COVER SHEET

5 2 1 3

S.E.C. Registration Number

G M A N E T W O R K I N C.

(Company's Full Name)

G M A N E T W O R K C E N T E R

E D S A C O R N E R T I M O G A V E.

D I L I M A N Q U E Z O N C I T Y

Atty. Roberto O. Parel

Contact Person

816-3716

PRELIMINARY
INFORMATION STATEMENT

2 0 I S

2015

Month *Day*
Fiscal Year

Month *Day*
Annual Meetings

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

April 14, 2015

ANNUAL STOCKHOLDERS' MEETING

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 20, 2015** (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 21, 2014
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 11, 2015.

For purposes of the meeting, only stockholders of record as of April 20, 2015 are entitled to attend and vote in the said meeting.

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

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

Thank you.

For the Board of Directors

ROBERTO O. PAREL
Corporate Secretary

RATIONALE FOR THE SALIENT MATTERS CONTAINED IN THE AGENDA

Approval of the Minutes of the Annual Stockholders' Meeting Held on May 21, 2014

The approval of the minutes of the previous year's Annual Stockholders' Meeting is made part of the agenda 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.

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 apprise 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 2014 has been detailed in the Audited Financial Statements (AFS) of the Company which was prepared by the Company's independent external auditor. The AFS have been reviewed and approved by the Board of Directors as recommended by the Audit and Risk Management Committee.

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

The Acts of the Board of Directors/Corporate Officers were duly deliberated upon prior to approval and/or 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. Their track record has been proven through the results of the Company's performance for which reason they were recommended by the Nomination Committee after review of their qualifications. 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

Based on the recommendation of the Audit and Risk Management Committee, the Board after proper deliberation, approved the re-appointment of SyCip Gorres & Velayo & Co. (SGV) as the Company's external auditor for 2015. The SGV's appointment is submitted for approval to the stockholders in compliance with the Company's By-laws, the corporation law, as well as the rules and regulations of the SEC.

We are not soliciting your proxy. However, if you are unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein provided below and submit the same to the Office of the Corporate Secretary on or before **May 11, 2015.** You may deliver this form or send it in advance through fax no. (632) 812-0008. Validation of proxies shall be held on May 13, 2015 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 20, 2015 at 10:00 a.m. and at any postponement or adjournment thereof.

____
Name

____
Signature

____
Date

____
No. of Shares Held

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

OF

GMA NETWORK, INC.

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

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

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

4. SEC Identification Number: **5213**

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

6. Address of principal office Postal Code

   GMA Network Center, EDSA corner Timog Avenue, Diliman

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

8. Date, time and place of the meeting of security holders: **May 20, 2015, 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 28, 2015

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

    Name of Person Filing the Statement/Solicitor: **Not Applicable**

    Address and Telephone No.: **Not Applicable**

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

Title of Each Class	Number of Shares Outstanding or Amount of Debt Outstanding
Common Stock	**3,361,047,000**
Preferred Stock	**7,499,507,184**

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

Yes ✓ No _______

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

Philippine Stock Exchange / Common Stock

GMA NETWORK, INC.
INFORMATION STATEMENT

This Information Statement dated April 14, 2015 is being furnished to the stockholders of record of GMA Network, Inc. as of April 20, 2015 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 20, 2015
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 28, 2015

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, 2015. 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 20, 2015 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, 2015 are as follows:

Title Of class	Name and Address of Beneficial Owner	Citizenship	Record / Beneficial	No. of shares held	Percent Owned
Common	GMA Holdings, Inc. [1] Unit 5D Tower One, One McKinley Place, Bonifacio Global City	Filipino	PCD Nominee Corporation	846,880,000	25.17%
Common	Group Management & Development Inc. [2] No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	789,813,389	23.47%

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

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

Common	FLG Management & Development Corporation[3] Unit 2, 2/F, Building 2, 9th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	673,429,127	20.01%
Common	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City[4]	Filipino	The Record Owner is the Beneficial Owner	453,882,095	13.49%
Common	Television International Corporation[5] 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	334,378,037	9.94%
Total Common Shares **3,097,382,648** **92.08%**					
Preferred	Group Management & Development Inc. No. 5 Wilson St., San Juan, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,625,805,308	35.01%
Preferred	FLG Management & Development Corporation Unit 2, 2/F, Building 2, 9th Avenue, Bonifacio Global City, Taguig, Metro Manila	Filipino	The Record Owner is the Beneficial Owner	2,181,898,644	29.09%
Preferred	M.A. Jimenez Enterprises, Inc. 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,508,978,826	20.12%
Preferred	Television International Corporation 2/F Sagittarius Condominium, H. V. De la Costa St., Salcedo Village, Makati City	Filipino	The Record Owner is the Beneficial Owner	1,111,661,610	14.82%
Total Preferred Shares **7,428,344,388** **99.04%**					

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

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

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

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

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

(2) Security Ownership of Management as of March 31, 2015

As of March 31, 2015, the Company's directors and senior officers owned an aggregate of 6,365,193 common shares of the Company, equivalent to 0.1892% of the Company's issued and outstanding common capital stock and 27,294 preferred shares equivalent to 0.00% of the Company's issued and outstanding preferred capital stock.

Stockholder Name	Position	Citizenship	Record / Beneficial (R/B)	No. of Common Shares Held	Percent of Common Shares	No. of Preferred Shares Held	Percent of Preferred Shares
Anna-Teresa M. Gozon-Abrogar	Director/Assistant Corporate Secretary	Filipino	R/B	529,003	0.02%	6	0.00%
Gilberto R. Duavit Jr.	Director/Pres. and COO	Filipino	R/B	4,007,000	0.12%	12	0.00%
Felipe L. Gozon	Director/Chairman and CEO	Filipino	R/B	3,181	0.00%	26,880	0.00%
Joel Marcelo G. Jimenez	Director	Filipino	R/B	325,003	0.01%	6	0.00%
Michael John R. Duavit	Director	Filipino	R/B	1	0.00%	0	0.00%
Laura J. Westfall	Director	Filipino	R/B	2	0.00%	6	0.00%
Felipe S. Yalong	Director/Executive Vice-President	Filipino	R/B	1,025,002	0.03%	6	0.00%
Jaime C. Laya	Independent Director	Filipino	R/B	294,000	0.0087%	0	0.00%
Artemio V. Panganiban	Independent Director	Filipino	R/B	1	0.00%	0	0.00%
Marissa L. Flores	Senior Vice President – News and Public Affairs	Filipino		0	0.00%	0	0.00%
Ronaldo P. Mastrili	Senior Vice President – Finance and ICT	Filipino	R/B	182,000	0.0054%	0	0.00%
Lilybeth G. Rasonable	Senior Vice President – Entertainment TV	Filipino	R/B	0	0.00%	0	0.00%
Elvis B. Ancheta	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	Filipino		0	0.00%	0	0.00%

(3) Voting Trust Holders of 5% or more

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

(4) Changes in Control

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

(5) The Philippine Constitution prohibits foreign ownership in mass media companies such as GMA Network, Inc. In compliance with the requirement of the 1987 Constitution, the 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 (2014-2015):

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

Except for Michael John R. Duavit, 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 April 6, 2015, 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, 2015, 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	74
Michael John R. Duavit	Filipino	Director	2015	N/A	N/A	45
Gilberto R. Duavit, Jr.	Filipino	Director	1999	President/Chief Operating Officer	2010	50
Anna Teresa M. Gozon-Abrogar	Filipino	Director/ Assistant Corporate Secretary	2000	N/A	N/A	42
Joel Marcelo G. Jimenez	Filipino	Director	2002	N/A	N/A	50
Laura J. Westfall	Filipino	Director	2002	N/A	N/A	46
Felipe S. Yalong	Filipino	Director/ Corporate Treasurer	2002	Executive Vice President	2011	57
Roberto O. Parel	Filipino	Corporate Secretary	1993	N/A	N/A	58
Marissa L. Flores	Filipino	N/A	N/A	Senior Vice President, News and Public Affairs	2004	50
Ronnie P. Mastrili	Filipino	N/A	N/A	Senior Vice President for Finance and ICT	2013	48
Lilybeth G. Rasonable	Filipino	N/A	N/A	Senior Vice President for Entertainment TV	2013	50
Artemio V. Panganiban	Filipino	Independent Director	2007	N/A	2007	77
Jaime C. Laya	Filipino	Independent Director	2007	N/A	2007	75
Elvis B. Ancheta	Filipino	N/A	N/A	Senior Vice President and Head, Engineering Group; Head, Transmission and Regional Engineering Department	2014	48

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

Felipe L. Gozon, Filipino, 75 years old, is the Chairman of the Board of Directors and Chief Executive Officer of the Network.

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

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

Atty. Gozon is a recipient of several awards for his achievement in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005), Outstanding Manilan Award in the field of Social Responsibility and Broadcasting given by the City Government of Manila (2011), Quezon City Gawad Parangal Most Outstanding Citizen for 2011 given by the City Government of Ouezon (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, 51 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. and Vice Chairman of the Board of GMA Marketing and Productions, Inc. He also serves as President and CEO of GMA Holdings, Inc., Scenarios, 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., Trustee of Guronasyon Foundation, Inc. (formerly LEAF) and is a Trustee of the HERO Foundation.

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

Joel Marcelo G. Jimenez, Filipino, 51 years old, has been a Director of the Company since 2002. He is currently the President and CEO of Menarco Holdings and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and Mortgage Bank, and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

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

Felipe S. Yalong, Filipino, 58 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., Majalco Finance and Investments, Inc., and GMA Marketing and Productions, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc.

Yalong was named CFO of the Year by ING FINEX in 2013.
He obtained a Bachelor of Science degree in Business Administration Major in Accounting from the Philippine School of Business Administration and completed the Management Development Program at the Asian Institute of Management. He is a Certified Public Accountant.

Atty. Anna Teresa G. Abrogar, Filipino, 43 years old, has been a Director of the Company since 2000. Atty. Anna Teresa G. Abrogar graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

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

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

Michael John R. Duavit, Filipino, 45 years old, was elected to the Company's Board of Directors in 2015. He is currently the Chairman, President and CEO of MRD Holdings & Investments, Inc. and the Chairman and Managing Director of Puresound Trading, Inc. He is a Director of Citynet Television, Inc. and GMA New Media, Inc., a subsidiary of GMA Network that specializes in interactive applications for television, mobile, web and marketing.

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

Mr. Duavit held a notable career in public service, having been elected as Representative of the First District of Rizal and serving a full term from 2001 to 2010. During his tenure in Congress, he served as Vice-Chairman of the House Committee on Economic Affairs, the House Committee on Appropriations, and the House Committee on Trade and Industry.

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

Laura J. Westfall, Filipino, 47 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman – Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Museo Pambata.

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

Chief Justice Artemio V. Panganiban, Filipino, 78 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Chairman, Board of Advisers of Metrobank Foundation, Adviser of Double Dragon Properties, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He also is a column writer of The Philippine Daily Inquirer.

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

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

Dr. Jaime C. Laya, Filipino, 76 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Manila Water Company, Inc., and Philippine AXA Life Insurance Company, Inc. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University - Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other foundations. He writes a weekly column for the *Manila Bulletin*.

He was Minister of Budget, 1975-1981; Minister of Education, Culture and Sports, 1984-86; Chairman of the Monetary Board and Governor, Central Bank of the Philippines, 1981-1984; Chairman, National Commission for Culture and the Arts, 1996-2001. He was faculty member of the University of the

Philippines, 1957-1978 and Dean of the College of Business Administration, 1969-1974. In 1986, he founded J.C. Laya & Co., Ltd. (Certified Public Accountants and Management Consultants) later the Philippine member firm of KPMG International; he served as the firm's Chairman until his retirement in 2004.

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

Atty. Roberto O. Parel, Filipino, 59 years old, has been the Corporate Secretary of the Company since 1993. He is a Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. His practice areas include labor relations, natural resources and intellectual property. He is a Director of Time-Life International Philippines, Berong Nickel Corporation, Ulugan Nickel Corporation, Ulugan Resources Holdings, Inc., Nickeline Resources Holdings, Inc., TMM Management Inc. and Assetlex Development Company, Inc.; Corporate Secretary of Alta Productions Group, Inc., Scenarios, Inc., Citynet Network Marketing and Productions, Inc. and GMA Kapuso Foundation, Inc.

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

Marissa L. Flores, Filipino, 51 years old, is the Senior Vice President for News and Public Affairs, a position she has held since 2004. She joined the Company in 1987 as a researcher for public affairs documentaries and special reports and held the positions of Assistant Vice President for Public Affairs, Vice President for Production – News and Public Affairs before her appointment to her current position.

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

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

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

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

Ronaldo P. Mastrili, Filipino, 49 years old, is the Senior Vice President of GMA's Finance and ICT Departments. He obtained his Bachelor of Science in Business and Economics degree, major in Accounting from De La Salle University. He attended the Master in Business Administration Program from the same university and completed the Executive Development Program of the Asian Institute of Management. He is a Certified Public Accountant with expertise in the fields of accounting, auditing, finance, taxation and general management. He was formerly the Assistant Vice President of Controllership of ABS-CBN and also served as its Group Internal Auditor before joining GMA Network in

March 2001. He also worked with SGV and Co. in the early part of his career. Mr. Mastrili concurrently holds key positions in GMA Subsidiaries namely: Comptroller/Chief Accounting Officer of GMA Holdings, Treasurer of Alta Productions, Director of Script2010, and Comptroller of GMA Films, GMA Kapuso Foundation and GMA Worldwide.

Lilybeth G. Rasonable, Filipino, 51 years old, is the Senior Vice President of the Entertainment TV Group of GMA Network, Inc. She is mainly responsible for the production of all entertainment programs of the Network.

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

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

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

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

Engr. Elvis B. Ancheta, Filipino, 48 years old, is GMA Network's Senior Vice President and Head of Engineering Group. He is concurrently the Head of Transmission and Regional Engineering Department of the Network.

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

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

Significant Employees

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

Family Relationships

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

Involvement in Certain Legal Proceedings

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

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

Resignation of Directors

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

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

Certain Relationships and Related Transactions

Advances to Affiliates

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

The Company made advances to Mont-Aire in the amount of P121.4 million as of December 31, 2004. Of such advances, the Company converted the amount of P38.3 million into P38.3 million worth of common shares of Mont-Aire. Simultaneously, the other shareholders of Mont-Aire, namely, Group Management and Development, Inc., Television International Corporation and FLG Management and Development Corporation converted advances in the aggregate amount of P23.5 million made by them to Mont-Aire into P23.5 million worth of common shares of Mont Aire. The SEC approved the conversion of the advances into equity on February 17, 2006. The Company owns 49% of Mont-Aire, with the remaining 51% being owned by the Duavit family, Gozon family and Jimenez family. Mont-Aire is a real estate holding company whose principal property is a 5.3 hectare property located in Tagaytay, Cavite. Such property is not used in the broadcasting business of the Company. As of December 31, 2014 and 2013, Mont-Aire has had advances owing to the Company in the amount of P87.6 million and P84.5 million, respectively. Please see Note 20 of the Company's financial statements.

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

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

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

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

Belo Gozon Elma Parel Asuncion & Lucila Law Office

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

Item 6. Compensation of Directors and Executive Officers

(a) CEO and Top 5 Compensated Executive Officers:

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

Name and Position	
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Felipe S. Yalong	Senior Vice President, Corporate Services Group
Marissa L. Flores	Senior Vice President, News and Public Affairs
Jessica A. Soho	First Vice President, News Programs

	Year	Annual salaries (in Thousands)	13th Month & Bonuses (in Thousands)	Total (in Thousands)
5 Highest Compensated Officers	2012	75,335.3	57,615.6	132,951.0
	2013	91,658.4	52,829.9	144,488.3
	2014	101,691.8	40,024.6	141,716.4
	2015 (estimate)	105,759.5	41,625.6	147,385.1
Aggregate compensation paid to all officers and directors as a group	2012	122,618.2	94,243.7	216,862.0
	2013	143,999.7	89,917.5	233,917.2
	2014	149,809.5	49,676.9	199,486.4
	2015 (estimate)	155,801.9	51,663.9	207,465.8

(a) Directors and other Executive Officers

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

Employee Stock Ownership Plan ("ESOP")

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

Item 7. Independent Public Accountants

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

(b) Representatives of SGV & Co. for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Company only became publicly listed with the Philippine Stock Exchange on July 30, 2007. Pursuant to Rule 68 paragraph 3 (b) (iv), the Company has engaged Mr. Ramon D. Dizon, partner of SGV & Co., to sign the Company's 2014 audited financial statements.

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

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

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

(d) The aggregate fees billed for each of the last two years for professional services rendered by Sycip Gorres Velayo and Co., amounted to ₱6.0 million both in 2014 and 2013 (these included the fees related to financial audit and services for general tax compliance). No other fees of any nature were paid.

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

The members of the Audit Committee are as follows:

Dr. Jaime C. Laya (*Chairman*)
Chief Justice Artemio V. Panganiban
Anna Teresa M. Gozon-Abrogar
Judith D. Vazquez
Laura J. Westfall

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

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

Item 9. Modification or Exchange of Securities

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

Item 10. Financial and Other Information

In connection with Item 9 hereof, the Company has incorporated by reference the following as contained in the Management Report prepared in accordance with Rule 68 of the Securities and Regulation Code:

1) Audited Financial Statements for December 31, 2014 and 2013;

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, 2014.

(b) Approval of the Minutes of the 2014 annual meeting of the Stockholders held on May 21, 2014, covering the following salient matters:

(i) Approval of the Minutes of the annual meeting of the stockholders on May 15, 2013

(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) Amendment of the Articles of Incorporation to state the specific address of the Corporation's principal office pursuant to SEC MC No. 6, Series of 2014

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

(vii) 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 21, 2014 to May 20, 2015 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 21, 2014

- 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;

- Appointment of Michael John R. Duavit as Director to serve for the unexpired portion of the term of Ms. Judith R. Duavit-Vazquez;

- Approval and release of the financial statements for the year ended December 31, 2014.

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 30, 2015 of cash dividends to stockholders of record as of April 24, 2015 and payment date on May 19, 2015.

(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

The Company also undertakes to provide the first quarter interim financial report (period ended March 31, 2015) during the annual stockholder's 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 14, 2015.

GMA NETWORK, INC.

By:

ROBERTO O. PAREL
Corporate Secretary

MANAGEMENT REPORT

I. BUSINESS OVERVIEW

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

The Company's Congressional television broadcasting franchise was renewed on March 20, 1992 through Republic Act 7252, which allows it to operate radio and television facilities in the Philippines for 25 years. GMA Network has 47 VHF and 33 UHF TV stations throughout the Philippines with its signal reaching approximately 99% of the country's Urban TV Households (Source: 2014 AGB Nielsen Total Philippines Establishment Survey; Claimed reception among TV homes).

In 2014, GMA Network, Inc. maintained leadership in TV Ratings in the viewer-rich areas of Urban Luzon and Mega Manila. The Company posted decreases in its gross revenues and net income for 2014 versus 2013.

GMA Network's international operations continued to expand during the year. The Company's international syndication and distribution business likewise grew in 2014.

