows:

Account Name and Category	Related Party	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions	
Advances (see Note 11)	Associate: Mont-Aire	2017	₱1,539	₱88,231,235	Noninterest-bearing	Unsecured; not impaired	
		2016	409,481	88,269,696			
	Joint ventures: Gamespan	2017	—	1,959,670	Noninterest-bearing	Unsecured; not impaired	
		2016	—	1,959,670			
	PEP	2017	—	610,298	Noninterest-bearing	Unsecured; not impaired	
		2016	15,017	634,095			
	INQ7	2017	—	11,544,000	Noninterest-bearing	Unsecured; fully impaired	
		2016	—	11,544,000			
	Total	2017	₱1,539	₱102,345,203			
		2016	424,498	102,407,461			
Trade Receivables	Joint venture:						
Consultancy fees	PEP	2017	—	—	Noninterest-bearing	Unsecured; not impaired	
		2016	1,049,580	—			
Reimbursable charges	Common stockholders: GMA Kapuso Foundation Inc.	2017	902,727	1,370,431	On demand, noninterest-bearing	Unsecured; not impaired	
		2016	3,841,350	848,621			
Other Services		2017	30,000	—	On demand, noninterest-bearing	Unsecured; not impaired	
		2016	108,878	8,878			
Legal, consulting and retainers' fees	Belo, Gozon, Elma Law	2017	16,240,413	—	On demand, noninterest-bearing	Unsecured; not impaired	
		2016	15,031,670	—			
Total		2017	₱17,173,140	₱1,370,431			
		2016	20,031,478	857,499			
Trade Payables	Joint venture						
Share in short messaging fee and development fee	PEP	2017	—	(4,392)	Noninterest-bearing	Unsecured; not impaired	
		2016	—	(4,392)			
Total		2017	₱—	(₱4,392)			
		2016	—	(4,392)			

The advances made by the Parent Company to Mont-Aire and PEP are intended for future capital subscription. On the other hand, the advances to INQ7 were fully impaired as a result of the application of the Group's share in the losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment (see Note 11).

Compensation of Key Management Personnel

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

	2017	2016	2015
Salaries and other long-term benefits (see Notes 23 and 24)	₱444,995,586	₱438,671,187	₱340,264,893
Pension benefits (see Notes 23 and 24)	167,153,219	160,724,249	145,000,353
	₱612,148,805	₱599,395,436	₱485,265,246



Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱40.67 million and ₱288.71 million in 2017, respectively, and ₱43.66 million and ₱297.35 million in 2016, respectively (see Note 26).

21. Net Revenues

	2017	2016	2015
Television and radio airtime	₱13,610,339,266	₱15,130,032,959	₱12,379,288,532
Subscription income (see Note 27)	1,250,425,062	1,147,093,146	1,023,317,743
Production and others	484,104,499	396,254,397	324,488,394
	₱15,344,868,827	₱16,673,380,502	₱13,727,094,669

22. Production Costs

	2017	2016	2015
Talent fees and production personnel costs (see Note 24)	₱3,113,585,509	₱2,873,152,666	₱2,800,282,474
Program and other rights usage (see Note 8)	905,254,190	836,176,965	754,638,743
Rental (see Note 27)	845,002,050	820,553,007	731,850,677
Tapes, sets and production supplies	622,487,377	540,954,636	499,144,415
Facilities and amortization of production services	524,099,921	873,216,859	567,552,339
Depreciation (see Notes 12 and 23)	240,899,214	272,208,103	308,860,531
Transportation and communication	173,544,646	144,627,484	180,255,889
	₱6,424,872,907	₱6,360,889,720	₱5,842,585,068

23. General and Administrative Expenses

	2017	2016	2015
Personnel costs (see Note 24)	₱3,282,897,875	₱3,054,296,394	₱2,787,829,952
Depreciation and amortization (see Notes 12, 14 and 23)	390,616,434	451,390,669	491,411,483
Communication, light and water	289,288,398	274,874,628	274,428,572
Professional fees	197,920,814	223,438,561	171,532,826
Taxes and licenses	182,742,107	178,419,077	157,226,517
Advertising	177,910,388	182,516,701	205,890,056
Marketing expense	142,229,650	168,803,212	169,597,704
Repairs and maintenance	160,322,397	171,439,293	120,137,536
Rental (see Note 27)	91,398,647	79,341,640	111,783,265
Research and surveys	86,854,160	91,246,946	93,171,513
Software maintenance	66,895,171	54,231,481	46,094,304
Security services	62,836,643	60,978,694	55,017,437
Transportation and travel	57,081,350	49,018,265	65,272,971
Insurance	29,628,102	27,418,475	27,162,693
Amortization of software costs (see Note 15)	23,362,883	17,173,566	20,680,531
Janitorial services	₱22,633,153	₱24,759,025	₱22,555,180

(Forward)



	2017	2016	2015
Materials and supplies	₱18,116,056	₱15,350,814	₱18,075,596
Entertainment, amusement and recreation	12,329,587	14,597,783	13,953,633
Provision for doubtful accounts (see Note 7)	8,253,285	25,151,364	8,581,859
Dues and subscriptions	7,137,566	7,459,137	8,930,117
Freight and handling	6,736,657	11,988,188	10,988,081
Impairment loss on AFS financial assets (see Note 10)	-	-	1,360,000
Others	67,218,463	52,195,148	15,023,315
	₱5,384,409,786	₱5,236,089,061	₱4,896,705,141

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

Depreciation

	2017	2016	2015
Property and equipment			
Production costs (see Note 12)	₱240,899,214	₱272,208,103	₱308,860,531
General and administrative expenses (see Note 12)	388,350,837	449,112,968	488,042,767
	629,250,051	721,321,071	796,903,298
Investment properties			
General and administrative expenses (see Note 14)	2,265,597	2,277,701	3,368,716
	₱631,515,648	₱723,598,772	₱800,272,014

24. Personnel Costs

	2017	2016	2015
Talent fees	₱3,045,140,935	₱2,813,626,359	₱2,712,804,218
Salaries and wages	1,803,593,788	1,739,898,034	1,684,867,546
Employee benefits and allowances	1,161,561,467	1,079,728,582	920,994,966
Pension expense (see Note 26)	289,541,781	227,546,241	166,938,102
Sick and vacation leaves expense	96,645,413	66,649,844	102,507,594
	₱6,396,483,384	₱5,927,449,060	₱5,588,112,426