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, 2013:

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

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

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

COMPETITION

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

The Following table presents major broadcasting networks in the country:

Network	Description		2014 Ratings & Audience Share (Total day; 6AM-12MN)		
			Mega Manila	Urban Luzon	Urban National
GMA		Household Ratings	14.1	13.4	12.0
		Audience Share	37.6	36.4	33
ABS-CBN	Radio and TV broadcasting network and multimedia company. Founded in 1953, and is the first television station in the Philippines.	Household Ratings	10.8	11.6	12.7
		Audience Share	28.8	31.3	35.1
GNTV	GMA Network's sister channel. It is programmed by GMA. GMANEWS TV (GNTV) was launched on February 28, 2011.	Household Ratings	2.1	1.8	1.6
		Audience Share	5.6	5.0	4.4
TV5	Third-oldest TV network in the country, with main	Household Ratings	4.1	3.7	4.0

Network	Description		2014 Ratings & Audience Share (Total day; 6AM-12MN) Mega Manila	Urban Luzon	Urban National
	broadcast facilities in Novaliches, Quezon City. On March 2, 2010, Mediaquest acquired 100 percent ownership of the Associated Broadcasting Company and Primedia Inc., the broadcasting firm's major block airtimer.	Audience Share	10.9	10.1	10.9
SOLAR TV/ ETC (RPN)/ Solar News (RPN) *	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	0.2	0.2	0.2
	*Solar TV went off air on February 26, 2011 and was re-launched as ETC (RPN) on March 2, 2011. It was re-launched anew as Solar News (RPN) on November 30, 2013, then was replaced by 9TV (RPN) starting Aug. 23, 2014.	Audience Share	0.6	0.5	0.5
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.	Household Ratings	1.0	1.2	1.3
	**Studio 23 was re-launched as ABS-CBN Sports + Action on January 18, 2014	Audience Share	2.6	3.1	3.4
National Broadcasting Network	Official government TV, formerly called Maharlika Broadcasting System, Inc. and later the People's Television Network, Inc. (PTV).	Household Ratings	0.2	0.2	0.2
		Audience Share	0.7	0.5	0.5
Intercontinental Broadcasting Corporation (IBC 13)	IBC-13 is a VHF TV station of the Government Communications Group launched in 1975 by Roberto Benedicto.	Household Ratings	0.1	0.1	0.1
		Audience Share	0.3	0.3	0.3
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	0.1	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	0.2	0.2
RJTV (2nd Ave.)	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 2nd Ave.	Household Ratings	0	0	0
		Audience Share	0	0	0

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

International Distribution

The Company's television programs are distributed outside the Philippines in two ways. One is through its subscription-based international channels – GMA Pinoy TV, GMA Life TV, and GMA News TV International – and the other is through GMA Worldwide (Philippines), Inc. (GWI), a wholly-owned subsidiary of the Company. GWI distributes GMA's locally produced programs on all platforms through worldwide syndication sales to broadcasters/companies in China, Southeast Asia, Africa, and Europe.

GMA Pinoy TV

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

GMA Pinoy TV is currently available in 50 states in the United States including Alaska and Hawaii, plus Puerto Rico and Washington DC; Canada; Japan; Guam; Saipan; Hong Kong; Singapore; Papua New Guinea; Australia; the British Indian Territory of Diego Garcia; Madagascar; Malaysia; Palau; Haiti; 16 countries in the Middle East including the key territories of the Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Bahrain, and Kuwait; and 11 countries in North Africa. GMA Pinoy TV aims to establish global exposure and presence for the Network that will bring the company's programs to Filipino communities around the world.

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

As of December 2014, GMA Pinoy TV's subscriber base closed at 278,000 – a 4% increase over the 2013 closing subscriber number of 267,000. GMA's subscriber base continues its steady growth despite the business challenges brought by overall industry and marketplace factors.

GMA Life TV

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

GMA Life TV is available in the United States, Canada, Guam, Hong Kong, Japan, Australia, Papua New Guinea, Madagascar, Malaysia, Palau, Saipan, Singapore, 16 countries in the Middle East and 11 countries in North Africa. As of December 2014, GMA Life TV's subscriber base closed at 91,000 – a 7% increase over the 2013 closing number of 85,000.

GMA News TV International

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

It is now available in Canada, Middle East, North Africa, Australia, Guam, Saipan, Japan, Malaysia, Madagascar, Singapore and Palau. As of December 2014, GMA News TV

International's subscriber base closed at 21,000 – a 61% increase over the 2013 closing number of 13,000.

CONVERGING TECHNOLOGY

GMA New Media, Inc. (NMI) is a multimedia technology value-added service provider. A wholly owned subsidiary of GMA Network, Incorporated, it has launched category-breaking projects in mobile, web, digital television and other emerging platforms. Since its inception in July 2000, it has embarked on a sure-footed foray into the dynamic world of new media.

WEB

Online Publishing

NMI launched GMA's official entertainment website, iGMA.tv, and its official news website, GMANews.tv, both of which have won local and international acclaim as well as loyal patronage among Filipinos here and abroad.

In collaboration with GMA Network's Program Support Department, News and Public Affairs, Entertainment, GMA International, GMA Radio, Kapuso Foundation, GMA Films, GMA Records, GMA Artist Center, GMA Corporate (Investor Relations), NMI launced in May 2014 a revamped portal, www.gmanetwork.com, the umbrella site for all things GMA. The revamp sought to improve the user experience of the website by making the site sleeker and more accessible to a wider variety of hand-held devices. The site is equipped with a system to detect the device and automatically adjust in ways that optimize viewing and browsing. This neatly does away with the need to develop a separate mobile website from the primary online website, thus, encouraging more users to visit the portal. The new portal also adapts to emerging web technologies and trends by using HTML 5 and CSS 3. Thus, the site is more intuitive in terms of the user interface, with 'drag to share capabilities,' and a faster site loading time.

NMI entered into a joint venture with Summit Media and launched Pep.ph, the no. 1 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 provided alternative means for viewers who have no access to TV to witness historic events such as Cory Aquino's funeral and several State of the Nation Addresses (SONAs) using live streaming online. The flagship news program of the Network, 24 Oras, can also be viewed live through the portal also via live streaming.

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 foundations for succeeding SMS-TV initiatives, which 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, which is one of the most successful mobile VAS services 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 continues to work closely with GMPI in the launch of groundbreaking 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.

NMI also developed and launched the GMA News Online iOS and Android mobile apps that sport new designs of the user interface to keep up with current design trends. It also deployed updates to YouScoop's iOS mobile app that displays an all-new layout. YouScoop is a joint initiative with GMA News and Public Affairs that seeks to promote citizen journalism and vigilance. YouScoop helps empower the people to provide information and news when and where it happens.

BROADCAST

Eleksyon 2013 Coverage

In 2013, NMI 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.

In view of the goal to achieve multi-screen pervasiveness, NMI provided the most comprehensive election count data across all platforms—from television, 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, our proprietary search returned the most relevant results for all candidates during election time.

The search engine's technology made it easier for users to find what they were looking for. Its predictive text capability can guess what the user is trying to find even if typographical error is entered, or the user was unaware of the correct spelling. It also provided the user with suggestions even before he could finish typing the search words. This unique search engine made count data accessible to the public at split second speed. Count data was not only fast but deep: users were provided election counts all the way down to the councillor level of every municipality of every province due to the smart search's autocomplete function.

These initiatives helped propel GMA News Online to the top Philippine online rankings with 9.4 million pageviews on May 13. Effective Measure data showed that the website had a 6-million lead in pageviews over its nearest competitor, www.abs-cbnnews.com, which only garnered 3.1 million pageviews on election day. GMA News Online more than doubled its numbers the next day, May 14, with 21 million page views.

Launch of IM Ready

In collaboration with GMA News and Public Affairs, quarter 4 of 2013 saw NMI complete the first phase of IM Ready, a one-stop 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. The Beta site currently presents weather information and traffic situation and incidents.

In view of making IM Ready 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.

Users simply type in their destination address and drive with the app open on their phone to passively contribute traffic and other road data. They can also take a more active role by sharing road reports on accidents or any other hazards along the way. Thus, other users in the area get a 'heads-up' about the road situation ahead.

Armed with the expertise in systems integration earned painstakingly from years of successful national and local elections coverage, NMI spearheads the development of IM Ready in line with the Network's thrust of "Serbisyong Totoo."

Also on the broadcast side, NMI produces breakthrough real-time special effects for GMA. In collaboration with the Office of the President and GMA Engineering, NMI is involved in the development of GMA's Digital TV strategy. Efforts are underway to conduct testing for the service soon.

MOVIE PRODUCTION

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

MUSIC AND VIDEO RECORDING

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

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

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

STAGE DESIGN

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

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

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

Post Production

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

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

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

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

Marketing and Sales of Commercial Airtime and Events

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

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

Employees

As of December 31, 2014, the Company has 2,598 regular and probationary employees, a 2% growth from 2013. The Company also engaged 2,601 talents in 2014, a 6% decrease from the previous year. 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, 2014 AND 2013

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, 2014

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

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

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

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

Revenues

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

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

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

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

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

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

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

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

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

In the meantime, revenues from other businesses showed improvements by recording a 7% or ₱80 million hike to ₱1,304 million compared to a year ago. The Company's international operations continued to gain ground worldwide with revenues climbing by 10% as GMA Pinoy TV, GMA Life TV and GMA News TV International grew subscriber count by 4%, 8% and 59%, respectively. While the US remained the biggest area of concentration, Canada has been the primary source of growth for the platform in terms of new subscribers.
At the same time, audiences in Vietnam, Cambodia, Malaysia, and Nigeria, to name a few, continue to enjoy popular *Kapuso* programs as GMA Worldwide, the global content distribution and acquisition arm of the Network, sold an aggregate 2,052 hours of locally-produced programs and movies, consequently increasing distribution revenues by 21% year-on-year. These were however partly weighed down by the decline in theatrical receipts as there were far less movies produced by GMA Network Films, Inc. in 2014 compared to previous year.

Expenses

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

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

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

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

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

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

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

EBITDA

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

Net Income

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

Balance Sheet Accounts

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

Cash and cash equivalents dropped to ₱1,599 million, 9% or ₱151 million less than the ₱1,750 million recorded as at December 31, 2013. On the other hand, trade and other receivables sealed at ₱4,805 million, 36% higher than previous year. Trade days-sales-outstanding (DSO) closed the year 2014 at 114 days, 22 days longer than the recorded DSO of 92 days at end-2013.

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

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

Cash Flows	2014 (in millions PhP)	2013 (in millions PhP)
Net cash provided by operating activities	**661.7**	3,055.3
Net cash used in investing activities	**(552.8)**	(666.1)
Net cash used in financing activities	**(262.0)**	(1,941.7)
Effect of exchange rate changes on cash and cash equivalents	**2.3**	14.8
Net increase (decrease) in cash and cash equivalents	**(150.8)**	462.3
Cash and cash equivalents at beginning of period	**1,749.6**	1,287.3
Cash and cash equivalents at end of period	**1,598.8**	1,749.6

Operating Activities

Net cash from operations registered at ₱662 million in 2014. This resulted from income before income tax of ₱1,457 million adjusted mainly by depreciation expense of ₱776 million, program and other rights usage of ₱647 million, pension expense of ₱163 million, interest expense and financing charges of ₱36 million and amortization of software costs of ₱31 million apart from the changes in working capital. The primary components of the changes in working capital included the ₱1,289 million increase in trade and other receivables partly offset by the ₱149 million rise in trade payables and other current liabilities.

Investing Activities

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

Financing Activities

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2013

Buoyed by election-related advertisements during the first half of the year, GMA Network, Inc. and its subsidiaries (GMA/the Company) sealed 2013 consolidated revenues at ₱12,951 million, ahead by 7% over last year. Airtime sales which comprised 91% of total revenues grew by ₱879 million or 8% year-on-year. On the other hand, revenues from other businesses slightly dipped by ₱14 million or 1%.

Spending-wise, the Company hiked total operating expenses to ₱10,565 million, up ₱762 million or 8% against a year ago. Production cost drove the increase in the pursuit of mounting value-creating and high-caliber programs as well in delivering one of the most comprehensive 2013 election coverages via *Eleksyon 2013*. In the same manner, general and administrative expenses (GAEX) recorded growth, albeit at a low single-digit rate, owing mainly to the rise in facilities costs.

Earnings before interest, taxes, depreciation and amortization (EBITDA) closed at ₱3,718 million, recording an improvement of ₱297 million or 9% from a year ago. The rise was boosted by the improvement in this year's top line coupled with managed growth in cash operating costs. Bottom line attributable to equity holders of the Parent Company amounted to ₱1,667 million, ₱50 million or 3% higher compared to same period last year.

Income Data	2013 (in millions PhP)	2012 - as restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Revenues				
Television and radio airtime	**11,738.6**	10,859.9	878.7	8%
Production and others	**1,212.3**	1,226.0	(13.8)	-1%
	12,950.9	12,085.9	864.9	7%
Total operating expenses	**10,565.3**	9,803.8	761.5	8%
EBITDA	**3,718.2**	3,421.2	297.0	9%
Net income	**1,675.0**	1,620.8	54.2	3%
Attributable to Equity Holders of Parent Company	***1,666.9***	*1,616.9*	*50.1*	*3%*
Noncontrolling Interest	***8.0***	*3.9*	*4.1*	*107%*

Revenues

Consolidated revenues of ₱12,951 million overtook last year by 7% or ₱865 million. Airtime revenues drove the growth in the top line, boosted by election-related advertisements earlier this year amounting to about ₱724 million. On the other hand, revenues from other sources retracted by 1% or some ₱14 million in between periods.

Revenues	2013 (in millions PhP)	2012 - as restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Television and radio airtime	**11,738.6**	10,859.9	878.7	8%
Production and others	**1,212.3**	1,226.0	(13.8)	-1%
	12,950.9	12,085.9	864.9	7%

Airtime revenues tipped ₱11,739 million recording an increase of ₱878 million or 8% vs. a year ago. Discounting incremental sales from political advocacies and advertisements, the improvement in regular airtime revenue inched up by a percentage point year-on-year.

Core channel, GMA 7 contributed the bulk of the Company's total revenues recording a 7% upswing from last year. Election-related placements for the channel were at ₱676 million this year vs. ₱62 million last 2012 -- without which, airtime sales from recurring load inched up by a hairline.

Meanwhile, Regional TV continued to pick up steam sealing the year with a top line hike of 27% versus comparative period. While local political ads pitched in incremental sales during the period, it was still the significant improvement in regular ad placements that propelled the platform's top line gains. Partly accounting for this increase were the opening of additional originating stations in the region during middle of 2012 and first quarter of 2013.

The Company also dominated viewer-rich Urban Luzon and Mega Manila in all dayparts in 2013, effectively keeping its commanding lead over rival networks, according to data from the industry's leading ratings service provider Nielsen TV Audience Measurement.

From January to December 2013, GMA recorded an average total day audience share of 36 percent in Urban Luzon, which makes up 76 percent of the total urban television households in the country, impressively ahead of ABS-CBN's 30.8 percent by 5.2 points and of TV5's 12.8 percent by 23.2 points. The Kapuso Network similarly kept its ratings edge in its bailiwick Mega Manila with a 37.2 percent average total day audience share. ABS-CBN trailed behind GMA by 8.4 points with 28.8 percent while TV5 was behind by 23.5 points with only 13.7 percent. Mega Manila notably accounts for 59 percent of all urban television households nationwide.

GMA captured majority in the list of top-performing programs (including specials) in Mega Manila with 17 out of 30. Following closely behind the Pacquiao-Rios fight and *Anna Karenina* in the top 10 are KMJS, *GMA Flash Report: Pangulong Aquino, Hindi Kami Nagnakaw at Hindi Kami Magnanakaw,* primetime soap *Mundo Mo'y Akin* and weekly drama anthology *Magpakailanman*.

GMA and TV5 subscribe to Nielsen TV Audience Measurement while ABS-CBN is the lone local major TV network that reportedly subscribes to Kantar Media, formerly known as TNS. In Mega Manila, Nielsen TV Audience Measurement gathers data based on a sample size of 1,190 homes as compared to Kantar Media's 770 homes. Meanwhile, Nielsen has a nationwide urban sample size of 2,000 homes, which is statistically higher than Kantar's sample size of 1,370.

The Company's second free-to-air channel, GNTV-11 was also on a roll as it wrapped up the year with the highest top line improvement percentage-wise equivalent to 34% more than a year ago. Barely aided by political ad placements during the period, the channel's increase was driven by the growth in recurring advertisements.

Meanwhile, its Radio business likewise edged last year's showing by pitching in revenues 11% better than 2012 contribution. Stripping election-related sales, Radio's revenues from regular advertising load still ended higher by 3% from last year.

Lastly, revenues from subsidiaries' operations and others recorded a reduction of ₱14 million or 1% by the close of the year. The Company's international operations registered moderate top line growth by 2% both in peso and dollar terms as the average forex rate remained about the same year-on-year. While subscriber count grew by 7% in North America which accounted for a little over 90% of the total subscriber base, a decline in subscriber take up was seen in the ASPAC and MENA regions, mainly due to transitioning of cable partners in view of improved margins in the long run. On the other hand, negating the slight gains posted by this segment, alongside with modest contribution from other subsidiaries, main drag came from the drop in theatrical receipts and other revenues of GMA Films. The outfit did not have any offering to the 2013 Metro Manila Film Festival (MMFF) vs. 2012 entries *Sosy Problems* and co-prod *Si Agimat, Si Enteng Kabisote and Me*. Moreover, there was only one movie produced in 2013, *My Lady Boss* in contrast to four last year, via *My Kontrabida Girl*, *The Witness*, *Boy Pick-up* and *Just One Summer*.

Expenses

Total operating expenses for the year amounting to ₱10,565 million edged last year by 8%. Total direct costs (cash and non-cash production costs) escalated by 13% while general and administrative expenses (GAEX) stood about the same as last year.

Production costs (both cash and non-cash) comprising 56% of total costs hiked 13% or ₱671 million in 2013 vs. last year. Cash production cost rose by ₱533 million or 12% while non-cash (amortization of film rights and depreciation related to production) climbed 19% or ₱138 million. Primetime weekday programs this year were more costly, with the yet another trailblazer in Philippine television via the highly-budgeted series *Indio*, staged during the first half of this year. In the same manner, there were more in-house produced shows in the weekend grid replacing last year's *Kapuso Movie Nights* i.e. the re-launch of the top-rating real-life drama program *Magpakailanman* early this year. The weekday late morning block likewise carried more station-produced programs vice canned programs. Lastly, the comprehensive and timely delivery of the election coverage this year resulted in incremental expenses which also saddled this year's production costs.

Production Costs	2013 (in millions PhP)	2012 - as restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Talent fees	**3,102.5**	2,809.3	293.3	10%
Rentals and outside services	**819.2**	690.3	128.9	19%
Other program expenses	**1,181.8**	1,071.0	110.8	10%
Sub-total - Cash Production Costs	**5,103.5**	4,570.6	532.9	12%
Program rights amortization	**565.4**	460.9	104.4	23%
Depreciation and amortization	**287.6**	253.6	34.0	13%
Sub-total - Non-cash Production Costs	**852.9**	714.5	138.4	19%
Total production costs	**5,956.4**	5,285.1	671.2	13%

Amortization of film rights likewise exhibited an increase of ₱104 million or 23% compared to prior period as a result of higher charges from the inventory of films carried by the Network. Apart from this, incidental costs were further incurred for dubbing of movies in *Tagalog* to cater to viewer preference. Other sources of this year's increase in direct cost came from depreciation owing to the earlier-mentioned commissioning of new studios in the regions and from major renovations/ upgrade of other broadcast facilities nationwide.