The above amounts were distributed as follows:

	2017	2016	2015
Production costs (see Note 22)	₱3,113,585,509	₱2,873,152,666	₱2,800,282,474
General and administrative expenses (see Note 23)	3,282,897,875	3,054,296,394	2,787,829,952
	₱6,396,483,384	₱5,927,449,060	₱5,588,112,426



25. Others - Net

	2017	2016	2015
Commission from Artist Center	₱42,587,971	₱42,373,980	₱26,486,506
Reversal of long-outstanding payables	32,999,414	3,233,336	6,466,667
Gain on sale of property and equipment (see Note 12)	27,060,463	29,717,284	19,962,498
Rental income (see Notes 14 and 27)	8,183,881	6,561,032	6,278,507
Merchandising license fees and others	4,373,351	16,126,548	9,666,065
Bank charges	(3,268,288)	(3,898,899)	(2,596,314)
Income from mall shows	1,201,057	1,401,855	7,133,827
Sales of DVDs and integrated receiver-decoders	172,029	120,868	4,457,354
Dividends from AFS financial assets (see Note 10)	132,811	2,550,000	—
Gain on disposal of asset held for sale (see Note 10)	—	—	23,567,528
Tax refund of GMA Pinoy TV	—	—	14,742,143
Recycling of fair value change of certain available-for-sale financial assets due to redemption (see Note 10)	—	—	6,601,820
Loss on asset written off (see Note 9)	—	—	(1,113,094)
Loss on redemption of AFS financial assets	—	—	(147,380)
Others	5,574,712	2,679,083	(3,952,667)
	₱119,017,401	₱100,865,087	₱117,553,460

26. Pension and Other Employee Benefits

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

	2017	2016
Pension liability	₱1,670,157,190	₱1,644,323,747
Vacation and sick leave accrual	292,056,473	288,250,101
	1,962,213,663	1,932,573,848
Less current portion of vacation and sick leave accrual*	7,402,445	3,693,586
Pension and other long-term employee benefits	₱1,954,811,218	₱1,928,880,262

*Included in "Accrued expenses" under Trade payables and other current liabilities (see Note 16).

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

Under the existing regulatory framework, R.A. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.



Pension benefits recognized in the statements of comprehensive income are as follows (see Note 24):

	2017	2016	2015
Current service cost	₱202,107,964	₱194,341,085	₱127,973,941
Net interest cost	87,433,817	33,205,156	38,964,161
	₱289,541,781	₱227,546,241	₱166,938,102

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

	2017	2016	2015
Present value of defined benefit obligation	₱2,531,456,676	₱2,319,848,369	₱1,700,980,562
Fair value of plan assets	861,299,486	675,524,622	598,265,691
Pension liability	₱1,670,157,190	₱1,644,323,747	₱1,102,714,871

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

	2017	2016	2015
Balance at beginning of year	₱2,319,848,369	₱1,700,980,562	₱1,642,786,529
Current service cost	202,107,964	194,341,085	127,973,941
Interest cost	123,844,594	63,342,653	64,213,973
Benefits paid	(114,344,251)	(80,479,256)	(133,993,881)
Remeasurement losses (gains):			
Changes in financial assumptions	—	(241,262,891)	—
Changes in demographic assumptions	—	(19,999,260)	—
Experience adjustment	—	702,925,476	—
Balance at end of year	₱2,531,456,676	₱2,319,848,369	₱1,700,980,562

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

	2017	2016	2015
Balance at beginning of year	₱675,524,622	₱598,265,691	₱481,506,477
Contribution during the year	259,000,000	200,000,000	172,681,390
Interest income	36,410,777	30,137,497	25,249,812
Benefits paid	(106,518,329)	(72,832,747)	(99,518,417)
Remeasurement gain (loss) - return on plan assets	(3,117,584)	(80,045,819)	18,346,429
Balance at end of year	₱861,299,486	₱675,524,622	₱598,265,691

At each reporting period, the Group determines its contribution based on the performance of its retirement fund.

The Group expects to contribute ₱250.00 million to the defined benefit pension plan in 2018.

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:

	2017	2016
	Carrying Value/Fair Value	Carrying Value/Fair Value
Cash and cash equivalents	₱310,303,178	₱200,855,501
Equity instruments (see Note 20):		
GMA PDRs	288,710,992	297,351,990
GMA Network, Inc.	40,669,760	43,664,280
Debt instruments -		
Government securities	219,910,756	116,194,728
Others	1,704,800	17,458,123
	₱861,299,486	₱675,524,622

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value in these investments amounted to a gain of ₱6.27 million, ₱17.91 million, and ₱91.93 million in 2017, 2016 and 2015, respectively.
- Investments in debt instruments bear interest ranging from 2.38% to 7.89% and have maturities from January 2018 to October 2037. Equity and debt instruments held have quoted prices in an active market.
- Others consist of loans and receivables which are collectible within the next twelve months.

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

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

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

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

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

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



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

	2017	2016	2015
Discount rate	5.39%	5.39%	5.00%
Expected rate of salary increase	4.00%	4.00%	4.00%
Turn-over rates:			
19-24 years old	10.53%	9.54%	13.22%
25-29 years old	6.41%	7.26%	6.60%
30-34 years old	3.35%	3.79%	1.85%
35-39 years old	2.25%	3.20%	2.28%
40-44 years old	2.05%	2.31%	1.80%
≥45 years old	1.38%	1.96%	1.63%

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		
		2017	2016	2015
Discount rate	50	(P147,053,322)	(P130,821,241)	(P85,998,488)
	(50)	160,848,171	142,741,801	94,061,708
Discount rate	50	(147,053,322)	(130,821,241)	(85,998,488)
	(50)	160,848,171	142,741,801	94,061,708
Future salary increases	50	154,891,568	132,347,649	91,314,035
	(50)	(142,790,665)	(122,666,215)	(84,180,125)

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2017:

Less than one year	P125,089,899
More than 1 year to 3 years	638,879,245
More than 3 years to 7 years	1,323,653,306
More than 7 years to 15 years	1,739,605,158
More than 15 years to 20 years	2,698,061,467
More than 20 years	7,047,872,017

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 P284.66 million and P284.56 million as at December 31, 2017 and 2016, 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 P7.4 million and P3.69 million as at December 31, 2017 and 2016, respectively (see Note 16).



27. Agreements

Lease Agreements

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

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

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

	2017	2016
Within one year	P232,505,236	P192,153,087
After one year but not more than five years	100,691,244	302,905,890
	<u>P333,196,480</u>	<u>P495,058,977</u>

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

Total rental expense amounted to P936.40 million, P899.89 million and P843.63 million in 2017, 2016, and 2015, respectively (see Notes 22 and 23).

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and office space. Total rental income amounted to P8.18 million, P6.56 million and P6.28 million in 2017, 2016 and 2015, 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 P1,250.43 million, P1,147.09 million and P1,023.32 million in 2017, 2016 and 2015, respectively (see Note 21).

28. Income Taxes

Current Income Tax

The current income tax consists of the following:

	2017	2016	2015
RCIT	P1,094,393,014	P1,510,149,656	P951,169,854
MCIT	493,093	773,934	3,728,988
	<u>P1,094,886,107</u>	<u>P1,510,923,590</u>	<u>P954,898,842</u>



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

	2017	2016	2015
Statutory income tax	30%	30%	30%
Additions (deductions) in income tax resulting from:			
Interest income already subjected to final tax	(0.24)	(0.13)	(0.10)
Nondeductible interest expense	0.09	0.06	(0.06)
Nondeductible tax deficiency payment	0.01	0.05	0.01
Equity in net earnings (losses) of joint ventures	—	(0.02)	0.03
Nontaxable refund of foreign tax credit	—	—	(0.02)
Others - net	0.16	0.02	0.12
Effective income tax	30.02%	29.98%	29.98%

Deferred Income Taxes

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

	2017	2016
Deferred income tax assets:		
Pension liability	₱500,215,593	₱493,297,124
Allowance for doubtful accounts	91,847,244	92,041,255
Other long-term employee benefits	88,108,821	85,366,955
Intercompany sale of intangible assets	31,500,000	36,000,000
Allowance for probable losses in advances	15,622,045	7,405,770
Accrued rent	13,676,991	26,666,203
Customers' deposits	13,243,552	12,850,803
Accruals for research	10,061,847	—
Excess MCIT over RCIT	1,068,164	3,121,656
Unrealized loss on AFS financial assets	340,455	282,954
Others	442,887	116,920
	766,127,599	757,149,640
Deferred income tax liabilities:		
Revaluation increment on land	(435,963,012)	(435,963,012)
Unrealized foreign exchange gain	(18,692,539)	(17,465,097)
Discounting of noncurrent obligation for program and other rights	(19,921,659)	(12,092,581)
Others	(381,000)	(116,920)
	(474,958,210)	(465,637,610)
	₱291,169,389	₱291,512,030



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

	2017	2016
Revaluation increment on land	(P435,963,012)	(P435,963,012)
Pension liability - remeasurement loss on retirement plan	286,227,805	285,292,530
Revaluation of AFS financial assets	(45,545)	282,954
	(P149,780,752)	(P150,387,528)

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:

	2017	2016
NOLCO	P4,568,684	P11,644,457
Allowance for doubtful accounts	4,637,981	1,166,922
Excess MCIT over RCIT	2,941,699	773,934
Allowance for inventory stock	1,670,219	758,581
Pension liability	831,564	733,647
Other long-term employee benefits	176,828	165,357
	P14,826,975	P15,242,898

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to P6.51 million and P5.11 million as at December 31, 2017 and 2016, 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, 2017, the Group's MCIT and NOLCO are as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT	NOLCO
2015	2018	P3,188,986	P233,636
2016	2019	791,805	3,557,616
2017	2020	29,072	777,432
		P4,009,863	P4,568,684

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

	MCIT	NOLCO
Balance at beginning of year	P3,895,590	P11,644,457
Additions	117,273	2,724,874
Expirations	(3,000)	(9,800,647)
	P4,009,863	P4,568,684



The movements in MCIT and NOLCO in 2016 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱358,759	₱35,320,723
Additions	3,537,231	1,610,174
Applications	—	(25,286,440)
Expirations	(400)	—
	₱3,895,590	₱11,644,457

29. EPS Computation

The computation of basic and diluted EPS follows:

	2017	2016	2015
Net income attributable to equity holders of the Parent Company (a)	₱2,543,897,957	₱3,626,334,921	₱2,115,082,277
Less attributable to preferred shareholders	785,070,044	1,119,119,934	652,733,626
Net income attributable to common equity holders of the Parent Company (b)	1,758,827,913	2,507,214,987	1,462,348,651
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)	₱0.523	₱0.746	₱0.435
Diluted EPS (a/d)	₱0.523	₱0.746	₱0.435



30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Group's operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and other receivables, refundable deposits, trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and advances from customers), short-term loan, 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 and financial liabilities based on contractual undiscounted payments as at December 31:

	On Demand	2017			Total
		Less than 3 Months	3 to 12 Months	More than 1 year	
Loans and receivables:					
Cash and cash equivalents	₱1,285,979,018	₱993,859,477	₱-	₱-	₱2,279,838,495
Trade receivables:					
Television and radio airtime	861,990,654	3,620,584,509	-	-	4,482,575,163
Subscriptions	98,286,060	194,081,015	-	-	292,367,075
Others	57,832,285	69,482,625	-	-	127,314,910
Nontrade receivables:					
Advances to officers and employees	74,423	2,414,602	-	-	2,489,025
Others	781,558	336,480	-	-	1,118,038
Refundable deposits*	-	-	-	13,697,898	13,697,898
AFS financial assets	-	-	-	245,741,881	245,741,881
	2,304,943,998	4,880,758,708	-	259,439,779	7,445,142,485
Other financial liabilities:					
Trade payables and other current liabilities**	462,449,326	939,793,903	27,764,941	-	1,430,008,170
Short-term loans***	-	3,875,000	501,937,500	-	505,812,500
Obligations for program and other rights	-	139,571,493	-	-	139,571,493
Dividends payable	15,437,102	-	-	-	15,437,102
	477,886,428	1,083,240,396	529,702,441	-	2,090,829,265
Liquidity Portion (Gap)	₱1,827,057,570	₱3,797,518,312	(₱529,702,441)	₱259,439,779	₱5,354,313,220

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

***Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱762.89 million ₱31.75 million and ₱162.25 million, respectively (see Note 16).