General and administrative expenses (GAEX) for this year reached ₱4,609 million, inching up by 2% from same period last year. Cash GAEX grew even lower by 1% partly dragged by the rise in non-cash expenses by 7%. While manning complement for the Network alone recorded an augmentation of 6%, on top of the yearly adjustment in salaries, the rise in cost was mitigated by the presence of signing bonus during last year's collective bargaining agreement as well as higher bonuses.

General and Administrative Expenses	2013 (in millions PhP)	2012 - as restated (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Personnel costs	**2,111.5**	2,138.6	(27.0)	-1%
Outside services	**665.0**	658.6	6.4	1%
Facilities costs	**507.7**	432.2	75.5	17%
Taxes and licenses	**140.7**	143.6	(2.9)	-2%
Others	**734.2**	725.6	8.6	1%
Subtotal - Cash GAEX	**4,159.2**	4,098.7	60.5	1%
Depreciation and amortization	**417.9**	356.4	61.5	17%
Amortization of software costs	**31.0**	27.7	3.3	12%
Subtotal - Non-cash GAEX	**449.7**	419.9	29.8	7%
Total GAEX	**4,608.9**	4,518.6	90.3	2%

Other increase in GAEX was seen mostly in facilities costs partly due to rise in contractual agreements and regular upkeep and improvements company-wide.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) closed at ₱3,718 million, recording 9% improvement from a year ago. The growth was boosted by the hike in this year's top line coupled with managed growth in cash operating costs.

Net Income

The improvement in EBITDA was further trimmed down by the hike in non-cash expense during the period. Thus, bottom line attributable to equity holders of the Parent Company amounting to ₱1,667 million settled 3% more than same period last year.

Balance Sheet Accounts

Total assets as at end-2013 stood at ₱13,084 million, reflecting a 3% increase from end-2012's ₱12,682 million (as restated due to consolidation of RGMA Network).

Cash and cash equivalents climbed to ₱1,750 million, 36% or ₱462 million more than the ₱1,287 million recorded as at December 31, 2012. On the other hand, trade and other receivables sealed at ₱3,521 million, 8% lower than previous year. Trade days-sales-outstanding (DSO) improved by 21 days to 92 days at end-2013 vs. 113 days at the close of 2012.

Land at revalued amounts climbed by 28% or ₱396 million to ₱1,805 million mainly resulting from the most recent appraisal.

Total liabilities dipped by 6% or ₱214 million as at end-December this year to ₱4,259 million from ₱ 4,533 million in 2012 with the reduction in notes payable from ₱1,700 million to ₱1,107 million as the main driver.

Equity of ₱8,788 million grew by 8% or ₱668 million in between years arising from net income earned during the year and the recognition of net revaluation increment in land of ₱277 million.

Cash Flows	**2013** *(in millions PhP)*	2012 - as restated *(in millions PhP)*
Net cash provided by operating activities	**3,055.3**	2,605.5
Net cash used in investing activities	**(666.1)**	(995.7)
Net cash used in financing activities	**(1,941.7)**	(1,548.0)
Effect of exchange rate changes on cash and cash equivalents	**14.8**	(3.2)
Net increase in cash and cash equivalents	**462.3**	58.6
Cash and cash equivalents at beginning of period	**1,287.3**	1,228.7
Cash and cash equivalents at end of period	**1,749.6**	1,287.3

Operating Activities

Net cash from operations registered at ₱3,055 million this year. This resulted from income before income tax of ₱2,387 million adjusted mainly by depreciation expense of ₱705 million, program and other rights usage of ₱565 million, net movement of pension liability of ₱112 million, interest expense and financing charges of ₱53 million, net unrealized foreign currency exchange of ₱45 million and amortization of software costs of ₱31 million apart from the changes in working capital. The primary components of the changes in working capital include the ₱333 million reduction in trade and other receivables owing to more aggressive collection efforts partly offset by the ₱585 million acquisition of program and other rights.

Investing Activities

Net cash used in investing activities amounted to ₱666 million, coming primarily from the ₱673 million additions to property and equipment and ₱12 million worth of software costs. These were partly offset by the ₱13 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to ₱1,942 million basically for the loan payment of ₱ 2,500 million and cash dividend payout amounting to ₱1,214 million during the year plus some ₱53 million in interest expense netted by ₱1,825 million remaining proceeds from short-term 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, 2014, 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, 2014, 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 2015, the parent company has allotted ₱935 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, 2014, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

vii. Causes for Material Changes in the Financial Statements

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

- Cash and short-term investments dipped by 9% to ₱1,599 million at year-end which is directly attributed to this year's result of operation.
- Receivables grew by ₱1,284 million or 36% as a result of higher sales than collections.
- Short-term loans increased by 101% as availments made are higher at ₱2,185 million vs. payments of only ₱1,100 million.
- The 78% drop in income tax payable resulted from advance payment of income tax related to pay-before-broadcast receivables as part of taxable balance in 2013.

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 2015. The Company however, undertakes to submit its SEC Form 17-Q on or before May 15, 2015 and to make the same available upon request during the Company's Annual Stockholders' Meeting.

III. PROPERTIES

As of December 31, 2014, the Company's total property and equipment and real property amounted to P5,173.5 million. The property and equipment had a book value of P3,737.8 million, while its real property had a fair market value of P1,799.7 million (based on an Independent appraisal report as of December 17, 2013).

The following are the principal properties of the Company:

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

Luzon

- Land in Barangay Malued, Dagupan City, where the Company's radio and television studios are located;
- A 51,135 square meter property in Panghulo, Obando, Bulacan, where an AM transmitter site, a two-storey building, a genset house, and an AM tower are situated;

- A 2,000 square meter property in Barangay Concepcion Pequeña, Naga City, where a TV relay transmitter and an FM transmitter site are located; and
- A 10,000 square meter property in La Trinidad, Benguet where an FM transmitter site and a one storey building are situated.
- A 2000 square meter property in Bayubay Sur, San Vicente, Ilocos Sur where a TV studio is located.

Visayas

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

Mindanao

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

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

The Company also leases land, building and studio/office space in various locations around the Philippines under lease agreements for periods of between three and 25 years. The lease agreements may be cancelled at the Company's option. Rental expense of the Company related to this amounted to P18.9 million for the year ended December 31, 2014.

Regional Broadcast Stations

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

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

LIST OF GMA's OPERATING TV STATIONS

NO	STATION	ADDRESS	CONTACT NUMBER
	LUZON		
1	TV-7 Metro Manila (GMA)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
	TV-27 Metro Manila (GNTV)	Brgy. Culiat, Tandang Sora, Quezon City	(02) 931-9183 / (02) 924-2497
2	TV-5 San Nicolas, Ilocos Norte (GMA)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
	TV-27 San Nicolas, Ilocos Norte (GNTV)	Brgy. San Lorenzo, San Nicolas, Ilocos Norte	0916-6715439
3	TV-48 Bantay, Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
	TV-40 Bantay, Ilocos Sur (GMA)	Mt. Caniao, Bantay, Ilocos Sur	0915-8632841
4	TV-7 Basco, Batanes (GMA)	Brgy. Kayvaluganan, Basco, Batanes	0915-6127197
5	TV-13 Aparri, Cagayan (GMA)	Hi-Class Bldg., De Rivera St., Aparri, Cagayan	0915-6130530
6	TV-7 Tuguegarao, Cagayan (GMA)	No. 91 Mabini St., Tuguegarao City	0915-6127263
	TV-27 Tuguegarao, Cagayan (GNTV)	No. 91 Mabini St., Tuguegarao City	0915-6127263
7	TV-7 Santiago City, Isabela (GMA)	Heritage Commercial Complex, Maharlika Hi-way, Brgy. Malvar, Santiago City, Isabela	0915-2700063
8	TV-5 Baler, Aurora (GMA)	Purok 3, Brgy. Buhangin, Baler, Aurora	0915-6127194
9	TV-10 Olongapo (GMA)	Upper Mabayuhan, Olongapo City	0915-6127265
	TV-26 Olongapo (GNTV)	Upper Mabayuhan, Olongapo City	0915-6127265
10	TV-28 Tarlac City (GNTV)	Exclusively His Bldg. located at F. Tanedo St. corner Espinosa St., Tarlac City	0915-2700185
11	TV-12 Batangas (GMA)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
	TV-26 Batangas (GNTV)	Mt. Banoy, Bo. Talumpok East, Batangas City	0915-8632860
12	TV-44 Jalajala, Rizal (GMA)	Mt. Landing, Jalajala, Rizal	0915-8632874
13	TV-13 San Jose, Occidental Mindoro (GMA)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199

	TV-26 San Jose, Occidental Mindoro (GNTV)	Bonifacio St., San Jose, Occidental Mindoro	0915-6127199
14	TV-6 Brooke's Point, Palawan (GMA)	Poblacion, Brooke's Point, Palawan	0915-6127181
15	TV-8 Coron, Palawan (GMA)	Tapias Hill, Coron, Palawan	0915-6127178
16	TV-12 Puerto Princesa, Palawan (GMA)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
	TV-27 Puerto Princesa, Palawan (GNTV)	Mitra Rd., Brgy. Sta. Monica, Puerto Princesa, Palawan	0915-6127185
17	TV-7 Tablas, Romblon (GMA)	Triple Peak, Sta. Maria, Tablas, Romblon	0915-6127225
18	TV-12 Legazpi, Albay (GMA)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
	TV-27 Legazpi, Albay (GNTV)	Mt. Bariw, Estanza, Legaspi City	0915-8632867
19	TV-8 Daet, Camarines Norte (GMA)	Purok 2, Brgy. Mancruz, Daet, Camarines Norte	0915-2700056
20	TV-7 Naga, Camarines Sur (GMA)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
	TV-28 Naga, Camarines Sur (GNTV)	Brgy. Concepcion Pequeña, Naga City	0915-4417071
21	TV-13 Virac, Catanduanes (GMA)	Brgy. Sto. Niño, Virac, Catanduanes	0915-6127174
22	TV-7 Masbate (GMA)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
	TV-27 Masbate (GNTV)	Brgy. Pinamurbuhan, Mobo, Masbate	0915-6127175
23	TV-2 Juban, Sorsogon (GMA)	Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon	0915-2700192
24	TV-7 Abra (GMA)	Brgy. Lusuac, Peñarrubia, Abra	0915-6130512
25	TV-10 Benguet (GMA)	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
	TV-22 Benguet (GNTV))	Mt. Sto. Tomas, Tuba, Benguet	0915-4417080
26	TV-5 Mountain Province (GMA)	Mt Amuyao, Barlig. Mountain Province	0915-2700124
	VISAYAS		
27	TV-2 Kalibo, Aklan (GMA)	New Busuanga, Numancia, Aklan	0915-6127216
	TV-27 Kalibo, Aklan (GNTV)	New Busuanga, Numancia, Aklan	0915-6127216
28	TV-5 Roxas City, Capiz (GMA)	Brgy. Milibili, Roxas City, Capiz	0915-6127217
	TV-27 Roxas City, Capiz (GNTV)	Brgy. Milibili, Roxas City, Capiz	0915-6127217

29	TV-6 Jordan, Guimaras (GMA)	Bo. Tamburong, Jordan, Guimaras	0915-4417084
	TV-28 Iloilo (GNTV)	Alta Tierra Subdivision, Jaro, Iloilo	0915-4417084
30	TV-13 Bacolod (GMA)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
	TV-48 Bacolod (GNTV)	Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City	0915-8632864
31	TV-30 Murcia, Negros Occidental (GMA)	Mt. Kanlandog, Brgy. Canlandog, Murcia, Negros Occidental	0915-2700132
32	TV-10 Sipalay (GMA)	Sipalay Municipal Building, Sipalay, Negros Occidental	0915-6127219
33	TV-11 Tagbilaran, Bohol (GMA)	Banat-I Hills, Brgy. Bool, Tagbilaran City	0915-6127214
34	TV-7 Cebu (GMA)	Bonbon, Cebu City	0915-4417075
	TV-27 Cebu (GNTV)	Bonbon, Cebu City	0915-4417075
35	TV-5 Dumaguete (GMA)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
	TV-28 Dumaguete (GNTV)	Barrio Looc, Sibulan, Negros Oriental	0915-6131185
36	TV-8 Borongan (GMA)	Poblacion, Borongan, Eastern Samar	0915-6127177
37	TV-12 Ormoc, Leyte (GMA)	Brgy. Alta Vista, Ormoc City	0915-6127213
38	TV-10 Tacloban (GMA)	Basper, Tigbao, Tacloban City	0915-6127208
	TV-26 Tacloban (GNTV)	Basper, Tigbao, Tacloban City	0915-6127208
39	TV-5 Calbayog City (GMA)	Purok 2 San Mateo St. Brgy. Matobato, Calbayog City, Western Samar	0915-6127176
	MINDANAO		
40	TV-4 Dipolog (GMA)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
	TV-26 Dipolog (GNTV)	Linabo Peak, Dipolog City, Zamboanga Del Norte	0915-6127247
41	TV-3 Pagadian (GMA)	Mt. Palpalan, Pagadian City	0915-6127245
	TV-26 Pagadian (GNTV)	Mt. Palpalan, Pagadian City	0915-6127245
42	TV-9 Zamboanga (GMA)	Brgy. Cabatangan, Zamboanga City	0915-8632870
	TV-21 Zamboanga (GNTV)	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	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-5 Davao (GMA)	Shrine Hills, Matina, Davao City	0915-4417082
	TV-27 Davao (GNTV)	Shrine Hills, Matina, Davao City	0915-4417082
48	TV-12 Cotabato (GMA)	Regional Government Center, Cotabato City	0915-6131170
	TV-27 Cotabato (GNTV)	Regional Government Center, Cotabato City	0915-6131170
49	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
50	TV-10 Surigao (GMA)	Lipata Hills, Surigao City	0915-6131227
	TV-27 Surigao (GNTV)	Lipata Hills, Surigao City	0915-6131227
51	TV-2 Tandag (GMA)	Capitol Hill, Brgy. Telaje, Tandag, Surigao del Sur	0915-6127248
52	TV-12 Jolo (GMA)	Ynawat Bldg., Hadji Butu St., Jolo, Sulu	0915-6131182

GMA's RADIO STATIONS

AREA	FREQ.	CALL SIGN	POWER		ADDRESS
LUZON					
METRO MANILA	97.1 mhz. 594 khz.	DWLS DZBB	FM AM	25kW 50kW	GMA Complex, EDSA cor. Timog Ave., Diliman, Quezon City
BAGUIO	92.7 mhz.	DWRA	FM	5kW	2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
DAGUPAN	93.5 mhz.	DWTL	FM	10kW	GMA TV 10 Compound, Claveria Road, Malued District, Dagupan City, Pangasinan
LEGASPI	96.3 mhz.	DWCW	FM	10kW	3rd level A.Bichara Silversreen Entertainment Center, Magallanes St., Legazpi City

LUCENA	91.1 mhz.	DWQL	FM	10kW	3/F Ancon Bldg., Merchan Street , Lucena City
NAGA	101.5 mhz.	DWQW	FM	5kW	GMA Complex, Diversion Road.(Roxas Ave) beside Mother Seton Hospital, Naga City
PALAWAN	909 khz.	DYSP	AM	5kW	Solid Road, San Manuel Puerto Princesa City, Palawan
	97.5 mhz.	DYHY	FM	5kW	
TUGUEGARAO	89.3 mhz.	DWWO	FM	10kW	4/F Villablanca Hotel Pattaui St. cor Pallua Rd., Ugac Norte Tuguegarao, Cagayan
VISAYAS					
BACOLOD	107.1mhz.	DYEN	FM	10kW	3/F San Jose Bldg., Jomabo Centre Rizal Cor. Lacson Sts., Bacolod City
CEBU	999 khz. 99.5 mhz.	DYSS DYRT	AM FM	10kW 25kW	GMA Skyview Complex Nivel Hills, Lahug, Cebu City
ILOILO	1323 khz	DYSI	AM	5kW	GMA Broadcast Complex, Phase 5, Alta Tierra Village Jaro, Iloilo City
	93.5 mhz.	DYMK	FM	10kW	
KALIBO	92.9 mhz.	DYRU	FM	5kW	Torres-Olivia Bldg. Roxas Ave. Extension, Kalibo, Aklan
MINDANAO					
CAGAYAN DE ORO	100.7 mhz.	DXLX	FM	5kW	2/F Marel Realty Bldg., Pabayo corner Hayes St. Cagayan de Oro City, Misamis Oriental
ILIGAN	DZBB Relay	DXND	FM	1kW	3/F Kimberly Bldg., A. Bonifacio cor. I. Emilia Ave., Iligan City, Lanao del Norte
DAVAO	103.5 mhz. 1125 khz	DXRV DXGM	FM AM	10kW 10kW	GMA Network Complex, Shrine Hills, Matina Davao City
GENERAL SANTOS	102.3 mhz.	DXCJ	FM	10kW	3/F PBC Bldg., Cagampang St. Gen. Santos City

IV. LEGAL PROCEEDINGS

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

None of the Company's affiliates, or their property, namely, RGMA Network, Inc., Philippine Entertainment Portal, Inc. and Mont-Aire Realty and Development Corporation, are involved in any material pending litigation as of December 31, 2010.

Labor Cases

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

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

This 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 then filed a motion for reconsideration which is still pending to date.

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

This 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.

This 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.

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

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

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. Proceedings before the Labor Arbiter are pending.

This 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. Both parties filed their position papers and replies. After filing the replies, the labor arbiter considered the case submitted for decision/resolution. However, on February 24, 2015, we received a copy of complainant's Rejoinder. We are set to file our Sur-Rejoinder thereto.

Infringement Cases

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

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

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

In a Resolution dated December 3, 2004, the DOJ dismissed the complaint for libel against the ABS-CBN officers and employees and dropped the charges against the Company's officers except for Ms. Dela Peña-Reyes and Mr. Manalastas against whom the DOJ found probable cause for violation of the Intellectual Property Code. ABS-CBN filed a motion for partial reconsideration of the resolution on the grounds that the other named respondents were erroneously exonerated. The Company filed a petition for review with the DOJ with respect to the finding of probable cause against Ms. Dela Peña-Reyes and

Mr. Manalastas and the dismissal of the case for libel which was denied. On August 1, 2005, the DOJ reversed the fiscal's resolution finding probable cause against Mr. dela Peña-Reyes and Mr. Manalastas and directed the fiscal to withdraw the Information. ABS-CBN filed a motion for reconsideration. Meanwhile, the DOJ issued a Resolution dated September 15, 2005 denying the Company's Petition for Review and ruling that ABS-CBN's officers and employees did not commit libel. The Company filed a motion for reconsideration.

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

The Company elevated the DOJ's June 29, 2010 Resolution directly to the Court of Appeals via a Petition for Certiorari docketed as CA-G.R. SP No. 115751. On November 9, 2010, the Court of Appeals issued a decision granting the Company's Petition for Certiorari and reversing the DOJ Resolution dated June 29, 2010 and reinstating the DOJ Resolution dated August 1, 2005 which ordered the withdrawal of Information for copyright infringement. ABS-CBN filed a Petition with the Supreme Court where it is pending.

Civil Cases

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

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. The plaintiff is in the process of presenting its evidence.

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. The plaintiff is still presenting evidence before the trial court.