***Gross contractual payments.



	On Demand	2016			Total
		Less than 3 Months	3 to 12 Months	More than 1 year	
Loans and receivables:					
Cash and cash equivalents	P1,950,184,026	P1,468,830,179	P-	P-	P3,419,014,205
Trade receivables:					
Television and radio airtime	1,415,207,927	3,384,171,663	-	-	4,799,379,590
Subscriptions	138,020,506	219,899,497	-	-	357,920,003
Others	58,344,349	49,029,986	-	-	107,374,335
Nontrade receivables:					
Advances to officers and employees	-	3,183,197	-	-	3,183,197
Others	1,430,307	1,019,449	-	-	2,449,756
Refundable deposits*	-	-	-	13,328,432	13,328,432
AFS financial assets	-	-	-	243,391,881	243,391,881
	3,563,187,115	5,126,133,971	-	256,720,313	8,946,041,399
Other financial liabilities:					
Trade payables and other current liabilities**	556,998,971	949,127,898	62,629,514	-	1,568,756,383
Short-term loans***	-	2,456,168	648,816,168	-	651,272,336
Obligations for program and other rights	-	76,847,692	-	-	76,847,692
Dividends payable	12,705,059	-	-	-	12,705,059
	569,704,030	1,028,431,758	711,445,682	-	2,309,581,470
Liquidity Portion (Gap)	P2,993,483,085	P4,097,702,213	(P711,445,682)	P256,720,313	P6,636,459,929

**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 P768.56 million, P61.75 million and P42.88 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 certain business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

The Group's foreign currency-denominated monetary assets and liabilities are as follows:

	2017		2016	
Assets				
Cash and cash equivalents	\$5,653,614	P282,284,947	\$11,811,022	P587,244,014
	CS\$1,073,427	42,632,227	-	-
Trade receivables	\$4,184,458	208,929,988	7,198,713	357,920,010
	CS\$1,967,742	78,150,841	-	-
	SS\$150,727	5,625,554	-	-
	A\$51,697	2,011,272	-	-
	DH\$75,612	1,027,930	-	-
	£6,331	424,915	-	-
	¥485,806	214,872	-	-
		P621,302,546	\$19,009,735	P945,164,024
Liabilities				
Trade Payables	\$3,413,632	P170,442,646	\$615,063	P30,580,932
Short-term loans	-	-	13,000,000	646,360,000
Obligations for program and other rights	\$2,405,795	120,121,344	1,003,156	49,876,916
		P290,563,990	\$14,618,219	P726,817,848
		P330,738,556	\$4,391,516	P218,346,176



In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱49.93 to US\$1.00 and ₱49.72 to US\$1.00, the Philippine peso to U.S. dollar exchange rate, as at December 31, 2017 and 2016, respectively. The exchange rate for Philippine peso to Canadian dollar was ₱39.72 to CAD\$1.00 as at December 31, 2017. The peso equivalents for the Singaporean Dollar, Australian Dollar, Dirham, UK Pound and Japanese Yen are ₱37.32, ₱38.91 and ₱13.59, ₱67.12 and ₱0.44, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rates, with all other variables held constant, of the Group's income before income tax from reporting period up to next reporting period (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity other than those already affecting profit or loss.

	Appreciation/ (Depreciation) of Peso	Effect on Income before Income Tax								Total
		USD	CAD	SGD	AUD	AED	GBP	JPY		
2017	0.50	(₱2,009,323)	(₱1,520,585)	(₱75,364)	(₱25,849)	(₱37,806)	(₱3,166)	(₱242,903)	(₱3,914,996)	
	(0.50)	2,009,323	1,520,585	75,364	25,849	37,806	3,166	242,903	3,914,996	
2016	0.50	(2,195,758)	—	—	—	—	—	—	(2,195,758)	
	(0.50)	2,195,758	—	—	—	—	—	—	2,195,758	

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:

	2017	2016
Loans and receivables		
Cash and cash equivalents*	₱2,128,344,290	₱3,355,349,108
Trade receivables:		
Television and radio airtime	4,482,490,186	4,799,379,590
Subscriptions	292,367,075	357,920,003
Others	127,399,887	107,374,334
Nontrade receivables:		
Advances to officers and employees	2,489,025	3,183,197
Others	1,118,038	2,449,756
Refundable deposits**	13,697,898	13,328,432
	7,047,906,399	8,638,984,420
AFS financial assets	245,491,881	243,391,881
	₱7,293,398,280	₱8,882,376,301

*Excluding cash on hand amounting to ₱129.66 million and ₱63.67 million as at December 31, 2017 and 2016, 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, 2017 and 2016, the credit quality of the Group's financial assets is as follows:

	2017		Past Due but not Impaired	Past Due and Impaired	Total
	Neither Past Due Nor Impaired High Grade	Standard Grade			
Loans and receivables:					
Cash and cash equivalents*	₱2,150,174,152	₱-	₱-	₱-	₱2,150,174,152
Trade receivables:					
Television and radio airtime	2,932,227,638	463,495,382	1,086,767,166	300,279,309	4,782,769,495
Subscriptions	180,069,041	7,649,963	104,648,071	-	292,367,075
Others	40,585,643	17,475,408	69,338,836	11,431,908	138,831,795
Nontrade receivables:					
Advances to officers and employees	2,414,602	35,423	39,000	-	2,489,025
Others	336,480	541,960	239,598	-	1,118,038
Refundable deposits**	13,697,898	-	-	-	13,697,898
	5,319,505,454	489,198,136	1,261,032,671	311,711,217	7,381,447,478
AFS financial assets	245,491,881	-	-	-	245,491,881
	₱5,564,997,335	₱489,198,136	₱1,261,032,671	₱311,711,217	₱7,626,939,359