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

Market Information

Stock Prices GMA7

Period in 2014	Highest Closing	Lowest Closing
1Q	8.85	7.40
2Q	7.97	7.40

3Q	7.90	7.15
4Q	7.68	6.30

Stock Prices GMAP

Period in 2014	Highest Closing	Lowest Closing
1Q	9.00	7.78
2Q	8.00	7.30
3Q	7.45	6.82
4Q	6.95	5.99

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 February 28, 2015; GMA7's closing price is P6.30 for GMA 7 and P6.19 for GMAP (PDRs).

Holders

There are 1,702 holders of common equity as of March 31, 2015. The following are the top 20 holders of the common equity of the Company:

Name of Shareholders	No. of Common Shares	Percentage of Ownership of Total Common Shares
GMA Holdings, Inc.	847,509,800	25.17%
Group Management & Development, Inc.	789,813,389	23.47%
FLG Management & Development Corp.	669,929,127	20.01%
M.A. Jimenez Enterprises, Inc.	453,882,095	13.49%
Television International Corp.	334,378,037	9.94%
PCD Nominee Corp.	216,180,446	6.43%
Gozon Development Corp.	14,033,954	0.42%
Gozon Foundation, Inc.	4,514,361	0.13%
Gilberto R. Duavit, Jr.	4,007,006	0.12%
Ismael Gozon	2,814,900	0.08%
Miguel Enrique Singson Roa	2,566,400	0.08%
Alegria R. Sibal	1,093,252	0.03%
Felipe S. Yalong	1,025,000	0.03%
Alberto Tio Ong	1,000,000	0.03%
Jose Mari L. Chan	872,000	0.03%
Judith Duavit Vazquez	588,000	0.02%
Anna Teresa G. Abrogar	529,000	0.02%
Jose P. Marcelo	501,498	0.01%
Jaime Javier Gana and/or Ma. Erlinda G. Gana	444,900	0.01%
Kong Yu Uychoi	350,000	0.01%

The following are the top 20 holders of the Company's preferred shares as of March 31, 2015:

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

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

Dividend Information

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

Dividend History of the Company

Year	Amount	Date Declared	Type of Dividend
2005	₱ 218,521,203.5	February 17, 2005	Cash and Property
2005	₱ 3,000,000,000.0	October 11, 2005	Stock
2006	₱ 1,150,000,000.0	June 13, 2006	Cash and Property
2007	₱ 1,500,000,000.0	March 19, 2007	Cash
2007	₱ 375,000,000.0	April 26, 2007	Stock
2007	₱ 1,000,000,000.0	July 2, 2007	Cash
2008	₱ 1,214,163,001.0	May 21, 2008	Cash
2009	₱ 1,701,069,453.0	April 2, 2009	Cash
2010	₱ 2,187,089,296.56	March 25, 2010	Cash
2010	₱ 1,215,049,069.20	October 28, 2010	Cash

2011	₱ 2,187,089,296.56	March 11, 2011	Cash
2012	₱ 1,944,079,375	April 16, 2012	Cash
2012	₱ 1,264,794,293	August 22, 2012	Cash
2013	₱ 1,215,049,609	March 21, 2013	Cash
2014	₱ 1,312,253,577	April 2, 2014	Cash
2015	P1,215,049,609.20	March 30, 2015	Cash

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 Manual on Corporate Governance to institutionalize the Company's adherence to these principles. This 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 Manual conforms to the requirements of the Philippine Securities and Exchange Commission and covers policies, among others:

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

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

To ensure adherence to corporate governance, the Board designated a Compliance Officer who is also the Company's Corporate Secretary and Vice-President, Roberto O. Parel. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Amended Corporate Governance Manual which the Company filed on July 31, 2014, there have been no deviations from the Company's Manual as of date.

Board of Directors

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

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

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

The Board comprises the following members:

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

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met six (6) times in 2014. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	**Regular and Special Meetings**	
	Present	***Absent***
Felipe L. Gozon	6	0
Gilberto R. Duavit,Jr.	6	0
Joel Marcelo G. Jimenez	6	0
Felipe S. Yalong	6	0
Anna Teresa G. Abrogar	6	0
Judith D. Vazquez	3	3
Laura J. Westfall	6	1
Artemio V. Panganiban	6	0
Jaime C. Laya	6	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.

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 Michael John R. Duavit and Laura J. Westfall as members. The Committee recommends a formal and transparent framework of remuneration and evaluation for the members of the Board of Directors and key executives to enable them to run the Company successfully.

Audit and Risk Management Committee

Audit

The Audit and Risk Management Committee is currently composed of five members: Dr. Jaime C. Laya, (Chairman), former Chief Justice Artemio V. Panganiban (Vice Chairman), Anna Teresa M. Gozon-

Abrogar, Michael John R. Duavit and Ms. Laura J. Westfall. The Audit and Risk Management Committee assists the Board in its fiduciary responsibilities by providing an independent and objective assurance to the Company's management and stakeholders in the continuous improvement of risk management systems, business operations and proper safeguarding and use of the Corporation's resources and assets. The Audit and Risk Management Committee provides a general evaluation and gives assistance in the over-all improvement of the risk management, control, and governance process of the Corporation as designed by Management and provides assurance that these are properly functioning.

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

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

The Audit and Risk Management Committee held five (5) meetings in 2014 wherein the Committee reviewed and approved, among others, the Company's 2013 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

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

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

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

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

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

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

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

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

Management

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

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

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

Employee Relations

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

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

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

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

Prompt Disclosures and Timely Reporting

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

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

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

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

Key Performance Indicators	2014 *(in millions PhP)*	2013 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues	**11,982.9**	12,950.9	(968.0)	-7%
Airtime revenues	**10,678.9**	11,726.8	(1,047.9)	-9%
Cash operating expenses	**9,126.7**	9,262.7	(136.0)	-1%
EBITDA	**2,924.5**	3,718.2	(793.7)	-21%
Net income before tax	**1,457.5**	2,387.3	(929.9)	-39%
Net income after tax	**1,009.5**	1,675.0	(665.5)	-40%

	2014	2013	Inc/(Dec)	%
Current ratio	**1.90**	2.15	(0.25)	-12%
Asset-to-Equity ratio	**1.70**	1.48	0.22	15%
Net debt-to-Equity ratio	**0.08**	(0.07)	0.15	-209%
Debt-to-Equity ratio	**0.27**	0.13	0.14	109%
Interest Rate Coverage ratio	**40.66**	45.95	(5.29)	-12%
Gross Profit margin	**54%**	54%	(0.01)	-1%
EBITDA margin	**24%**	29%	(0.04)	-15%
Net income margin	**8%**	13%	(0.05)	-35%

GMA NETWORK

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 30, 2015

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

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, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined 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 examination.

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

APR 10 2015

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

Doc. No. 708
Page No. 37
Book No. 1
Series of 2015

MARIA THERESA E. DE MESA
Appointment No. M-528
Notary Public for Makati City
Until December 31, 2015
Roll No. 47224
PTR No. 4754924/Jan. 9, 2015/Makati City
Lifetime IBP No. 09348/Oct. 1, 2010/Manila IV
15 & 16 Floors, Sagittarius Condominium
H.V. dela Costa Street, Salcedo Village
Makati City

GMA Network, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2014 and 2013
and Years Ended December 31, 2014, 2013 and 2012

and

Independent Auditors' Report

APPROVED FOR PRINTING

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

5213

Company Name

GMA NETWORK, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

GMA Network Center, Timog Avenue corner EDSA, Quezon City

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,701	5/21	12/31

CONTACT PERSON INFORMATION

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

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

Contact Person's Address

GMA Network Center, Timog Avenue corner EDSA, Quezon City

Note: 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.

APPROVED FOR PRINTING

SGV

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

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

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of GMA Network, Inc. and Subsidiaries (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 included in this Form 17-A, and have issued our report thereon dated March 30, 2015. 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-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751303, January 5, 2015, Makati City

March 30, 2015

APPROVED FOR PRINTING

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of GMA Network, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GMA Network, Inc. and Subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

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March 30, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
GMA Network, Inc.

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SYCIP GORRES VELAYO & CO.

Marydith C. Miguel
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February 27, 2015, valid until February 26, 2018
PTR No. 4751303, January 5, 2015, Makati City

March 30, 2015

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

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 30)	**₱1,598,825,520**	₱1,749,631,196
Short-term investments (Note 30)	–	7,874,002
Trade and other receivables (Notes 7, 20, and 30)	**4,638,376,602**	3,521,430,443
Program and other rights (Note 8)	**1,198,270,709**	1,209,229,281
Prepaid expenses and other current assets (Note 9)	**785,435,141**	635,093,804
	8,220,907,972	7,123,258,726
Asset classified as held for sale (Note 15)	**26,432,472**	–
Total Current Assets	**8,247,340,444**	7,123,258,726
Noncurrent Assets		
Available-for-sale financial assets (Notes 10, 30 and 31)	**129,024,081**	135,552,548
Investments and advances (Notes 11 and 20)	**147,937,544**	139,463,938
Property and equipment:		
At cost (Note 12)	**3,373,810,427**	3,589,651,781
At revalued amounts (Note 13)	**1,799,712,858**	1,805,300,051
Investment properties (Notes 14 and 31)	**58,811,306**	60,532,209
Deferred income tax assets - net (Note 28)	**147,400,799**	88,150,862
Other noncurrent assets (Notes 15, 30 and 31)	**116,368,389**	142,026,836
Total Noncurrent Assets	**5,773,065,404**	5,960,678,225
TOTAL ASSETS	**₱14,020,405,848**	₱13,083,936,951
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Notes 17 and 30)	**₱2,222,960,000**	₱1,106,875,000
Trade payables and other current liabilities (Notes 16, 20, and 30)	**1,931,183,185**	1,781,441,508
Income tax payable	**61,653,785**	276,055,923
Dividends payable (Note 30)	**9,698,035**	8,868,629
Current portion of obligations for program and other rights (Notes 18 and 30)	**116,533,114**	141,096,456
Total Current Liabilities	**4,342,028,119**	3,314,337,516
Noncurrent Liabilities		
Noncurrent portion of obligations for program and other rights (Notes 18, 30 and 31)	**5,193,223**	33,330,130
Pension liability (Note 26)	**1,161,280,052**	605,248,052
Other long-term employee benefits (Note 26)	**259,012,979**	264,368,057
Deferred income tax liabilities - net (Note 28)	**19,696,301**	41,580,015
Total Noncurrent Liabilities	**1,445,182,555**	944,526,254
Total Liabilities	**5,787,210,674**	4,258,863,770

(Forward)

	December 31	
	2014	2013
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196
Revaluation increment on land - net of tax (Note 13)	**1,017,247,029**	1,021,158,064
Remeasurement loss on retirement plans - net of tax (Note 26)	**(313,328,670)**	(24,953,087)
Net unrealized gain on available-for-sale financial assets - net of tax (Note 10)	**5,019,775**	3,083,187
Retained earnings (Note 19)	**992,079,088**	1,299,681,650
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total Equity Attributable to Parent Company	**8,190,471,231**	8,788,423,823
Equity Attributable to Non-controlling Interest (Note 2)	**42,723,943**	36,649,358
Total Equity	**8,233,195,174**	8,825,073,181
TOTAL LIABILITIES AND EQUITY	**₱14,020,405,848**	₱13,083,936,951

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2014	2013	2012
NET REVENUES (Note 21)	**₱11,982,888,346**	₱12,950,879,322	₱12,085,934,970
PRODUCTION COSTS (Note 22)	**5,551,782,964**	5,956,381,705	5,285,143,492
GROSS PROFIT	**6,431,105,382**	6,994,497,617	6,800,791,478
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**5,021,969,892**	4,608,945,146	4,518,636,519
OTHER INCOME (EXPENSE)			
Interest expense and financing charges (Note 17)	**(36,355,793)**	(53,115,234)	(42,907,736)
Interest income (Note 6)	**15,640,942**	23,990,805	34,740,879
Net foreign currency exchange loss	**(12,972,272)**	(31,320,982)	(23,660,355)
Equity in net earnings (losses) of joint ventures (Note 11)	**5,338,761**	(5,362,051)	–
Others - net (Note 25)	**76,666,947**	67,561,044	64,022,050
	48,318,585	1,753,582	32,194,838
INCOME BEFORE INCOME TAX	**1,457,454,075**	2,387,306,053	2,314,349,797
PROVISION FOR INCOME TAX (Note 28)			
Current	**513,917,294**	909,190,340	740,211,754
Deferred	**(65,982,463)**	(196,859,299)	(46,634,794)
	447,934,831	712,331,041	693,576,960
NET INCOME	**1,009,519,244**	1,674,975,012	1,620,772,837
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Item to be reclassified to profit or loss in subsequent periods -			
Unrealized gain (loss) on available-for-sale financial assets (Note 10)	**1,936,588**	(982,740)	1,313,240
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment (decrement) on land (Note 13)	**(3,911,035)**	277,000,042	–
Remeasurement gain (loss) on retirement plans (Note 26)	**(287,169,226)**	(60,301,024)	77,784,655
	(289,143,673)	215,716,278	79,097,895
TOTAL COMPREHENSIVE INCOME	**₱720,375,571**	₱1,890,691,290	₱1,699,870,732
Net income attributable to:			
Equity holders of the Parent Company	**₱1,004,651,016**	₱1,666,949,855	₱1,616,888,633
Non-controlling interest	**4,868,228**	8,025,157	3,884,204
	₱1,009,519,244	₱1,674,975,012	₱1,620,772,837
Other comprehensive income attributable to:			
Equity holders of the Parent Company	**(₱290,350,030)**	₱215,716,278	₱79,392,403
Non-controlling interest	**1,206,357**	–	(294,508)
	(₱289,143,673)	₱215,716,278	₱79,097,895
Basic / Diluted Earnings Per Share (Note 29)	**₱0.207**	₱0.343	₱0.333

See accompanying Notes to Consolidated Financial Statements.

APPROVED FOR PRINTING

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

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land - Net of Tax (Note 13)	Remeasurement Gain (Loss) on Retirement Plans - Net of Tax (Note 26)	Net Unrealized Gain on Available-for-sale Financial Assets - Net of Tax (Note 10)	Retained Earnings (Note 19)	Treasury Stock (Note19)	Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total Equity Attributable to Parent Company	Non-controlling Interest (Note 2)	Total Equity
Balances at January 1, 2014	₱4,864,692,000	₱1,659,035,196	₱1,021,158,064	(₱24,953,087)	₱3,083,187	₱1,299,681,650	(₱28,483,171)	(₱5,790,016)	₱8,788,423,823	₱36,649,358	₱8,825,073,181
Net income	–	–	–	–	–	1,004,651,016	–	–	1,004,651,016	4,868,228	1,009,519,244
Other comprehensive income	–	–	(3,911,035)	(288,375,583)	1,936,588	–	–	–	(290,350,030)	1,206,357	(289,143,673)
Total comprehensive income	–	–	(3,911,035)	(288,375,583)	1,936,588	1,004,651,016	–	–	714,300,986	6,074,585	720,375,571
Cash dividends - ₱0.27 a share (Note 19)	–	–	–	–	–	(1,312,253,578)	–	–	(1,312,253,578)	–	(1,312,253,578)
Balances at December 31, 2014	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱313,328,670)	₱5,019,775	₱992,079,088	(₱28,483,171)	(₱5,790,016)	₱8,190,471,231	₱42,723,943	₱8,233,195,174
Balances at January 1, 2013	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱35,347,937	₱4,065,927	₱847,781,404	(₱28,483,171)	(₱5,790,016)	₱8,120,807,299	₱28,624,201	₱8,149,431,500
Net income	–	–	–	–	–	1,666,949,855	–	–	1,666,949,855	8,025,157	1,674,975,012
Other comprehensive income	–	–	277,000,042	(60,301,024)	(982,740)	–	–	–	215,716,278	–	215,716,278
Total comprehensive income	–	–	277,000,042	(60,301,024)	(982,740)	1,666,949,855	–	–	1,882,666,133	8,025,157	1,890,691,290
Cash dividends - ₱0.25 a share (Note 19)	–	–	–	–	–	(1,215,049,609)	–	–	(1,215,049,609)	–	(1,215,049,609)
Balances at December 31, 2013	₱4,864,692,000	₱1,659,035,196	₱1,021,158,064	(₱24,953,087)	₱3,083,187	₱1,299,681,650	(₱28,483,171)	(₱5,790,016)	₱8,788,423,823	₱36,649,358	₱8,825,073,181
Balances at January 1, 2012	₱4,864,692,000	₱1,659,035,196	₱744,158,022	(₱42,731,226)	₱2,752,687	₱2,439,766,439	(₱28,483,171)	(₱5,790,016)	₱9,633,399,931	₱25,034,505	₱9,658,434,436
Net income	–	–	–	–	–	1,616,888,633	–	–	1,616,888,633	3,884,204	1,620,772,837
Other comprehensive income	–	–	–	78,079,163	1,313,240	–	–	–	79,392,403	(294,508)	79,097,895
Total comprehensive income	–	–	–	78,079,163	1,313,240	1,616,888,633	–	–	1,696,281,036	3,589,696	1,699,870,732
Cash dividends - ₱0.40 a share (Note 19)	–	–	–	–	–	(1,944,079,375)	–	–	(1,944,079,375)	–	(1,944,079,375)
Cash dividends - ₱0.26 a share (Note 19)	–	–	–	–	–	(1,264,794,293)	–	–	(1,264,794,293)	–	(1,264,794,293)
Total cash dividends	–	–	–	–	–	(3,208,873,668)	–	–	(3,208,873,668)	–	(3,208,873,668)
Balances at December 31, 2012	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱35,347,937	₱4,065,927	₱847,781,404	(₱28,483,171)	(₱5,790,016)	₱8,120,807,299	₱28,624,201	₱8,149,431,500

See accompanying Notes to Consolidated Financial Statements.

APPROVED FOR PRINTING

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

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,457,454,075**	₱2,387,306,053	₱2,314,349,797
Non-cash adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 12, 14, 22 and 23)	**776,525,812**	705,440,885	610,002,917
Program and other rights usage (Notes 8 and 22)	**646,680,799**	565,357,691	460,937,465
Pension expense (Note 26)	**163,016,525**	116,158,183	120,401,310
Interest expense and financing charges	**36,355,793**	53,115,234	42,907,736
Gain on sale of property and equipment (Note 25)	**(32,718,382)**	(11,243,730)	(29,045,447)
Amortization of software costs (Notes 15 and 23)	**23,369,011**	30,995,844	27,733,938
Interest income (Note 6)	**(15,640,942)**	(23,990,805)	(34,740,879)
Net unrealized foreign currency exchange loss	**12,357,814**	45,628,791	2,507,337
Equity in net losses (earnings) of joint ventures (Note 11)	**(5,338,761)**	5,362,051	–
Loss on asset disposed/written off (Note 25)	**3,624,011**	2,703,576	–
Dividend income (Note 25)	**(514,942)**	(22,130,300)	(1,394,334)
Provisions for impairment loss on AFS financial assets (Notes 10 and 23)	**1,370,300**	1,053,550	1,053,550
Provisions for doubtful accounts (Notes 7 and 23)	**715,495**	848,005	35,785,207
Working capital adjustments:			
Decreases (increases) in:			
Short-term investments	**7,874,002**	664,140	(8,538,142)
Trade and other receivables	**(1,114,995,608)**	331,802,822	285,882,517
Program and other rights	**(635,722,227)**	(585,446,302)	(920,079,984)
Prepaid expenses and other current assets	**(150,341,337)**	130,482,357	(22,782,892)
Increases (decreases) in:			
Trade payables and other current liabilities	**148,703,419**	185,598,970	141,445,141
Obligations for program and other rights	**(51,500,114)**	(76,383,888)	209,399,888
Other long-term employee benefits	**12,240,548**	21,711,880	(16,187,331)
Contributions to retirement plan assets (Note 26)	**(17,595,626)**	(3,578,687)	–
Benefits paid out of Group's fund	–	(420,198)	(12,768,387)
Cash flows provided by operations	**1,265,919,665**	3,861,036,122	3,206,869,407
Interest received	**15,886,283**	24,023,042	35,878,401
Income taxes paid	**(619,881,084)**	(829,742,855)	(637,255,049)
Net cash flows from operating activities	**661,924,864**	3,055,316,309	2,605,492,759
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(563,896,491)**	(672,652,227)	(976,038,618)
Software costs (Note 15)	**(21,632,058)**	(12,309,842)	(35,652,642)
Investment properties (Note 14)	**(3,299,279)**	(1,846,519)	–
Investment in joint venture	–	–	(10,000,000)
Proceeds from sale of property and equipment	**38,937,409**	13,257,506	30,884,703
Advances to an associate	**(3,134,845)**	–	–
Decrease (increase) in other noncurrent assets	**(2,510,978)**	7,465,632	(5,047,064)
Proceeds from sale of investment properties	**2,410,001**	–	–
Cash dividends received	**65,902**	–	144,387
Net cash flows used in investing activities	**(553,060,339)**	(666,085,450)	(995,709,234)

(Forward)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	**₱2,191,559,000**	₱1,825,000,000	₱3,200,000,000
Payments of:			
Cash dividends (Note 19)	**(1,311,424,172)**	(1,213,829,077)	(3,206,167,851)
Short-term loans (Note 17)	**(1,106,824,000)**	(2,500,000,000)	(1,500,000,000)
Interest and financing charges	**(35,317,535)**	(52,848,510)	(41,841,069)
Net cash flows used in financing activities	**(262,006,707)**	(1,941,677,587)	(1,548,008,920)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(153,142,182)**	447,553,272	61,774,605
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,336,506**	14,792,364	(3,210,291)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,749,631,196**	1,287,285,560	1,228,721,246
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,598,825,520**	₱1,749,631,196	₱1,287,285,560

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 registered office address of the Parent Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on June 14, 1950. On July 20, 1995, the Board of Directors (BOD) approved the extension of the corporate term of the Parent Company for another 50 years from June 14, 2000. In 1997, the SEC approved the said extension.

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

The accompanying consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution of the BOD on March 30, 2015.

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

Basis of Preparation
The consolidated financial statements of the Parent Company and its subsidiaries have been prepared on a historical cost basis, except for available-for-sale (AFS) investments and land, 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, 2014 and 2013 and for each of the three years in the period ended December 31, 2014. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

Control is achieved when the Parent Company has power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee), is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company 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;
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses 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 Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent 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 non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All significant intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation. Unrealized gains and losses are likewise eliminated.

A change in the ownership interest of a subsidiary (i.e., acquisition of NCI or partial disposal of interest over a subsidiary), without a loss of control, is accounted for as an equity transaction.

NCI represent the interests in the subsidiaries not held by 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 represents the equity interest in RGMA Network, Inc. (RGMA Network).

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the NCI, even if this results in the non-controlling interests having a deficit balance.

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

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

	2014	2013
Proportion of equity interest held by NCI	**51%**	51%
Accumulated balances of material NCI	**₱41,617,623**	₱35,543,038
Net income allocated to material NCI	**4,868,228**	8,025,157

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Income and Statements of Comprehensive Income

	2014	2013	2012
Revenues	**₱161,305,678**	₱161,133,002	₱151,353,083
Expenses	**147,595,904**	138,656,364	140,479,225
Provision for income tax	**4,164,229**	6,741,036	3,257,771
Net income	**9,545,545**	15,735,602	7,616,087
Other comprehensive income	**2,365,404**	–	(577,467)
Total comprehensive income	**₱11,910,949**	₱15,735,602	₱7,038,620
Attributable to NCI	**₱6,074,585**	₱8,025,157	₱3,589,696

Summarized Statements of Financial Position

	2014	2013
Total current assets	**₱144,057,618**	₱126,140,040
Total noncurrent assets	**24,781,992**	22,721,926
Total current liabilities	**18,520,518**	28,612,915
Total noncurrent liabilities	**68,715,910**	50,556,819
Total equity	**81,603,182**	69,692,232
Proportion of equity interest held by NCI	**51%**	51%
NCI's share in RGMA Network	**41,617,623**	35,543,038
Others	**1,106,320**	1,106,320
Attributable to NCI	**₱42,723,943**	₱36,649,358
Attributable to equity holders of the Parent Company	**₱38,879,239**	₱33,042,874

Summarized Cash Flow Information

	2014	2013	2012
Operating	**(₱4,136,038)**	₱1,843,305	₱512,952
Investing	**(610,168)**	(1,330,054)	(181,651)
Net increase (decrease) in cash and cash equivalents	**(₱4,746,206)**	₱513,251	₱331,301

There were no dividends paid to NCI for the years ended December 31, 2014, 2013 and 2012.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2014 and 2013:

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

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) that became effective during the year.

The nature and impact of each new standard and amendment are described below:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements,* PFRS 12, *Disclosure of Interests in Other Entities* and PAS 27, *Separate Financial Statements)*
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The

amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact on the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.

  The additional disclosures required by the amendments are presented in Note 7 to the Group's consolidated financial statements.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Nonfinancial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

  The additional disclosures required by the amendments are presented in Note 14 to the Group's consolidated financial statements.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group's financial position or performance as the Group does not have any derivative transactions.

- Philippine Interpretation of IFRIC 21, *Levies*
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Improvements to PFRSs
Improvements to PFRSs, an omnibus of amendments to standards, deal primarily with a view of removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. These improvements are effective immediately but did not have a significant impact on the Group's consolidated financial statements. These include:

- Annual improvements to PFRSs 2010 – 2012 Cycle (PFRS 13, *Fair Value Measurement*)
  The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

- Annual improvements to PFRSs 2011 – 2013 Cycle (PFRS 1, *First-time Adoption of PFRS*)
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

Future Changes in Accounting Policies
The Group did not early adopt the following new standards, amendments and improvements to PFRS and Philippine Interpretations that have been approved but are not yet effective. Except as otherwise stated, the Group does not expect these changes to have a significant impact on its consolidated financial statements unless otherwise indicated.

Effective in 2015

- PFRS 9, *Financial Instruments - Classification and Measurement (2010 version)*
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

  PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. The mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions*
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015.

Effective after 2015

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted.

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

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures, and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting.

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

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

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

- PFRS 9, *Financial Instruments - Hedge Accounting* and *Amendments to* PFRS 9, PFRS 7, *Financial Instruments: Disclosures,* and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

  PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

Annual Improvements to PFRSs

These improvements to the following standards and interpretations are effective for annual periods beginning on or before January 1, 2015 and are not expected to have a material impact on the Group's consolidated financial statements.

- Annual Improvements to PFRS (2010-2012 Cycle)

  - PFRS 2, *Share-based Payment - Definition of Vesting Condition*
    This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

    - A performance condition must contain a service condition
    - A performance target must be met while the counterparty is rendering service
    - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
    - A performance condition may be a market or non-market condition
    - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
    The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).

  - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
    The amendments are applied retrospectively and clarify that:

    a. An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
    b. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

  - PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*
    The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

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

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

The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the Parent Company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

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

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

The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

- Annual Improvements to PFRS (2011-2013 Cycle)

  - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:

  a. Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  b. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).

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

- Annual Improvements to PFRSs (2012-2014 cycle)

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

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

  - PFRS 7, *Financial Instruments: Disclosures - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
    This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

  - PAS 19, *Employee Benefits - Regional market issue regarding discount rate*
    This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

  - PAS 34, *Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'*
    The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included

within the greater interim financial report (e.g., in the management commentary or risk report).

Deferred Effectivity

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The interpretation will not be applicable to the Group.

The following new standard issued by the IASB has not yet been adopted by the FRSC:

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new Revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

3. Summary of Significant Accounting and Financial Reporting Policies

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.

Short-term Investments
Short-term investments represent investments that are readily convertible to known amounts of cash with original maturities of more than three months to one year.

Fair Value Measurement

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

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the 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 best economic interest.

A fair value measurement of a nonfinancial 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 fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market. Where the Group has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available an supportable market data as possible).

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.

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; and

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 re-assessing 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.

The Group determines the policies and procedures for both recurring and non-recurring fair value measurements. 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.

The Group recognizes transfers into and transfers out of fair value hierarchy levels by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) as at the date of the event or change in circumstances that caused the transfer.

Financial Instruments

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

The Group classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS investments and other financial liabilities. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

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

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

As at December 31, 2014 and 2013, the Group does not have any financial asset at FVPL, HTM investments or derivatives designated as hedging instruments.

As at December 31, 2014 and 2013, the Group does not have financial liabilities at FVPL.

Subsequent measurement. The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including any separated derivatives, are also classified under financial assets at FVPL, unless these are designated as hedging instruments in an effective hedge or financial guarantee contracts. Gains or losses on investments held for trading are included in the consolidated statements of comprehensive income. Interest income on investments held for trading is included in the consolidated statements of comprehensive income. Instruments under this category are classified as current assets if these are held primarily for the purpose of trading or expected to be realized/settled within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

Financial assets may be designated by management at initial recognition as at FVPL when any of the following criteria is met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis;
- The assets are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

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 method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee 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. Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

AFS Investments. In the case of equity instruments classified as AFS investments, evidence of impairment would include a significant or prolonged decline in fair value of investments below its cost. Where 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 financial asset previously recognized in the consolidated statements of comprehensive income - is removed from the consolidated statements of comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in the consolidated statements of comprehensive income.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations and borrowings. Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the EIR method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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.

Derecognition of Financial Assets and Liabilities

Financial Asset. A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. 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.

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers 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 where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

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

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

'Day 1 Difference'. Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1 difference') in the consolidated statements of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where unobservable data is used, the difference between the transaction price and model value is recognized in the consolidated statements of comprehensive income only

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.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Program and Other Rights
Program and other rights with finite and infinite lives are stated at cost less amortization and any impairment in value. The cost of programs and other rights with finite lives is amortized using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights. The cost of program and other rights with infinite lives is amortized on accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage" included under "Production costs" account in the consolidated statements of comprehensive income.

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

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

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

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

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

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

As at December 31, 2014 and 2013, the Group's tax credits are classified as current under "Prepaid expenses and other current assets" account in the consolidated statements of financial position.

Asset Classified as Held for Sale

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

Investments and Advances

Investment in an Associate. This account consists of investments in and permanent advances to an associate.

The Group's investment in its associate are accounted for using the equity method. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. The consolidated statements of comprehensive income reflect the share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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 net investment in the associate. An investment in associate is accounted for using the equity method from the date when it becomes an associate. On acquisition of the investment, any difference between the cost of the investment and the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as follows:

- Goodwill relating to an associate is included in the carrying amount of the investment. However, amortization of that goodwill is not permitted and is therefore not included in the determination of the Group's share in the associate's profits or losses.

- Any excess of the Group's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share in the associate's profit or loss in the period in which the investment is acquired.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate and accounts for the investment in accordance with PAS 39 from that date, provided the associate does not become a subsidiary or a joint arrangement as defined in PFRS 11. Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any difference in the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in consolidated statements of comprehensive income. When the Group's interest in an investment in associate is reduced to zero, additional losses are provided only to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the investee that the Group has guaranteed or otherwise committed. If the associate subsequently reports profits, the Group resumes recognizing its share of the profits if it equals the share of net losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Parent Company. The accounting policies of the associate conform to those used by the Parent Company for like transactions and events in similar circumstances.

The Group's share in profit (loss) of the associate is shown on the face of the consolidated statements of comprehensive income as "Equity in net earnings (losses) of an associate and joint ventures", which is the profit (loss) attributable to equity holders of the associate.

Interests in Joint Ventures. This account consists of interests in joint ventures.

The Group has interests in joint ventures. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangements. 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 Group recognizes its interests in the joint ventures using the equity method. The financial statements of the joint ventures are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, transactions and unrealized gains and losses on such transactions between the Group and its joint ventures. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realizable value of current assets or an impairment loss. The Group ceases to use the equity method of accounting on the date from which it no longer has joint control over, or significantly influence in the joint ventures or when the interests become held for sale.

Upon loss of joint control, the Group measures and recognizes its remaining investment at its fair value. Any difference between the carrying amount of the former joint venture upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as investment in an associate.

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

Land is measured at fair value less accumulated impairment losses, if any, recognized after the date of the revaluation. Valuations are performed frequently 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.

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 any impairment in value. Land is stated at cost less any impairment in value.

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

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

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

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

Investment in Artworks

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

Software Costs

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

Impairment of Nonfinancial Assets

The carrying values of program and other rights, prepaid production costs, 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 CGU to which the asset belongs. Impairment losses, if any, are recognized in the consolidated statements of 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 other comprehensive income, 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 impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

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

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

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

Treasury Stock and Underlying Shares of Acquired Philippine Deposit Receipts (PDRs)
The Parent Company's own reacquired equity instruments are deducted from equity. No gain or loss is recognized in the consolidated statements of comprehensive income on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

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

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

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

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

Payments received before broadcast (pay before broadcast) are recognized as income on the dates the advertisements are aired. Prior to liquidation, these are net out against outstanding accounts receivable since a right of offset exists between the pay before broadcast balance and the regular accounts receivable with credit terms. These are classified as deferred liability under "Customers' deposits" included under "Trade payables and other current liabilities" account in the consolidated statements of financial position when no right of offset exists.

Goods received in exchange for airtime usage pursuant to ex-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 upon actual airing of government commercials and advertisements and when there is reasonable certainty that these can be used to pay duties and taxes on imported broadcasting related equipment.

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

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

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

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

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

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

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

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

Co-producers' Share

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

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

Borrowing Costs

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

Expenses

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

Pension and Other Employee Benefits

The Parent Company and GMPI have funded, noncontributory defined benefit retirement plans covering permanent employees. 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.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit obligation or asset
- Remeasurements of net defined benefit obligation or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as part of production costs and general and administrative expenses in the consolidated statements of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under "Personnel costs" included under "General and administrative expenses" account in the consolidated statements of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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

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

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

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

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

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

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

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

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

Foreign Currency-denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing exchange rate at financial reporting period. All differences are taken to profit or loss in the consolidated statements of comprehensive income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date

when the fair value was determined. For income tax purposes, foreign exchange gains and losses are treated as taxable income or deductible expenses when realized.

Taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Segment Reporting
For management purposes, the Group's operating businesses are organized and managed separately into three 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. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

- X-Play is available for immediate sale and can be sold in its current condition.
- IP E-Games Ventures, Inc. (IPE) and GNMI have a recent agreement which provides the execution of the option agreement as discussed in Note 15. On July 28, 2014, the increase in capital stocks of IPE is already approved by the SEC.
- Asset classified as held for sale amounted to ₱26.43 million as at December 31, 2014 (see Note 15).

In 2013, the Group classified its investment in X-Play as noncurrent asset, included under "Other noncurrent assets" account in the 2013 consolidated statement of financial position (see Note 15).

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

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

The carrying value of the investments in joint ventures amounted to ₱21.98 million and ₱16.64 million as at December 31, 2014 and 2013, respectively (see Note 11).

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

Rental expense charged to operations amounted to ₱855.12 million, ₱919.49 million and ₱787.88 million in 2014, 2013, and 2012 respectively (see Note 27).

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

Revenue from tax credits recognized in profit or loss amounted to ₱86.00 million, ₱44.80 million and ₱40.00 million in 2014, 2013 and 2012, respectively (see Note 21).

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

Other employee benefits classified as current in "Accrued payroll and talent fees" included under "Trade payables and other current liabilities" account in the consolidated statements of financial position amounted to ₱18.14 million and ₱17.26 million as at December 31, 2014 and 2013, respectively, while other employee benefits classified as noncurrent amounted to ₱259.01 million and ₱264.37 million as at December 31, 2014 and 2013, respectively (see Note 26).

Estimates and Assumptions

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

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

Provision for doubtful accounts amounted to ₱0.72 million, ₱0.85 million and ₱35.79 million in 2014, 2013 and 2012, respectively (see Note 23). Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱4,638.38 million and ₱3,521.43 million as at December 31, 2014 and 2013, respectively (see Note 7).

Amortization of Program and Other Rights. 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 infinite lives 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 ₱646.68 million, ₱565.36 million and ₱460.94 million in 2014, 2013 and 2012, respectively (see Note 22). Program and other rights, net of accumulated impairment loss, amounted to ₱1,198.27 million and ₱1,209.23 million as at December 31, 2014 and 2013, respectively (see Note 8).

Determination of Impairment of AFS Financial Assets . For unquoted equity instruments, the financial assets are considered to be impaired when the Group believes that future cash flows generated from the investment is expected to decline significantly. The Group's management makes significant estimates and assumptions on the future cash flows expected and the appropriate discount rate to determine if impairment exists. Impairment may also be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. For the quoted shares, the Group determines that the financial assets are considered to be impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The Group determines that a decline in fair value of greater than 20% of cost is considered to be a significant decline and a decline for a period of more than 12 months is considered to be a prolonged decline. This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price for quoted equities.

Provision for impairment loss amounted to ₱1.37 million in 2014 and ₱1.05 million each in 2013 and 2012 (see Note 23). The carrying value of AFS financial assets amounted to ₱129.02 million and ₱135.55 million as at December 31, 2014 and 2013, respectively (see Note 10).

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

The carrying value of materials and supplies inventory amounted to ₱30.12 million and ₱58.58 million as at December 31, 2014 and 2013, respectively (see Note 9). There were no provisions for inventory losses in 2014, 2013 and 2012.

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 2014 and 2013.

Total depreciation and amortization expense for the years ended December 31, 2014, 2013 and 2012 amounted to ₱776.53 million, ₱705.44 million, and ₱610.00 million, respectively (see Notes 12, 14, 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 performed every five years 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 ₱1,799.71 million and ₱1,805.30 million as at December 31, 2014 and 2013, respectively (see Note 13).

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

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

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

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

Provision for impairment loss on the advances to joint venture for the year ended December 31, 2012 amounted to ₱2.61 million (see Note 23). There is no impairment for 2014 and 2013.

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

	2014	2013
Property and equipment (Note 12)	**₱3,373,810,427**	₱3,589,651,781
Program and other rights (Note 8)	**1,198,270,709**	1,209,229,281
Tax credits (Note 9)	**183,275,266**	117,846,102
Prepaid production costs (Note 9)	**179,060,055**	84,826,707
Investments and advances (Note 11)	**147,937,544**	139,463,938
Investment properties (Note 14)	**58,811,306**	60,532,209
Software costs (Note 15)	**35,917,092**	37,654,045
Investment in artworks (Note 15)	**10,406,255**	10,406,255

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

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

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

Recognized deferred tax assets amounted to ₱589.54 million and ₱513.65 million as at December 31, 2014 and 2013, respectively, while unrecognized deferred tax assets amounted to ₱28.03 million and ₱20.73 million as at December 31, 2014 and 2013, 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 ₱1,161.28 million and ₱605.25 million as at December 31, 2014 and 2013, 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.