**Excluding cash on hand amounting to ₱129.66 million as at December 31, 2017.

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

	2016		Past Due but not Impaired	Past Due and Impaired	Total
	Neither Past Due Nor Impaired High Grade	Standard Grade			
Loans and receivables:					
Cash and cash equivalents*	₱3,355,349,108	₱-	₱-	₱-	₱3,355,349,108
Trade receivables:					
Television and radio airtime	2,991,035,726	264,889,963	1,543,453,901	298,663,895	5,098,043,485
Subscriptions	171,167,030	28,693,321	158,059,652	-	357,920,003
Others	40,199,708	878,744	66,295,883	9,763,600	117,137,935
Nontrade receivables:					
Advances to officers and employees	3,183,197	-	-	-	3,183,197
Others	621,867	364,599	1,827,889	-	2,814,355
Refundable deposits**	13,328,432	-	-	-	13,328,432
	6,574,885,068	294,826,627	1,769,637,325	308,427,495	8,947,776,515
AFS financial assets	243,391,881	-	-	-	243,391,881
	₱6,818,276,949	₱294,826,627	₱1,769,637,325	₱308,427,495	₱9,191,168,396

**Excluding cash on hand amounting to ₱63.67 million as at December 31, 2016.

**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 each of the three years ended December 31, 2017, 2016 and 2015.

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 P500.00 million and P646.36 million as at December 31, 2017 and 2016, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2017 and 2016 amounted to P9,403.09 million and P10,407.30 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:

		2017		
		Carrying Value	Fair Value	Significant Unobservable Inputs (Level 3)
			Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)
<i>Assets Measured at Fair Value</i>				
Land at revalued amount	P1,806,511,193	P-	P-	P1,806,511,193
AFS financial assets - quoted	127,820,000	118,435,000	9,385,000	
<i>Assets for which Fair Values are Disclosed</i>				
Investment properties	51,048,514	-	-	135,434,290
Loans and receivables - Refundable deposits*	13,697,898	-	-	12,845,135
	P1,999,077,605	P118,435,000	P9,385,000	P1,954,790,618

*Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

		2016		
		Carrying Value	Fair Value	Significant Unobservable Inputs (Level 3)
			Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)
<i>Assets Measured at Fair Value</i>				
Land at revalued amount	P1,805,146,475	P-	P-	P1,805,146,475
AFS financial assets - quoted	125,470,000	118,435,000	7,035,000	-
<i>Assets for which Fair Values are Disclosed</i>				
Investment properties	53,314,111	-	-	135,434,290
Loans and receivables - Refundable deposits*	13,328,432	-	-	12,144,449
	P1,997,259,018	P118,435,000	P7,035,000	P1,952,725,214

*Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).

During the years ended December 31, 2017 and 2016, there were no transfers between levels of fair value measurement.



Fair Value Determination

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

Cash and Cash Equivalents, Short-term Investments and Trade and Other Receivables

The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits

The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 2.05% to 2.52% in 2017 and 3.64% to 4.83% in 2016.

AFS Financial Assets

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

Investment Properties and Land at Revalued Amount

The valuation for investment properties and land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱900 to ₱118,945. On the other hand, significant unobservable valuation input in determining fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱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 Advances from Customers), Short-term Loans, Obligations for Program and Other Rights and Dividends Payable

The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

32. 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).





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

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
GMA Network, Inc. and Subsidiaries
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 (the Group) as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017 included in this Form 17-A, and have issued our report thereon dated April 5, 2018. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the 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

Partner

CPA Certificate No. 65556

SEC Accreditation No. 0087-AR-4 (Group A),

May 1, 2016, valid until May 1, 2019

Tax Identification No. 102-092-270

BIR Accreditation No. 08-001998-55-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 6621301, January 9, 2018, Makati City

April 5, 2018



GMA NETWORK, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2017

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, 2017	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, 2017

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 Period	Income Received and Accrued
Cash and cash equivalents	P-	P1,156,314,675	P-	P1,598,407
Cash in Banks				
Peso Placements:				
Abacus Capital & Investment Corporation	-	106,733,784	-	5,436,195
Banco De Oro	-	15	-	1,065,649
Bank of Philippine Island	-	81,945,900	-	1,733,554
Malayan Bank	-	183,548,921	-	2,772,599
Philippine Bank of Communications	-	80,725,309	-	818,807
Unicapital, Inc.	-	63,266,137	-	1,520,358
Philippine National Bank	-	-	-	266,475
Eastwest	-	20,837,379	-	333,943
Union Bank of the Philippines	-	153,056,598	-	2,514,227
MBTC	-	12,307,375	-	1,055,104
AUB	-	-	-	393,885
UCPB	-	177,216,295	-	2,145,396
Land Bank of the Philippines	-	50,996,873	-	948,809
PBB	-	2,000,000	-	1,133
Amalgamated Investment Bancorporation	-	7,194,027	-	181,981
	-	939,828,613	-	21,188,115
Dollar Placements:				
Asia United Bank	-	-	-	26,163
Eastwest Bank	-	36,836,835	-	688,181
Union Bank of the Philippines	-	17,194,030	-	275,312
	-	54,030,865	-	989,656
Total Placements	-	993,859,478	-	22,177,771
Short-term Investments	-	129,664,342	-	-
	P-	P2,279,838,495	P-	P23,776,178
Available-for-sale investments				
IP E Games Ventures, Inc.	13,000,000,000	P117,000,000	P117,000,000	P-
Unicapital, Inc.	-	77,659,800	-	-
Mabuhay Philippine Satellite	-	29,000,000	-	-
Optima Studio	-	11,023,156	-	-
Ayala Alabang Country Club - A	1	5,300,000	5,300,000	-
Baguio Country Club	1	2,400,000	2,400,000	-
Metropolitan Club (Metroclub) A	7	1,490,000	1,490,000	-
Manila Southwoods A	1	1,000,000	1,100,000	-
Camp John Hay Golf Club	1	160,000	160,000	-
PLDT Company	2,100	21,000	21,000	-
Reefpoint Picture	-	216,925	-	-
Royale Tagaytay	2	220,000	220,000	-
Others	-	1,000	-	-
	13,000,002,113	P245,491,881	P127,691,000	P-

**Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
December 31, 2017**

Name and Designation of Debtor	Balance at Beginning of Period	Deductions			Balance at End of Period
		Amount Collected	Amount Written Off	Current Non Current	

Not Applicable: The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2017.