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

5. Segment Information

Business Segments

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

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

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

Geographical Segments

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

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

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

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

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

Business Segment Data

	Television and Radio Airtime			International Subscriptions			Other Businesses			Eliminations			Consolidated		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Net Revenues															
External sales	₱10,676,626,531	₱11,738,449,260	₱10,827,122,279	₱1,075,797,836	₱977,812,319	₱956,293,603	₱230,463,979	₱234,617,743	₱302,519,088	₱–	₱–	₱–	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970
Inter-segment sales	–	–	–	–	–	–	772,809,560	761,156,750	909,768,842	(772,809,560)	(761,156,750)	(909,768,842)	–	–	–
	₱10,676,626,531	₱11,738,449,260	₱10,827,122,279	₱1,075,797,836	₱977,812,319	₱956,293,603	₱1,003,273,539	₱995,774,493	₱1,212,287,930	(₱772,809,560)	(₱761,156,750)	(₱909,768,842)	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970
Results															
Segment results	₱583,750,944	₱1,816,913,584	₱1,763,346,005	₱827,781,275	₱531,126,610	₱513,773,226	(₱2,396,729)	₱37,512,277	₱5,035,728	₱–	₱–	₱–	₱1,409,135,490	₱2,385,552,471	₱2,282,154,959
Interest expenses and financing charges	(36,331,142)	(52,852,451)	(42,706,120)	–	–	–	(224,651)	(262,783)	(201,616)	–	–	–	(36,555,793)	(53,115,234)	(42,907,736)
Interest income from bank deposits and short-term investments	14,771,847	19,267,743	33,632,100	–	–	–	869,095	4,723,062	1,108,779	–	–	–	15,640,942	23,990,805	34,740,879
Net foreign currency exchange gains (losses)	(12,944,998)	(49,515,631)	(9,787,771)	–	17,340,273	(13,336,636)	(27,274)	854,376	(535,948)	–	–	–	(12,972,272)	(31,320,982)	(23,660,355)
Equity in net earnings (losses) of joint ventures	–	–	–	–	–	–	5,338,761	(5,362,051)	–	–	–	–	5,338,761	(5,362,051)	–
Other income - net	91,827,366	66,633,028	67,569,107	–	–	–	164,839,581	928,016	(547,057)	(180,000,000)	–	(3,000,000)	76,666,947	67,561,044	64,022,050
Provision for income tax	(192,377,804)	(535,169,705)	(540,707,890)	(248,334,382)	(159,337,983)	(327,639,914)	(52,222,645)	(17,832,353)	(25,229,156)	45,000,000	–	–	(447,934,831)	(732,331,041)	(693,576,960)
Net income	₱448,896,213	₱1,265,285,568	₱1,271,345,431	₱579,446,893	₱389,128,900	₱372,796,676	₱116,176,138	₱25,560,544	(₱20,369,270)	(₱135,000,000)	₱–	(₱3,000,000)	₱1,009,519,244	₱1,674,975,012	₱1,620,772,837
Assets and Liabilities															
Segment assets	₱12,109,164,612	₱11,655,665,602	₱11,657,844,976	₱1,804,517,475	₱1,365,518,823	₱932,477,981	₱942,507,866	₱853,416,184	₱946,239,689	(₱1,043,512,233)	(₱933,803,088)	(₱989,205,551)	₱13,812,677,720	₱12,940,797,521	₱12,547,357,095
Investment in an associate and interests in joint ventures - at equity	38,350,619	38,350,619	38,350,619	–	–	–	21,976,710	16,637,949	10,000,000	–	–	–	60,327,329	54,988,568	48,350,619
Deferred income tax assets	–	–	–	–	–	–	147,400,799	88,150,862	86,575,385	–	–	–	147,400,799	88,150,862	86,575,385
Total assets	₱12,147,515,231	₱11,694,016,221	₱11,696,195,595	₱1,804,517,475	₱1,365,518,823	₱932,477,981	₱1,111,885,375	₱958,204,995	₱1,042,815,074	(₱1,043,512,233)	(₱933,803,088)	(₱989,205,551)	₱14,020,405,848	₱13,083,936,951	₱12,682,283,099
Segment liabilities	₱5,261,372,481	₱3,890,259,616	₱3,999,688,501	₱292,609,818	₱188,876,025	₱200,966,316	₱926,582,875	₱839,168,812	₱1,068,255,438	(₱713,020,721)	(₱701,020,698)	(₱880,309,046)	₱5,767,514,373	₱4,217,283,755	₱4,388,601,209
Deferred income tax liabilities	19,696,301	41,580,015	144,250,390	–	–	–	–	–	–	–	–	–	19,696,301	41,580,015	144,250,390
Total liabilities	₱5,281,068,782	₱3,931,839,631	₱4,143,938,891	₱292,609,818	₱188,876,025	₱200,966,316	₱926,582,875	₱839,168,812	₱1,068,255,438	(₱713,020,721)	(₱701,020,698)	(₱880,309,046)	₱5,787,210,674	₱4,258,863,770	₱4,532,851,599
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	₱882,911,694	₱582,863,041	₱868,716,048	₱6,536,842	₱14,232,925	₱53,432,603	₱1,319,760	₱660,178	₱33,583,795	(₱150,000,000)	₱–	₱–	₱660,768,296	₱597,756,144	₱955,732,446
Property and equipment	561,411,874	656,219,043	956,155,260	1,452,393	14,365,659	9,830,044	1,032,224	2,067,525	10,053,374	–	–	–	563,896,491	672,652,227	976,038,618
Investment properties	3,299,279	1,846,519	–	–	–	–	–	–	–	–	–	–	3,299,279	1,846,519	–
Depreciation and amortization	1,425,864,346	1,282,171,980	1,079,790,144	6,473,949	5,764,666	6,455,694	14,237,327	13,857,774	12,428,482	–	–	–	1,446,575,622	1,301,794,420	1,098,674,320
Noncash expenses other than depreciation and amortization	–	–	–	–	–	11,761,460	–	–	–	–	–	(11,761,460)	–	–	–

Geographical Segment Data

	Local						International Subscriptions			Eliminations			Consolidated		
	Television and radio airtime			Other Businesses											
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Net Revenues															
External sales	₱10,676,626,531	₱11,738,449,260	₱10,827,122,279	₱230,463,979	₱234,617,743	₱302,519,088	₱1,075,797,836	₱977,812,319	₱956,293,603	₱–	₱–	₱–	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970
Inter-segment sales	–	–	–	772,809,560	761,156,750	909,768,842	–	–	–	(772,809,560)	(761,156,750)	(909,768,842)	–	–	–
Total net revenues	₱10,676,626,531	₱11,738,449,260	₱10,827,122,279	₱1,003,273,539	₱995,774,493	₱1,212,287,930	₱1,075,797,836	₱977,812,319	₱956,293,603	(₱772,809,560)	(₱761,156,750)	(₱909,768,842)	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970
Results															
Segment results	₱583,750,944	₱1,816,913,584	₱1,763,346,005	(₱2,396,729)	₱37,512,277	₱5,035,728	₱827,781,275	₱531,126,610	₱513,773,226	₱–	₱–	₱–	₱1,409,135,490	₱2,385,552,471	₱2,282,154,939
Interest expenses and financing charges	(36,131,142)	(52,852,451)	(42,706,120)	(224,651)	(262,783)	(201,616)	–	–	–	–	–	–	(36,355,793)	(53,115,234)	(42,907,736)
Interest income from bank deposits and short-term investments	14,771,847	19,267,743	33,632,100	869,095	4,723,062	1,108,779	–	–	–	–	–	–	15,640,942	23,990,805	34,740,879
Net foreign currency exchange gains (losses)	(12,944,998)	(49,515,631)	(9,787,771)	(27,274)	854,376	(535,948)	–	17,340,273	(13,336,636)	–	–	–	(12,972,272)	(31,320,982)	(23,660,355)
Equity in net earnings (losses) of joint ventures	–	–	–	5,338,761	(5,362,051)	–	–	–	–	–	–	–	5,338,761	(5,362,051)	–
Other income - net	91,827,366	66,633,028	67,569,107	164,839,581	928,016	(547,057)	–	–	–	(180,000,000)	–	(3,000,000)	76,666,947	67,561,044	64,022,950
Provision for income tax	(192,377,804)	(535,160,705)	(540,707,890)	(52,222,645)	(17,832,353)	(25,229,156)	(248,334,382)	(159,337,983)	(127,639,914)	45,000,000	–	–	(447,934,831)	(712,331,041)	(693,576,960)
Net income	₱448,896,213	₱1,265,285,968	₱1,271,345,431	₱116,176,138	₱20,560,544	(₱20,369,270)	₱579,446,893	₱389,128,900	₱372,796,676	(₱135,000,000)	₱–	(₱3,000,000)	₱1,009,519,244	₱1,674,975,012	₱1,620,772,897
Assets and Liabilities															
Segment assets	₱12,109,164,612	₱11,655,665,602	₱11,657,844,976	₱942,507,866	₱853,416,184	₱946,239,689	₱1,884,517,475	₱1,365,518,823	₱932,477,981	(₱1,843,512,233)	(₱933,803,088)	(₱989,205,551)	₱13,812,677,720	₱12,940,797,521	₱12,547,357,095
Investment in an associate and interests in joint ventures - at equity	38,350,619	38,350,619	38,350,619	21,976,710	16,637,949	10,000,000	–	–	–	–	–	–	60,327,329	54,988,568	48,350,619
Deferred income tax assets	–	–	–	147,400,799	88,150,862	86,575,385	–	–	–	–	–	–	147,400,799	88,150,862	86,575,385
Total assets	₱12,147,515,231	₱11,694,016,221	₱11,696,195,595	₱1,111,885,375	₱958,204,995	₱1,042,815,074	₱1,804,517,475	₱1,365,518,823	₱932,477,981	(₱1,843,512,233)	(₱933,803,088)	(₱989,205,551)	₱14,020,405,848	₱13,083,936,951	₱12,682,283,099
Segment liabilities	₱5,261,372,401	₱3,890,259,616	₱3,999,688,501	₱926,552,875	₱839,168,812	₱1,068,255,438	₱292,609,818	₱188,876,025	₱200,966,316	(₱713,020,721)	(₱701,020,698)	(₱880,309,046)	₱5,767,514,373	₱4,217,283,755	₱4,388,601,209
Deferred income tax liabilities	19,696,301	41,580,015	144,250,390	–	–	–	–	–	–	–	–	–	19,696,301	41,580,015	144,250,390
Total liabilities	₱5,281,068,702	₱3,931,839,631	₱4,143,938,891	₱926,552,875	₱839,168,812	₱1,068,255,438	₱292,609,818	₱188,876,025	₱200,966,316	(₱713,020,721)	(₱701,020,698)	(₱880,309,046)	₱5,787,210,674	₱4,258,863,770	₱4,532,851,599
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	₱802,911,694	₱582,863,041	₱868,716,048	₱1,319,760	₱660,178	₱33,583,795	₱6,536,842	₱14,232,925	₱53,432,603	(₱150,000,000)	₱–	₱–	₱660,768,296	₱597,756,144	₱955,732,446
Property and equipment	561,411,874	656,219,043	956,155,200	1,032,224	2,067,525	10,053,374	1,452,393	14,365,659	9,830,044	–	–	–	563,896,491	672,652,227	976,038,618
Investment properties	3,299,279	1,846,519	–	–	–	–	–	–	–	–	–	–	3,299,279	1,846,519	–
Depreciation and amortization	1,425,864,346	1,282,171,980	1,079,790,144	14,237,327	13,857,774	12,428,482	6,473,949	5,764,666	6,455,694	–	–	–	1,446,575,622	1,301,794,420	1,098,674,320
Noncash expenses other than depreciation and amortization	–	–	–	–	–	–	–	–	11,761,460	–	–	(11,761,460)	–	–	–

6. Cash and Cash Equivalents

	2014	2013
Cash on hand and in banks	**₱1,439,180,767**	₱1,465,684,717
Short-term deposits	**159,644,753**	283,946,479
	₱1,598,825,520	₱1,749,631,196

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, net of final tax, earned from bank deposits and short-term investments amounted to ₱15.64 million, ₱23.99 million and ₱34.74 million in 2014, 2013 and 2012, respectively.

7. Trade and Other Receivables

	2014	2013
Trade:		
Television and radio airtime	**₱3,294,544,056**	₱2,669,278,916
Subscriptions	**1,039,395,871**	771,491,924
Others	**174,239,390**	146,927,889
Nontrade:		
Advances to suppliers	**314,400,253**	133,338,872
Advances to officers and employees	**4,443,381**	4,623,714
Others	**86,047,923**	69,747,905
	4,913,070,874	3,795,409,220
Less allowance for doubtful accounts	**274,694,272**	273,978,777
	₱4,638,376,602	₱3,521,430,443

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.

Television and radio airtime receivables are presented net of applicable payments received before broadcast amounting to ₱32.78 million and ₱230.23 million as at December 31, 2014 and 2013, respectively, since a right of offset exists between the advance payments and the regular outstanding trade receivables.

Offsetting of Financial Assets and Liabilities

Pay before broadcast	Gross Amounts of Recognized Financial Assets	Gross Amounts Recognized Financial Liabilities	Net Amount Presented in the Statement of Financial Position
2014	**₱3,327,320,663**	**(₱32,776,607)**	**₱3,294,544,056**
2013	2,899,511,357	(230,232,441)	2,669,278,916

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

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:

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

	2013		
	Television and Radio Airtime	Others	Total
Balance at beginning of year	₱269,872,570	₱3,258,202	₱273,130,772
Provision for the year (Note 23)	–	848,005	848,005
Balance at end of year	₱269,872,570	₱4,106,207	₱273,978,777

The allowance for doubtful accounts for television and radio airtime and other receivables in 2014 and 2013 are results of specific and collective impairment assessments performed by the Group as follows:

	2014	2013
Individually impaired	**₱247,892,830**	₱260,570,950
Collectively impaired	**26,801,442**	13,407,827
	₱274,694,272	₱273,978,777

As at December 31, 2014 and 2013, the aging analysis of receivables that are not impaired follows:

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

**Excluding advances to suppliers amounting to ₱314.40 million as at December 31, 2014.*

	2013				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade*	Total
Neither past due nor impaired	₱1,304,687,771	₱479,659,930	₱88,622,679	₱40,259,963	₱1,913,230,343
Past due but not impaired:					
1-30 days	259,644,010	45,725,346	12,159,223	4,556,520	322,085,099
31-60 days	166,885,464	48,074,195	5,356,215	2,928,691	223,244,565
61-90 days	96,856,996	39,281,104	1,994,122	1,699,754	139,831,976
91-180 days	100,465,459	7,522,412	3,109,553	1,763,079	112,860,503
181-365 days	310,130,562	92,077,652	4,835,945	5,442,514	412,486,673
Over 1 year	160,736,084	59,151,285	26,743,945	17,721,098	264,352,412
	₱2,399,406,346	₱771,491,924	₱142,821,682	₱74,371,619	₱3,388,091,571

**Excluding advances to suppliers amounting to ₱133.34 million as at December 31, 2013.*

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

The Group's unbilled receivables amounted to ₱27.65 million and ₱27.28 million as at December 31, 2014 and 2013, respectively. These are included in trade receivables as "neither past due nor impaired" but with age of 31-60 days from date of airing.

8. Program and Other Rights

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

	2013		
	Program and Film Rights	Story Format Rights	Total
Cost:			
Balance at beginning of year	₱1,161,376,706	₱30,466,224	₱1,191,842,930
Additions	538,361,476	47,084,826	585,446,302
Program and other rights usage (Note 22)	(504,422,071)	(60,935,620)	(565,357,691)
Balance at end of year	1,195,316,111	16,615,430	1,211,931,541
Accumulated impairment in value - Balance at beginning and end of year	(2,702,260)	–	(2,702,260)
	₱1,192,613,851	₱16,615,430	₱1,209,229,281

No impairment losses on program and other rights were recognized in 2014, 2013 and 2012.

9. Prepaid Expenses and Other Current Assets

	2014	2013
Tax credits	**₱183,275,266**	₱117,846,102
Prepaid production costs	**179,060,055**	84,826,707
Creditable withholding taxes	**175,547,133**	150,711,335
Input VAT	**141,600,179**	148,282,430
Prepaid expenses	**75,790,955**	74,805,709
Materials and supplies inventory - at cost	**30,117,943**	58,577,911
Others	**43,610**	43,610
	₱785,435,141	₱635,093,804

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

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

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

10. Available-for-Sale Financial Assets

	2014	2013
Investments in shares of stock:		
Unquoted	**₱122,184,081**	₱130,662,548
Quoted	**6,840,000**	4,890,000
	₱129,024,081	₱135,552,548

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:

	2014	2013
Cost:		
Balance at beginning of year	**₱137,659,648**	₱107,397,148
Additions	**–**	31,502,800
Redemption	**(573,343)**	–
Net change in the fair value of AFS financial assets	**2,141,088**	(1,240,300)
Write-off	**(6,725,912)**	–
Balance at end of the year	**132,501,481**	137,659,648
Allowance for decline in value:		
Balance at beginning of year	**2,107,100**	1,053,550
Impairment loss (Note 23)	**1,370,300**	1,053,550
Balance at end of year	**3,477,400**	2,107,100
	₱129,024,081	₱135,552,548

As at December 31, 2014, AFS financial assets amounting to ₱3.48 million have been fully provided with allowance on account of the investee's cessation of operations.

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

	2014	2013
Balance at beginning of year	**₱3,083,187**	₱4,065,927
Gain (loss) due to changes in fair market value of AFS financial assets	**2,141,088**	(1,240,300)
Tax effect of the changes in fair market values	**(204,500)**	257,560
	1,936,588	(982,740)
	₱5,019,775	₱3,083,187

11. Investments and Advances

Following are the details of this account in 2014 and 2013:

	2014	2013
Investment in an associate and interests in joint ventures	**₱60,327,329**	₱54,988,568
Permanent advances to an associate (Note 20)	**87,610,215**	84,475,370
	₱147,937,544	₱139,463,938

The movements in the above amounts are as follows:

	2014	2013
Investment in an associate and interests in joint ventures		
Acquisition cost:		
Balance at beginning of year	**₱131,722,056**	₱119,722,056
Additions	**–**	12,000,000
Balance at end of year	**131,722,056**	131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(76,733,488)**	(71,371,437)
Equity in net earnings (losses) during the year	**5,338,761**	(5,362,051)
Balance at end of year	**(71,394,727)**	(76,733,488)
	60,327,329	54,988,568
Advances to an associate		
Balance at beginning of year	**84,475,370**	84,475,370
Additional advances during the year (Note 20)	**3,134,845**	–
Balance at end of year	**87,610,215**	84,475,370
Total investments and advances	**₱147,937,544**	₱139,463,938

The ownership interests in an associate and joint ventures, which were all incorporated in the Philippines and are accounted for under the equity method, consist of the following as at December 31, 2014 and 2013:

	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.*

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The carrying values of investments and the related advances are as follows:

	2014		
	Investments	**Advances (Note 20)**	**Total**
Associate -			
Mont-Aire	**₱38,350,619**	**₱87,610,215**	**₱125,960,834**
Joint ventures:			
Gamespan	**8,950,931**	–	**8,950,931**
PEP	**13,025,779**	–	**13,025,779**
	₱60,327,329	**₱87,610,215**	**₱147,937,544**

	2013		
	Investments	Advances (Note 20)	Total
Associate -			
Mont-Aire	₱38,350,619	₱84,475,370	₱122,825,989
Joint ventures:			
Gamespan	8,813,159	–	8,813,159
PEP	7,824,790	–	7,824,790
	₱54,988,568	₱84,475,370	₱139,463,938

All associates and joint ventures are not listed in any public stock exchanges.

PEP

As at December 31, 2012, the Group has unrecognized share in net losses of PEP amounting to ₱3.86 million. On November 15, 2013, the Group, through GNMI, converted its cash advances to PEP amounting to ₱12.00 million to additional investment in joint venture (see Note 32). As a result, in 2013, the Group recognized share in net losses amounting to ₱4.17 million which includes the prior year unrecognized losses.

In 2014, the Group recognized its share in net earnings of PEP amounting to ₱5.20 million.

Gamespan

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

In 2014 and 2013, the Group recognized its share in net earnings and net losses of Gamespan amounting to ₱0.14 million and ₱1.19 million, respectively.

INQ7

Losses of INQ7 recognized under the equity method in excess of the Group's interest were applied against its advances to the Parent Company. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC.

Mont-aire
The table below shows the condensed financial information of Mont-Aire as at December 31, 2014 and 2013, respectively:

Current assets	₱53,469,276
Noncurrent assets	107,750,283
	161,219,559
Current liabilities	1,269,154
Noncurrent liabilities	81,683,836
	82,952,990
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	₱38,350,619

Mont-Aire ceased commercial operations in 2009. Noncurrent assets include parcels of land with an aggregate fair market value of ₱117.86 million determined by an accredited appraiser as at December 10, 2012. There were no changes in the land account and management expects no significant change in fair value.

12. Property and Equipment at Cost

	2014				
	January 1	**Additions/ Depreciation (Notes 22 and 23)**	**Disposals**	**Reclassifications**	**December 31**
Cost:					
Buildings, towers and improvements	**₱2,819,009,872**	**₱45,899,980**	**(₱3,561,769)**	**₱16,612,180**	**₱2,877,960,263**
Antenna and transmitter systems and broadcast equipment	**5,757,631,807**	**309,423,264**	**(89,895,309)**	**153,277,816**	**6,130,437,578**
Communication and mechanical equipment	**924,212,961**	**96,681,933**	**(510,568)**	**29,199,391**	**1,049,583,717**
Transportation equipment	**472,743,730**	**69,319,527**	**(59,044,634)**	**1,659,995**	**484,678,618**
Furniture, fixtures and equipment	**190,002,542**	**9,049,182**	**(27,403,350)**	**2,402,785**	**174,051,159**
	10,163,600,912	**530,373,886**	**(180,415,630)**	**203,152,167**	**10,716,711,335**
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	**1,343,011,656**	**139,082,021**	**(1,982,298)**	**–**	**1,480,111,379**
Antenna and transmitter systems and broadcast equipment	**4,277,597,672**	**442,445,626**	**(86,733,460)**	**–**	**4,633,309,838**
Communication and mechanical equipment	**720,853,931**	**96,559,457**	**(458,572)**	**–**	**816,954,816**
Transportation equipment	**276,411,552**	**86,011,158**	**(58,106,820)**	**–**	**304,315,890**
Furniture, fixtures and equipment	**161,382,108**	**9,420,556**	**(26,915,453)**	**–**	**143,887,211**
	6,779,256,919	**773,518,818**	**(174,196,603)**	**–**	**7,378,579,134**
Construction in progress and equipment for installation	**205,307,788**	**33,522,605**	**–**	**(203,152,167)**	**35,678,226**
	₱3,589,651,781	**(₱209,622,327)**	**(₱6,219,027)**	**₱–**	**₱3,373,810,427**

	2013				
	January 1	Additions/ Depreciation (Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,772,239,043	₱44,523,065	₱–	₱2,247,764	₱2,819,009,872
Antenna and transmitter systems and broadcast equipment	5,317,832,415	422,370,081	(4,849,146)	22,278,457	5,757,631,807
Communication and mechanical equipment	822,526,941	107,621,242	(4,467,868)	(1,467,354)	924,212,961
Transportation equipment	418,713,866	71,014,303	(16,984,439)	–	472,743,730
Furniture, fixtures and equipment	191,303,456	5,935,893	(7,406,477)	169,670	190,002,542
	9,522,615,721	651,464,584	(33,707,930)	23,228,537	10,163,600,912

(Forward)

	2013				
	January 1	Additions/ Depreciation (Notes 22 and 23)	Disposals	Reclassifications	December 31
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	₱1,207,772,932	₱135,238,724	₱–	₱–	₱1,343,011,656
Antenna and transmitter systems and broadcast equipment	3,902,638,948	379,807,870	(4,849,146)	–	4,277,597,672
Communication and mechanical equipment	626,626,802	98,680,935	(4,453,806)	–	720,853,931
Transportation equipment	213,532,494	77,881,288	(15,002,230)	–	276,411,552
Furniture, fixtures and equipment	158,229,348	10,469,929	(7,388,972)	71,803	161,382,108
	6,108,800,524	702,078,746	(31,694,154)	71,803	6,779,256,919
Construction in progress and equipment for installation	207,276,879	21,187,643	–	(23,156,734)	205,307,788
	₱3,621,092,076	(₱29,426,519)	(₱2,013,776)	₱–	₱3,589,651,781

The amount of depreciation expense includes amortization of previously capitalized borrowing costs amounting to ₱10.08 million each year. No borrowing costs were capitalized in 2014 and 2013.

The cost of fully depreciated assets still used by the Group amounted to ₱4,253.49 million and ₱4,050.18 million as at December 31, 2014 and 2013, respectively.

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

As at December 31, 2014 and 2013, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. Land at Revalued Amounts

	2014	2013
Cost -		
Balance at beginning and end of year	**₱346,502,817**	₱346,502,817
Revaluation increment:		
Balance at beginning of year	**1,458,797,234**	1,063,082,889
Additions (deductions)	**(5,587,193)**	395,714,345
Balance at end of year	**1,453,210,041**	1,458,797,234
	₱1,799,712,858	₱1,805,300,051

Land used in operations was last appraised on December 17, 2013 by an accredited firm of appraisers and is valued in terms of its highest and best use. The ₱5.59 million reduction from the account represents adjustment to the previously recognized appraisal increase after completion of the asset reconciliation.

The fair value was arrived at through the use of the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation.

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

As at December 31, 2014 and 2013, 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

	2014		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning of year	**₱31,287,881**	**₱75,154,820**	**₱106,442,701**
Additions	–	**3,299,279**	**3,299,279**
Disposal	**(576,000)**	**(1,575,000)**	**(2,151,000)**
Write-off (Note 25)	**(210,000)**	–	**(210,000)**
Balance at end of year	**30,501,881**	**76,879,099**	**107,380,980**
Accumulated depreciation:			
Balance at beginning of year	–	**44,106,443**	**44,106,443**
Depreciation during the year (Note 23)	–	**3,006,994**	**3,006,994**
Disposal	–	**(347,812)**	**(347,812)**
Balance at end of year	–	**46,765,625**	**46,765,625**
Accumulated impairment in value - Balance at beginning and end of year	–	**1,804,049**	**1,804,049**
Balance at end of year	**₱30,501,881**	**₱28,309,425**	**₱58,811,306**

	2013		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱33,975,381	₱73,565,501	₱107,540,882
Additions	–	1,846,519	1,846,519
Write-off (Note 25)	(2,687,500)	(257,200)	(2,944,700)
Balance at end of year	31,287,881	75,154,820	106,442,701
Accumulated depreciation:			
Balance at beginning of year	–	40,744,304	40,744,304
Depreciation during the year (Note 23)	–	3,362,139	3,362,139
Balance at end of year	–	44,106,443	44,106,443
Accumulated impairment in value:			
Balance at beginning of year	–	2,045,173	2,045,173
Write-off (Note 25)	–	(241,124)	(241,124)
Balance at end of year	–	1,804,049	1,804,049
Balance at end of year	₱31,287,881	₱29,244,328	₱60,532,209

The Parent Company wrote off some of its investment properties with carrying value of ₱0.21 million and ₱2.70 million in 2014 and 2013, respectively, due to dispute in ownership (see Note 25).

Certain 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 ₱135.39 million and ₱133.67 million as at December 31, 2014 and 2013, respectively, as determined by accredited appraisers. The fair value was arrived at through the use of the "Market Data Approach" as determined by independent professionally qualified appraisers. The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation.

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

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

	2014	2013	2012
Rental income derived from investment properties (Note 25)	**₱2,995,615**	₱2,942,417	₱3,382,565
Direct operating expenses for investment properties	**(3,006,994)**	(3,647,263)	(3,175,500)
	(₱11,379)	(₱704,846)	₱207,065

As at December 31, 2014 and 2013, 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

	2014	2013
Software costs	**₱35,917,092**	₱37,654,045
Deferred input VAT	**31,387,166**	31,901,813
Refundable deposits	**19,913,347**	15,671,300
Guarantee deposits	**17,162,764**	16,871,190
Investment in artworks	**10,406,255**	10,406,255
Video rights and other noncurrent assets	**1,581,765**	3,089,761
Investment in X-Play	–	26,432,472
	₱116,368,389	₱142,026,836

The movements in software costs follow:

	2014	2013
Cost:		
Balance at beginning of year	**₱234,479,164**	₱222,169,322
Additions	**21,632,058**	12,309,842
Balance at end of year	**256,111,222**	234,479,164
Accumulated amortization:		
Balance at beginning of year	**196,825,119**	165,829,275
Amortization during the year (Note 23)	**23,369,011**	30,995,844
Balance at end of year	**220,194,130**	196,825,119
	₱35,917,092	₱37,654,045

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

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

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

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

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

16. Trade Payables and Other Current Liabilities

	2014	2013
Trade payables	**₱442,372,314**	₱397,999,260
Payable to government agencies	**716,452,892**	513,380,680
Customers' deposits (Note 7)	**220,874,091**	447,112,904
Accrued expenses:		
Production costs	**226,233,686**	173,225,937
Payroll and talent fees (Note 26)	**183,956,394**	115,828,416
Commission	**27,536,812**	21,080,670
Utilities and other expenses	**80,705,045**	44,676,360
Others	**33,051,951**	68,137,281
	₱1,931,183,185	₱1,781,441,508

Trade payables to suppliers are noninterest-bearing and are normally settled on terms ranging from 7-30 days.

Payable to government agencies is remitted within 30 days after reporting period.

Customers' deposits include unimplemented payments received before broadcast from customers who have no outstanding trade receivables from which advance payments can be offset. These deposits will be settled and implemented within the next financial year. As provided in Note 7, certain payments received before broadcast were offset against television and radio airtime receivables.

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

17. Short-term Loans

The Parent Company obtained unsecured short-term peso and US dollar denominated loans from various local banks for the payment of the dividends declared during the year. Details and movements of the short-term loans are as follows:

	2014	2013
Balance at beginning of year	**₱1,106,875,000**	₱1,700,000,000
Additions	**2,191,559,000**	1,825,000,000
Payments	**(1,106,824,000)**	(2,500,000,000)
Foreign exchange loss	**31,350,000**	81,875,000
Balance at end of year	**₱2,222,960,000**	₱1,106,875,000

The interest rate of the short-term loan ranges from 1.95% to 2.25% and 3.30% to 4.00% for peso loans and 1.68% to 1.73% and 1.73% for US dollar denominated loans in 2014 and 2013, respectively. Interest expense and other financing charges amounted to ₱31.68 million, ₱37.63 million and ₱9.68 million in 2014, 2013 and 2012, respectively.

18. Obligations for Program and Other Rights

This account consists of:

	2014	2013
Current	**₱116,533,114**	₱141,096,456
Noncurrent	**5,193,223**	33,330,130
	₱121,726,337	₱174,426,586

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. The current portion of the obligations for program rights is noninterest-bearing and is generally payable in equal monthly or quarterly installments. The amounts presented in the consolidated statements of financial position as at December 31, 2014 and 2013 represent the nominal amounts of the obligations which are expected to be settled within the next 12 months.

The noncurrent portion of obligations for program rights is payable in four years and is presented at its accreted value, using 4.03% discount rate, in the consolidated statements of financial position as at December 31, 2014 and 2013.

19. Equity

a. Capital Stock

Details of capital stock as at December 31, 2014 and 2013:

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - ₱0.20 par value per preferred share/₱1.00 par value per common share	7,500,000,000	₱1,500,000,000	5,000,000,000	₱5,000,000,000
Subscribed and issued	7,500,000,000	1,500,000,000	3,364,692,000	3,364,692,000
Treasury shares	492,816	98,563	3,645,000	3,645,000
Underlying shares of the acquired PDRs	–		750,000	₱750,000

The preferred shares are of equal rank, preference and priority and are identical in all respect regardless of series. Preferred shares are participating at the rate of one fifth (1/5) of the dividends paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

Preferred shares enjoy priority over common shares in the distribution of assets of the Parent Company in the event of dissolution and liquidation, at such rates, terms and conditions as the

BOD may determine. Each preferred share is entitled to one vote and shall have the same voting rights as the common shares.

The Parent Company's BOD may specify other terms and conditions, qualifications, restrictions and privileges of the preferred shares or series/classes thereof, insofar as such terms, conditions, qualifications, restrictions and privileges are not inconsistent with the articles of incorporation and any applicable law or regulation.

The following summarizes the information on the Parent Company's registration of securities with the SEC which was approved on June 20, 2007, as required by Securities Regulation Code (SRC) Rule 68, As Amended (2011):

Securities	Authorized and issued shares	Issue/Offer Price
Initial public offering	91,346,000	₱8.50
Underlying common shares of PDRs	945,432,000	8.50
Over-allotment common shares	13,701,000	8.50
Common shares covering employee stock option plan	57,000,000	8.50
Underlying shares of the acquired PDRs	945,432,000	8.50

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, 2014 and 2013, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively, in 2014 and 2013.

Consolidated retained earnings include undeclared retained earnings of subsidiaries amounting to ₱193.62 million and ₱100.08 million as at December 31, 2014 and 2013, respectively. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SRC Rule 68, As Amended (2011), amounted to ₱1,005.90 million and ₱1,343.61 million as at December 31, 2014 and 2013, respectively.

The BOD of the Parent Company approved the declaration of the following cash dividends in 2014, 2013 and 2012:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2014	**April 2, 2014**	**April 24, 2014**	**₱0.27**	**₱1,312,253,578**
2013	March 4, 2013	April 17, 2013	₱0.25	₱1,215,049,609
2012	March 28, 2012	April 6, 2012	₱0.40	₱1,944,079,375
	August 1, 2012	August 22, 2012	0.26	1,264,794,293
				₱3,208,873,668

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.

Transactions with related parties including the terms and conditions are as follows:

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Noninterest-bearing advances (Note 11)	**2014**	**₱3,134,845**	**₱87,610,215**	Noninterest-bearing	Unsecured; not impaired
		2013	–	84,475,370		
Common stockholders -						
GMA Kapuso Foundation Inc.	Donations	**2014**	**197,020**	**4,011,857**	On demand, noninterest-bearing	Unsecured; not impaired
		2013	112,170	562,901		
Other related party -						
Belo, Gozon, Elma Law	Legal, consulting and retainers' fees	**2014**	**11,548,513**	–		
		2013	10,110,391	–		

The advances made by the Parent Company to Mont-Aire in previous years are intended for future capital subscription.

Compensation of Key Management Personnel
The compensation of key management personnel of the Group, by benefit type, follows:

	2014	2013	2012
Salaries and other long-term benefits	**₱286,346,811**	₱294,044,757	₱279,432,700
Pension benefits	**140,385,431**	40,322,398	39,191,038
	₱426,732,242	₱334,367,155	₱318,623,738

Equity Investments of the Retirement Fund
The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱43.62 million and ₱342.76 million in 2014, respectively, and ₱59.10 million and ₱408.77 million in 2013, respectively (see Note 26).

21. Net Revenues

	2014	2013	2012
Television and radio airtime	**₱10,676,626,531**	₱11,740,503,370	₱10,883,125,479
Subscription income (Note 27)	**1,075,797,836**	977,812,319	956,293,603
Production and others	**231,668,941**	244,342,288	269,751,753
	11,984,093,308	12,962,657,977	12,109,170,835
Co-producers' shares	**(1,204,962)**	(11,778,655)	(23,235,865)
	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970

Production and others include tax credits earned from airing of government commercials and advertisements amounting to ₱86.00 million, ₱44.80 million and ₱40.00 million in 2014, 2013 and 2012, respectively.