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
December 31, 2017**

Alta Productions Company, Inc. (Alta)

Account	January 1, 2017	Additions	Deductions			Noncurrent	December 31, 2017
			Amount Collected	Amount written off/Reclassified	Current		
Receivables - Trade	₱143,455	₱-	₱-	₱-	₱143,455	₱-	₱143,455
Payables - Trade	(2,137,690)	(43,720,212)	35,378,405	-	(10,479,497)	-	(10,479,497)
Total	(₱1,994,235)	(₱43,720,212)	₱35,378,405	₱-	(₱10,336,042)	₱-	(₱10,336,042)

Citynet Network Marketing and Productions, Inc. (Citynet)

Account	January 1, 2017	Additions	Deductions			Noncurrent	December 31, 2017
			Amount Collected	Amount written off/Reclassified	Current		
Advances to Citynet	₱118,934,402	₱-	₱-	₱-	₱-	₱118,934,402	118,934,402
Receivables - Nontrade	-	5,500,000	-	-	5,500,000	-	5,500,000
Payables - Trade	-	(2,400,000)	1,728,000	-	(672,000)	-	(672,000)
Total	₱118,934,402	₱3,100,000	₱1,728,000	₱-	₱4,828,000	₱118,934,402	₱123,762,402

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2017

GMA Marketing and Productions, Inc. (GMPI)

Account	January 1, 2017	Additions	Deductions			Noncurrent	December 31, 2017
			Amount Collected	Amount written off/Reclassified	Current		
Receivables - Trade	P=	P38,140,413	(P6,411,714)	P=	P31,728,699	P=	P31,728,699
Payables - Trade	(143,938,088)	-	3,752,101	-	(140,185,987)	-	(140,185,987)
Payables - Nontrade	(33,200)	-	-	-	(33,200)	-	(33,200)
Total	(P143,971,288)	P38,140,413	(P2,659,613)	P=	(P108,490,488)	P=	(P108,490,488)

GMA New Media, Inc. (GNMI)

Account	January 1, 2017	Additions	Deductions			Noncurrent	December 31, 2017
			Amount Collected	Amount written off/Reclassified	Current		
Advances to GNMI	P35,524,846	P=	P=	P=	P=	P35,524,846	P35,524,846
Receivables - Trade	82,529,537	-	(41,691,723)	-	40,837,814	-	40,837,814
Receivables - Nontrade	-	61,557,492	(61,557,492)	-	-	-	-
Payables - Trade	(79,514,852)	(9,733,806)	29,581,647	-	(59,667,011)	-	(59,667,011)
Total	P38,539,531	P51,823,686	(P73,667,568)	P=	(P18,829,197)	P35,524,846	P16,695,649

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2017

GMA Worldwide (Philippines), Inc. (GWI)

Account	January 1, 2017	Deductions			Additions	Deductions			December 31, 2017
		Amount Collected	Amount written off/ Reclassified	Current		Amount Collected	Amount written off/ Reclassified	Noncurrent	
Receivables - Trade	₱51,582	(₱194,245)	₱-	₱108,812	₱251,475	₱-	₱-	₱-	₱108,812
Receivables - Nontrade	-	(2,000,000)	-	-	2,000,000	-	-	-	-
Payables - Trade	(6,947,463)	11,842,643	-	(12,150,972)	(17,046,152)	-	-	-	(12,150,972)
Total	(₱6,895,881)	₱9,648,398	₱-	(₱12,042,160)	(₱14,794,677)	₱-	₱-	₱-	(₱12,042,160)

RGMA Marketing & Productions, Inc. (GMA Records)

Account	January 1, 2017	Deductions			Additions	Deductions			December 31, 2017
		Amount Collected	Amount written off/ Reclassified	Current		Amount Collected	Amount written off/ Reclassified	Noncurrent	
Advances to GMA Records	₱20,806,217	₱-	₱-	₱-	₱-	₱-	₱-	₱20,806,217	₱20,806,217
Receivables - Trade	4,173,621	(49,907)	-	5,574,896	1,451,182	-	-	-	5,574,896
Receivables - Nontrade	-	-	-	500,000	500,000	-	-	-	500,000
Payables - Trade	(2,406,000)	6,446,391	-	(1,298,843)	(5,339,234)	-	-	-	(1,298,843)
Total	₱22,573,838	₱6,396,484	₱-	₱4,776,053	(₱3,388,052)	₱-	₱-	₱20,806,217	₱25,582,270

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2017**

Scenarios, Inc. (Scenarios)

Account	January 1, 2017	Deductions				Noncurrent	December 31, 2017
		Additions	Amount Collected	Amount written off/Reclassified	Current		
Advances to Scenarios	₱1,014,090	₱-	₱-	₱-	₱-	₱1,014,090	₱1,014,090
Receivables - Trade	-	13,007,524	(6,862,213)	-	6,145,311	-	6,145,311
Payables - Trade	-	(12,914,811)	-	-	(12,914,811)	-	(12,914,811)
Payables - Nontrade	(315,000)	-	-	-	(315,000)	-	(315,000)
Total	₱699,090	₱92,713	(₱6,862,213)	₱-	(₱7,084,500)	₱1,014,090	(₱6,070,410)

Script2010, Inc. (Script2010)

Account	January 1, 2017	Deductions				Noncurrent	December 31, 2016
		Additions	Amount Collected	Amount written off/Reclassified	Current		
Receivables - Trade	21,678,364	-	(2,846,062)	-	18,832,302	-	18,832,302
Payables - Trade	(30,079,308)	(117,351,328)	142,842,626	-	(4,588,010)	-	(4,588,010)
Payables - Nontrade	(1,878,486)	(8,019,095)	-	-	(9,897,581)	-	(9,897,581)
Total	(₱10,279,430)	(₱125,370,423)	₱139,996,564	₱-	₱4,346,711	₱-	₱4,346,711

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2017

Media Merge Corporation (MM)

Account	January 1, 2017	Additions	Deductions			Noncurrent	December 31, 2017
			Amount Collected	Amount written off/Reclassified	Current		
Receivables - Trade	₱11,938,889	₱198,390	(₱113,553)	₱-	₱12,023,726	₱-	₱12,023,726
Payables - Trade	(2,772,542)	(66,858,979)	-	-	(69,631,521)	-	(69,631,521)
Total	₱9,166,347	(₱66,660,589)	(₱113,553)	₱-	(₱57,607,795)	₱-	(₱57,607,795)

Digifly, Inc.

Account	January 1, 2017	Additions	Deductions			Noncurrent	December 31, 2017
			Amount Collected	Amount written off/Reclassified	Current		
Receivables - Nontrade	₱-	₱1,200	₱-	₱-	₱1,200	₱-	₱1,200
Payable - Trade	(1,387,980)	(1,550,086)	2,938,066	-	-	-	-
Total	(₱1,387,980)	(₱1,548,886)	₱2,938,066	₱-	₱1,200	₱-	₱1,200

**Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements (cont.)
December 31, 2017**

RGMA Network, Inc. (RGMA Network)

Account	January 1, 2017	Deductions			Current	Noncurrent	December 31, 2017
		Additions	Amount Collected	Amount written off/ Reclassified			
Receivables - Nontrade	P-	P46,584,204	(P46,531,963)	P-	P52,241	P-	P52,241
Payables - Trade	(81,251)	(171,920,058)	88,019,078	-	(83,982,231)	-	(83,982,231)
Total	(P81,251)	(P125,335,854)	P41,487,115	P-	(P83,929,990)	P-	(P83,929,990)

Schedule D. Intangible Asset - Other Asset
December 31, 2017

Description	Beginning balance	Additions at cost	Charge to cost and expenses	Charged to other accounts	Ending balance
Program and film rights	₱1,053,445,697	₱1,181,069,718	(₱898,068,378)	₱-	₱1,336,447,037
Story format rights	7,185,812	9,690,475	(7,185,812)	-	9,690,475
Software cost	71,711,958	45,764,649	(23,362,883)	-	94,113,724
	₱1,132,343,467	₱1,236,524,842	(₱928,617,073)	₱-	₱1,440,251,236

Schedule E. Long-Term Debt
December 31, 2017

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of long term debt" in related balance sheet	Amount shown under caption "Long term debt" in related balance sheet
Not Applicable: The Company has no long-term debt as at December 31, 2017.			

Schedule F. Indebtedness to Related Parties (Long-Terms from Related Companies)
December 31, 2017

Name	Balance, January 1, 2017	Balance, December 31, 2017
Not Applicable: The Company has no indebtedness to a related party as at December 31, 2017.		

Schedule G. Guarantees of Securities of Other Issuers
December 31, 2017

Name of Issuing Entity of Securities Guaranteed by the Company for which this statement is filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which the Statement is Filed	Nature of Guarantee
Not Applicable: The Company has no guarantees of securities of other issuers as at December 31, 2017.				

Schedule H. Capital Stock
December 31, 2017

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	3,070,679,148	6,373,542	283,994,310
Preferred	7,500,000,000	7,499,507,184**	NA	7,428,344,388	46,944	71,115,852

*Net of treasury stock totaling 3,645,000 shares.

**Net of treasury stock totaling 492,816 shares.

GMA NETWORK, INC.**RECONCILIATION OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2017**

Unappropriated retained earnings, beginning	₱3,658,170,324
Adjustments:	
Deferred tax assets - net, beginning	(144,105,050)
Unappropriated retained earnings, as adjusted, beginning	3,514,065,274
Add: Net income actually earned/realized during the period	
Net income of the Parent Company closed to Retained Earnings	2,524,709,338
Less: Non-actual/unrealized loss (income)	
Provision for deferred income tax	3,102
Unrealized foreign exchange gain (other than cash and cash equivalents)	(18,859,765)
Net income actually earned/realized during the year	2,505,852,675
Less:	
Dividends declaration during the year	(3,547,944,859)
Treasury stocks	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts	(5,790,016)
Unappropriated Retained Earnings Available for Dividend Declaration, Ending	₱2,437,699,903

GMA NETWORK, INC. AND SUBSIDIARIES

LIST OF PHILIPPINE FINANCIAL REPORTING STANDARDS EFFECTIVE AS AT DECEMBER 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		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
	Amendments to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRSs			X
PFRS 2	Share-based Payment			X
	Amendments to PFRS 2: Vesting Conditions and Cancellations			X
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			X
	Amendments to PFRS 2: Definition of Vesting Condition			X
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions*	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations	X		
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination	X		
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements	X		
PFRS 4	Insurance Contracts			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			X
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments, with PFRS 4*			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			X
	Amendments to PFRS 5: Changes in Method of Disposal			X
PFRS 6	Exploration for and Evaluation of Mineral Resources			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: Servicing Contracts			X
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			X
PFRS 8	Operating Segments	X		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to Condensed Interim Financial Statements	X		
PFRS 9	Financial Instruments*	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
	Financial Instruments - New hedge accounting requirements*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	X		
	Amendments to PFRS 10: Investment Entities			X
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			X
PFRS 11	Joint Arrangements	X		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			X
PFRS 12	Disclosure of Interests in Other Entities	X		
	Amendment to PFRS 12: Investment Entities			X
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			X
	Amendment to PFRS 12: Clarification of the Scope of the Standard*	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
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			X
PFRS 15	Revenue from Contracts with Customers*	Not Early Adopted		
PFRS 16	Leases*	Not Early Adopted		
Philippine Accounting Standards				
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
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Information	X		
	Amendments to PAS 1: Disclosure Initiative	X		
PAS 2	Inventories	X		
PAS 7	Statement of Cash Flows	X		
	Amendments to PAS 7: Statement of Cash Flows, Disclosure Initiative*	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
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	X		
PAS 16	Property, Plant and Equipment	X		
	Amendment to PAS 16: Classification of Servicing and Equipment	X		
	Amendment to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation			X
	Amendment to PAS 16: Clarification of Acceptable Methods of Depreciation and Amortization			X
	Amendment to PAS 16: Bearer Plants			X
PAS 17	Leases	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 18	Revenue	X		
PAS 19 (Revised)	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			X
	Amendments to PAS 19: Employee Benefits - Defined Benefit Plans: Employee Contributions			X
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate	X		
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
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
PAS 27 (Amended)	Separate Financial Statements			X
	Amendments to PAS 27: Investment Entities			X
	Amendments to PAS 27: Equity Method in Separate Financial Statements			X
PAS 28 (Amended)	Investments in Associates and Joint Ventures	X		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			X
	Amendments to PAS 28: Measuring an Associate or Joint Venture at Fair Value*	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
	Amendment to PAS 32: Classification of Rights Issues			X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			X
	Amendments to PAS 32: Tax Effect of Distribution to Holders of Equity Instruments			X
PAS 33	Earnings per Share	X		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 34	Interim Financial Reporting	X		
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities	X		
	Amendments to PAS 34: Disclosure of Information Elsewhere in the Interim Financial Report	X		
PAS 36	Impairment of Assets	X		
	Amendments to PAS 36: Impairment of Assets - 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
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization			X
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
	Amendments to PAS 39: The Fair Value Option			X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			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
	Amendments to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting			X
PAS 40	Investment Property	X		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner Occupied Property	X		
	Amendments to PAS 40: Investment Property, Transfers of Investment Property*			X
PAS 41	Agriculture			X
	Amendments to PAS 41: Bearer Plants			X

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			X
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	Determining Whether an Arrangement Contains a Lease	X		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			X
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			X
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			X
IFRIC 8	Scope of PFRS 2			X
IFRIC 9	Reassessment of Embedded Derivatives			X
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			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
IFRIC 13	Customer Loyalty Programmes			X
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			X
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			X
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			X
IFRIC 17	Distributions of Non-cash Assets to Owners			X
IFRIC 18	Transfers of Assets from Customers			X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			X
IFRIC 21	Levies	X		
IFRIC 22	Foreign Currency Transactions and Advance Consideration*	Not Early Adopted		
SIC-7	Introduction of the Euro			X
SIC-10	Government Assistance - No Specific Relation to Operating Activities			X
SIC-12	Consolidation - Special Purpose Entities			X
	Amendment to SIC-12: Scope of SIC-12			X
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			X
SIC-15	Operating Leases - Incentives			X

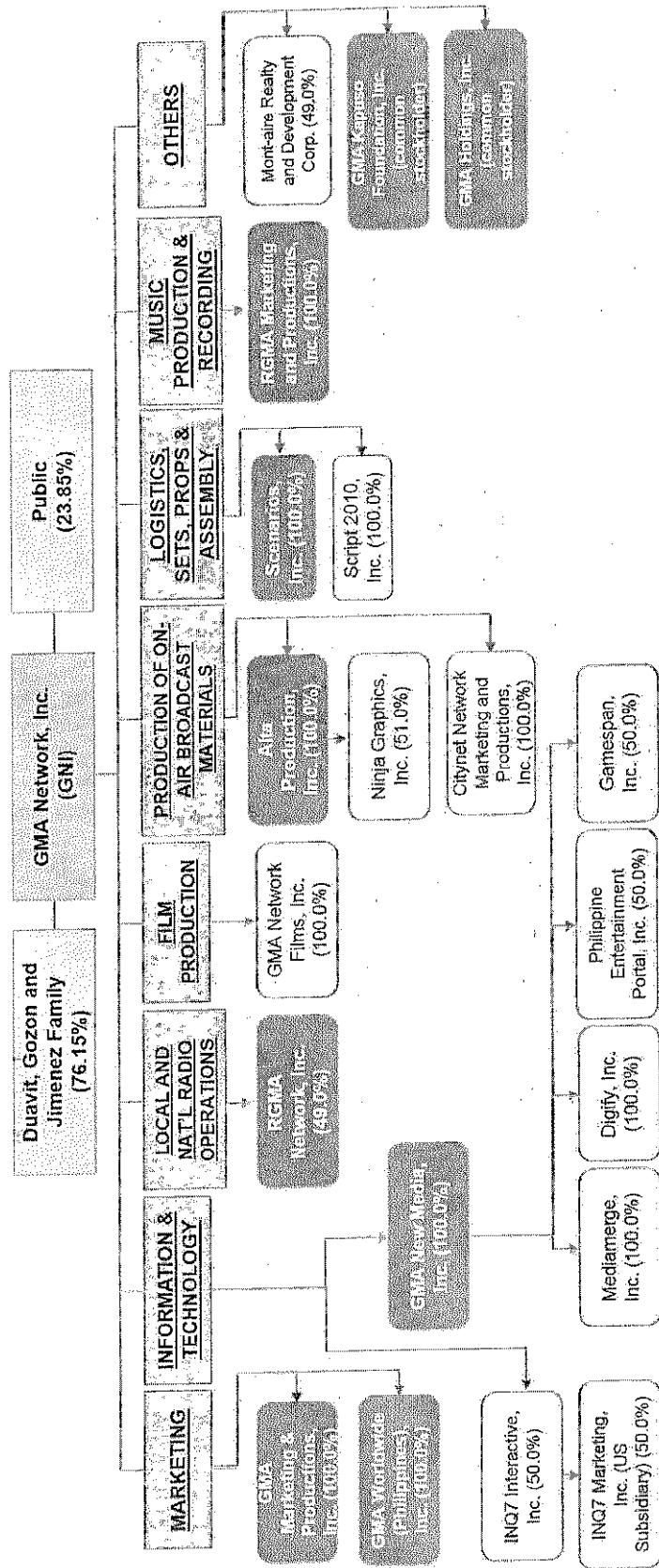
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2017		Adopted	Not Adopted	Not Applicable
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			X
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	X		
SIC-29	Service Concession Arrangements: Disclosures			X
SIC-31	Revenue - Barter Transactions Involving Advertising Services			X
SIC-32	Intangible Assets - Web Site Costs			X
With Deferred Effective Date: Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*		Not Early Adopted		

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

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

GMA NETWORK, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP



GMA NETWORK, INC. AND SUBSIDIARIES**SCHEDULE OF FINANCIAL RATIOS****FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015**

Financial Ratios	Description	December 31	
		2017	2016
Current/liquidity ratio	Current assets over current liabilities	2.71:1	2.88:1
Asset to equity ratio	Total asset over total equity	1.57:1	1.54:1
Debt-to-equity ratio	Short-term loans over total equity	0.05:1	0.06:1
Net debt to equity ratio	Interest-bearing loans and borrowings less cash and cash equivalents over total equity	(0.19):1	(0.27):1

Financial Ratios	Description	Years Ended December 31		
		2017	2016	2015
Interest rate coverage ratio	Earnings before interest, tax over interest expense	158.94:1	307.66:1	75.57:1
Gross profit margin	Gross profit over net revenues	58.13%	61.85%	57.44%
Net income margin	Net income over net revenues	16.68%	21.87%	15.49%