22. Production Costs

	2014	2013	2012
Talent fees and production personnel costs (Note 24)	**₱2,738,810,934**	₱3,102,519,989	₱2,809,269,723
Rental (Note 27)	**740,353,019**	819,150,879	690,288,940
Program and other rights usage (Note 8)	**646,680,799**	565,357,691	460,937,465
Tapes, sets and production supplies	**497,911,836**	575,808,346	481,758,193
Facilities and production services	**423,825,118**	368,904,457	408,466,261
Depreciation and amortization (Notes 12 and 14)	**304,727,337**	287,553,835	253,603,510
Transportation and communication	**199,473,921**	237,086,508	180,819,400
	₱5,551,782,964	₱5,956,381,705	₱5,285,143,492

23. General and Administrative Expenses

	2014	2013	2012
Personnel costs (Note 24)	**₱2,551,482,765**	₱2,136,684,981	₱2,170,180,871
Depreciation and amortization (Notes 12 and 14)	**471,798,475**	417,887,050	356,399,407
Advertising	**332,414,477**	393,148,883	394,319,329
Communication, light and water	**305,091,717**	300,090,593	303,969,254
Taxes and licenses	**231,918,830**	140,703,017	143,642,174
Marketing expense	**131,764,590**	140,909,480	146,057,392
Sales incentives	**131,295,671**	120,864,969	120,043,176
Professional fees	**128,295,409**	150,975,509	144,272,766
Repairs and maintenance	**117,069,321**	207,641,209	128,273,715
Rental (Note 27)	**114,768,310**	100,339,414	97,590,300
Research and surveys	**104,163,990**	145,899,290	133,792,810
Security services	**80,529,075**	76,193,077	69,005,838
Transportation and travel	**76,951,664**	80,977,911	68,951,374
Software maintenance	**62,371,317**	39,099,556	37,832,289
Insurance	**26,370,189**	21,218,563	22,294,801
Amortization of software costs (Note 15)	**23,369,011**	30,995,844	27,733,938
Materials and supplies	**22,480,776**	24,094,187	25,238,126
Janitorial services	**21,320,457**	16,616,542	15,101,036
Dues and subscriptions	**14,142,699**	10,646,983	10,114,917
Entertainment, amusement and recreation	**13,724,393**	13,728,404	15,421,953
Freight and handling	**12,266,107**	12,095,311	11,952,700
Provisions for impairment loss on:			
AFS financial assets (Note 10)	**1,370,300**	1,053,550	1,053,550
Advances to joint venture	–	–	2,610,287
Provision for doubtful accounts (Note 7)	**715,495**	848,005	35,785,207
Others	**46,294,854**	26,232,818	36,999,309
	₱5,021,969,892	₱4,608,945,146	₱4,518,636,519

24. Personnel Costs

	2014	2013	2012
Talent fees	**₱2,652,472,280**	₱2,971,320,857	₱2,633,735,276
Salaries and wages	**1,710,460,808**	1,553,164,989	1,488,095,414
Employee benefits and allowances	**700,654,088**	544,233,809	678,675,231
Pension expense (Note 26)	**163,016,525**	116,158,183	120,401,310
Sick and vacation leaves expense	**63,689,998**	54,327,132	58,543,363
	₱5,290,293,699	₱5,239,204,970	₱4,979,450,594

The above amounts were distributed as follows:

	2014	2013	2012
Production costs (Note 22)	**₱2,738,810,934**	₱3,102,519,989	₱2,809,269,723
General and administrative expenses (Note 23)	**2,551,482,765**	2,136,684,981	2,170,180,871
	₱5,290,293,699	₱5,239,204,970	₱4,979,450,594

25. Others - Net

	2014	2013	2012
Gain on sale of property and equipment	**₱32,718,382**	₱11,243,730	₱29,045,447
Tax refund of GMA Pinoy TV	**20,138,635**	19,161,027	19,246,077
Commissions	**10,316,102**	6,293,587	2,725,549
Rental income (Note 27)	**5,175,461**	4,845,450	5,467,117
Income from mall shows	**4,232,090**	2,908,221	2,546,799
Merchandising license fees and others	**3,900,345**	1,657,906	2,954,088
Loss on asset disposed/written off (Notes 8 and 14)	**(3,624,011)**	(2,703,576)	–
Dividends	**514,942**	22,130,300	1,394,334
Sales of DVDs and integrated receiver-decoders	**135,984**	1,279,078	1,014,342
Others	**3,159,017**	745,321	(371,703)
	₱76,666,947	₱67,561,044	₱64,022,050

26. Pension and Other Employee Benefits

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

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

Pension benefits recognized in the profit or loss are as follows (see Note 24):

	2014	2013	2012
Current service cost	**₱123,391,933**	₱91,017,025	₱88,811,863
Net interest cost	**39,624,592**	25,141,158	31,589,447
	₱163,016,525	₱116,158,183	₱120,401,310

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

	2014	2013	2012
Present value of defined benefit obligation	**₱1,642,786,529**	₱1,226,966,160	₱1,095,667,012
Fair value of plan assets	**481,506,477**	621,718,108	688,722,578
Net pension liability	**₱1,161,280,052**	₱605,248,052	₱406,944,434

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

	2014	2013	2012
Balance at beginning of year	**₱1,226,966,160**	₱1,095,667,012	₱936,792,631
Current service cost	**123,391,933**	91,017,025	88,811,863
Interest cost	**75,185,302**	67,222,108	56,078,675
Benefits paid	**(97,319,728)**	(26,939,985)	(83,587,138)
Remeasurement losses (gains):			
Changes in financial assumptions	**146,438,354**	–	192,265,386
Changes in demographic assumptions	**–**	–	(287,109,775)
Experience adjustment	**168,124,508**	–	192,355,370
Balance at end of year	**₱1,642,786,529**	₱1,226,966,160	₱1,095,607,012

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

	2014	2013	2012
Balance at beginning of year	**₱621,718,108**	₱688,722,578	₱526,360,186
Contribution during the year	**17,595,626**	3,578,687	–
Interest income	**35,560,710**	42,080,950	24,489,228
Benefits paid	**(97,689,078)**	(26,519,787)	(71,179,478)
Remeasurement gain (loss) - return on plan assets	**(95,678,889)**	(86,144,320)	209,052,642
Balance at end of year	**₱481,506,477**	₱621,718,108	₱688,722,578

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

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:

	2014		2013	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Cash and cash equivalents	**₱31,416**	**₱31,416**	₱32,124,185	₱32,124,185
Equity instruments (Note 20):				
GMA PDRs	**342,760,950**	**342,760,950**	408,774,170	408,774,170
GMA Network, Inc.	**43,621,200**	**43,621,200**	59,100,395	59,100,395
Debt instruments -				
Government securities	**82,435,325**	**82,435,325**	109,318,953	109,318,953
Others	**12,657,586**	**12,657,586**	12,400,405	12,400,405
	₱481,506,477	**₱481,506,477**	₱621,718,108	₱621,718,108

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of unsecured and not impaired investments on the listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value in these investments amounted to a gain of ₱63.91 million and ₱157.36 million in 2014 and 2013, respectively.
- Investments in debt instruments bear interest ranging from 3.15% to 7.89% and have maturities from February 2015 to October 2037.
- Others consist of loans and receivables which are collectible within the next twelve months.

Equity and debt instruments held have quoted prices in active market.

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

The plan assets consist of 80.24% and 75.26% investments in equity instruments as at December 31, 2014 and 2013 , respectively. The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

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

Price risk pertains mainly to fluctuations in market prices of equity securities listed in the SEC. 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 Group expects to contribute ₱120.00 million to the defined benefit pension plan in 2015.

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

	2014	2013	2012
Discount rate	**4-5%**	6-7%	6-7%
Expected rate of salary increase	**4.00%**	4.00%	4.00%
Turn-over rates:			
19-24 years old	**8.63%**	10.44%	10.44%
25-29 years old	**6.71%**	6.95%	6.95%
30-34 years old	**3.70%**	3.87%	3.87%
35-39 years old	**3.04%**	2.55%	2.55%
40-44 years old	**2.50%**	2.18%	2.18%
≥45 years old	**2.84%**	2.75%	2.75%

The sensitivity analysis below has been determined by remeasuring the defined benefit obligation at the reporting period after first adjusting one of the current assumption that were reasonably possible at the valuation date while all other assumptions remained unchanged. It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

		Increase (Decrease) in Defined Benefit Obligation		
	Increase (Decrease) in Basis Points	2014	2013	2012
Discount rate	50	**(₱101,408,874)**	(₱69,078,195)	(₱62,567,130)
	(50)	**111,348,361**	63,311,454	68,589,919
Future salary increases	50	**103,936,573**	67,115,049	65,027,063
	(50)	**(95,817,259)**	(61,961,791)	(59,952,009)

The Group performed an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans. The Group's current investment strategy consists of 80% equity instruments, 17% debt instrument and 3% loans and receivables.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2014:

Year	2014	2013	2012
Less than one year	**₱103,899,340**	₱49,613,321	₱138,161,607
More than 1 year to 3 years	**189,955,877**	206,832,446	206,605,654
More than 3 years to 7 years	**1,107,707,179**	953,524,310	559,743,487
More than 7 years to 15 years	**1,307,077,274**	1,384,008,046	1,452,008,824
More than 15 years to 20 years	**2,817,584,173**	2,577,809,201	2,043,861,533
More than 20 years	**15,039,983,913**	13,406,113,484	14,528,671,837

Other Employee Benefits

Other long-term employee benefits consist of accumulated employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱259.01 million and ₱264.37 million as at December 31, 2014 and 2013, 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 ₱18.14 million and ₱17.26 million as at December 31, 2014 and 2013, respectively (see Note 16).

27. Agreements

Lease Agreements

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

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

Total rental expense amounted to ₱855.12 million, ₱919.49 million and ₱787.88 million in 2014, 2013, and 2012 respectively (see Notes 22 and 23).

The future minimum rentals payable under the non-cancellable operating leases follow:

	2014	2013
Within one year	**₱158,804,204**	₱144,367,459
After one year but not more than five years	**669,743,603**	737,010,313
More than five years	**–**	91,537,494
	₱828,547,807	₱972,915,266

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and portion of land in regional stations. Total rental income amounted to ₱5.18 million, ₱4.85 million and ₱5.47 million in 2014, 2013 and 2012, respectively (see Note 25).

Subscription Agreements

The Parent Company entered into various subscription agreements with international cable providers for the airing of its programs and shows abroad. The agreements generally have terms of three to five years and are based on certain agreed service package rates.

Total subscription income amounted to ₱1,075.80 million, ₱977.81 million and ₱956.29 million in 2014, 2013 and 2012, respectively (see Note 21).

28. Income Taxes

The components of the Group's provision for (benefit from) income tax in the consolidated profit or loss are as follows:

	2014	2013	2012
Current - RCIT	**₱513,917,294**	₱909,190,340	₱740,211,754
Deferred	**(65,982,463)**	(196,859,299)	(46,634,794)
	₱447,934,831	₱712,331,041	₱693,576,960

Income Tax

The reconciliation between the statutory income tax rate and effective income tax rates on income before income tax is shown below:

	2014	2013	2012
Statutory income tax rate	**30.00%**	30.00%	30.00%
Additions (deductions) in income tax rate resulting from:			
Nondeductible tax deficiency payment	**0.55**	–	–
Interest income already subjected to final tax	**(0.32)**	(0.23)	(0.23)
Nondeductible interest expense	**0.04**	0.08	0.07
Dividend income from investment	**(0.01)**	–	–
Nonclaimable foreign tax credit	–	–	0.21
Income tax holiday	–	–	(1.14)
Impairment loss on investment	–	–	0.04
Others - net	**0.47**	(0.01)	1.02
Effective income tax rates	**30.73%**	29.84%	29.97%

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

	2014	2013
Deferred income tax assets - net:		
Deferred income tax assets:		
Pension liability	**₱96,338,924**	₱81,314,345
Intercompany sale of intangible assets	**45,000,000**	–
Other long-term employee benefits	**7,835,907**	13,115,956
Allowance for probable losses in investment	**1,893,651**	–
Allowance for doubtful accounts	**1,446,511**	454,152
Excess MCIT over RCIT	**780,366**	–
Others	**922,207**	–
	154,217,566	94,884,453
Deferred income tax liabilities:		
Unrealized foreign exchange gain	**(6,574,266)**	(6,695,590)
Revaluation of AFS financial assets	**(242,501)**	(38,001)
	(6,816,767)	(6,733,591)
	₱147,400,799	₱88,150,862

	2014	2013
Deferred income tax liabilities - net:		
Deferred income tax assets:		
Pension liability	**₱252,045,092**	₱99,760,249
Allowance for doubtful accounts	**80,961,771**	80,961,771
Other long-term employee benefits	**69,867,993**	71,206,198
Accrued rent	**25,870,239**	18,759,170
Unrealized foreign exchange loss	**5,973,762**	13,946,337
Customers' deposits	**605,392**	134,133,871
	435,324,249	418,767,596
Deferred income tax liabilities:		
Revaluation increment on land	**(435,963,012)**	(437,639,170)
Unamortized capitalized borrowing costs	**(18,138,874)**	(21,162,020)
Discounting of noncurrent obligation for program and other rights	**(496,254)**	(1,268,511)
Revaluation of AFS financial assets	**(422,410)**	(277,910)
	(455,020,550)	(460,347,611)
	(₱19,696,301)	(₱41,580,015)

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

	2014	2013
Revaluation increment on land	**(₱435,963,012)**	(₱437,639,170)
Pension liability - remeasurement loss on retirement plan	**134,283,716**	10,694,180
Revaluation of AFS financial assets	**2,151,332**	(315,911)
	(₱299,527,964)	(₱427,260,901)

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:

	2014	2013
NOLCO	**₱80,242,746**	₱64,028,510
Allowance for doubtful accounts	**9,805,947**	2,592,367
Pension liability	**1,992,286**	1,666,073
Other long-term employee benefits	**627,035**	555,473
Allowance for impairment loss	**540,866**	–
MCIT	**154,354**	248,420
Unrealized foreign exchange loss	**57,200**	–
	₱93,420,434	₱69,090,843

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱28.03 million and ₱20.73 million as at December 31, 2014 and 2013, 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, 2014, the Group's MCIT and NOLCO are as follows:

Date Paid/Incurred	Carry forward Benefit Up To	MCIT	NOLCO
December 31, 2012	December 31, 2015	₱–	₱46,554,740
December 31, 2013	December 31, 2016	154,354	15,771,890
December 31, 2014	December 31, 2017	–	17,916,116
		₱154,354	₱80,242,746

The movements in MCIT and NOLCO in 2014 are as follows:

	MCIT	NOLCO
Balance at beginning of year	₱248,420	₱64,028,510
Additions	–	18,028,858
Application	(3,871)	(112,742)
Expirations	(90,195)	(1,701,880)
	₱154,354	₱80,242,746

Board of Investments (BOI) Regulation

On February 19, 2007, the Parent Company was registered with the BOI as a new export producer of television and motion picture on a non-pioneer status under the Omnibus Investments Code of 1987 (Executive Order No. 226). As a registered enterprise, the Parent Company is entitled to income tax holiday for its registered activity for four years starting from registration date.

On December 10, 2010, the BOI granted the Parent Company an additional one year of income tax holiday for its registered activity from February 19, 2011 to February 18, 2012.

The total tax incentives availed of in 2012 amounted to ₱26.49 million.

29. EPS Computation

The computation of basic and diluted EPS follows:

	2014	2013	2012
Net income attributable to equity holders of the Parent Company (a)	**₱1,004,651,016**	₱1,666,949,855	₱1,616,888,633
Less attributable to preferred shareholders	**310,044,440**	514,435,885	498,986,536
Net income attributable to common equity holders of the Parent Company (b)	**₱694,606,576**	₱1,152,513,970	₱1,1t7,902,097
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)	**₱0.207**	₱0.343	₱0.333
Diluted EPS (a/d)	**₱0.207**	₱0.343	₱0.333

30. Financial Risk Management Objectives and Policies

The Group's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Group's operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and nontrade receivables (excluding advances to suppliers), refundable deposits, trade payables and other current liabilities (excluding payable to government agencies and customers' deposits), short-term loans, obligations for program and other right, dividends payable and other long-term employee benefits, which arise directly from its operations, and AFS financial assets. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

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

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

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

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

	2014				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Loans and receivables:					
Cash and cash equivalents*	**₱1,412,013,951**	**₱159,644,753**	**₱–**	**₱–**	**₱1,571,658,704**
Trade receivables:					
Television and radio airtime	**550,910,486**	**2,473,761,000**	**269,872,570**	**–**	**3,294,544,056**
Subscriptions	**320,876,428**	**718,519,443**	**–**	**–**	**1,039,395,871**
Others	**47,348,164**	**122,069,524**	**4,821,702**	**–**	**174,239,390**
Nontrade receivables:					
Advances to officers and employees	**39,000**	**4,404,381**	**–**	**–**	**4,443,381**
Others	**11,980,481**	**74,067,442**	**–**	**–**	**86,047,923**
Refundable deposits**	**–**	**–**	**–**	**19,913,347**	**19,913,347**
	2,343,168,510	**3,552,466,543**	**274,694,272**	**19,913,347**	**6,190,242,672**
AFS financial assets	**–**	**–**	**–**	**129,024,081**	**129,024,081**
	₱2,343,168,510	**₱3,552,466,543**	**₱274,694,272**	**₱148,937,428**	**₱6,319,266,753**
Other financial liabilities:					
Trade payables and other current liabilities***	**₱427,501,183**	**₱500,295,668**	**₱66,059,351**	**₱–**	**₱993,856,202**
Short-term loans	**–**	**300,000,000**	**1,922,960,000**	**–**	**2,222,960,000**
Obligations for program and other rights	**–**	**116,533,114**	**–**	**5,193,223**	**121,726,337**
Dividends payable	**9,698,035**	**–**	**–**	**–**	**9,698,035**
Other long-term employee benefits	**–**	**–**	**–**	**259,012,979**	**259,012,979**
	₱437,199,218	**₱916,828,782**	**₱1,989,019,351**	**₱264,206,202**	**₱3,607,253,553**

**Excluding cash on hand and production fund amounting ₱27.17 million.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
****Excluding payable to government agencies and customer deposits amounting to ₱716.45 million and ₱220.87 million, respectively (see Note 16).*

	2013				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents*	₱1,441,243,669	₱283,946,479	₱–	₱–	₱1,725,190,148
Short-term investments	–	–	7,874,002	–	7,874,002
Trade receivables:					
Television and radio airtime	668,189,101	1,731,217,245	269,872,570	–	2,669,278,916
Subscriptions	198,032,453	573,459,471	–	–	771,491,924
Others	–	106,138,117	9,939,620	30,850,152	146,927,889
Nontrade receivables:					
Advances to officers and employees	200	4,623,514	–	–	4,623,714
Others	26,626,245	43,121,660	–	–	69,747,905
Refundable deposits**	–	–	–	15,671,300	15,671,300
	2,334,091,668	2,742,506,486	287,686,192	46,521,452	5,410,805,798
AFS financial assets	–	–	–	135,552,548	135,552,548
	₱2,334,091,668	₱2,742,506,486	₱287,686,192	₱182,074,000	₱5,546,358,346

(Forward)

	2013				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Other financial liabilities:					
Trade payables and other current liabilities***	₱438,449,654	₱342,875,920	₱39,622,350	₱–	₱820,947,924
Short-term loans	–	1,113,257,979	–	–	1,113,257,979
Obligations for program and other rights	–	141,096,456	–	33,330,130	174,426,586
Dividends payable	8,868,629	–	–	–	8,868,629
Other long-term employee benefits	–	–	–	264,368,057	264,368,057
	₱447,318,283	₱1,597,230,355	₱39,622,350	₱297,698,187	₱2,381,869,175

**Excluding cash on hand and production fund amounting ₱24.44 million.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
****Excluding payable to government agencies and customer deposits amounting to ₱513.38 million and ₱447.11 million, respectively (see Note 16).*

Foreign Currency Exchange Risk. Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group's exposure to foreign currency exchange risk results from its business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign currency exchange risk.

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

	2014		2013	
Assets				
Cash and cash equivalents	**$18,233,035**	**₱815,381,325**	$11,899,486	₱528,337,179
Trade receivables	**24,933,815**	**1,115,040,207**	17,960,926	797,465,114
	$43,166,850	**₱1,930,421,532**	$29,860,412	₱1,325,802,293
Liabilities				
Trade payables	**$614,398**	**₱27,475,879**	$305,416	₱13,560,471
Short-term loans	**43,000,000**	**1,922,960,000**	24,929,617	1,106,875,000
Obligations for program and other rights	**1,114,846**	**49,855,913**	1,467,993	65,178,889
	$44,729,244	**₱2,000,291,792**	$26,703,026	₱1,185,614,360

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱44.72 and ₱44.40 to US$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2014 and 2013, respectively.

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

	Appreciation (Depreciation) of ₱	Effect on Income before Income Tax
2014	**0.50**	**₱1,033,850**
	(0.50)	**(1,033,850)**
2013	0.50	(₱394,673)
	(0.50)	394,673

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

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

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

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax 2014	2013
Cash and cash equivalents	50	**(₱19,645,734)**	(₱21,564,877)
	(50)	**19,645,734**	21,564,877
Short-term loans	50	**(27,787,000)**	(13,835,938)
	(50)	**27,787,000**	13,835,938

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:

	2014	2013
Loans and receivables		
Cash and cash equivalents*	**₱1,571,658,704**	₱1,725,190,148
Short-term investments	–	7,874,002
Trade receivables:		
Television and radio airtime	**3,024,671,486**	2,399,406,346
Subscriptions	**1,039,395,871**	771,491,924
Others	**169,417,688**	142,821,682
Nontrade receivables:		
Advances to officers and employees	**4,443,381**	4,623,714
Others	**86,047,923**	69,747,905
Refundable deposits**	**19,913,347**	15,671,300
	5,915,548,400	5,136,827,021
AFS financial assets	**129,024,081**	135,552,548
	₱6,044,572,481	₱5,272,379,569

**Excluding cash on hand amounting to ₱27.17 million and ₱24.44 million as at December 31, 2014 and 2013, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

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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, 2014 and 2013, the credit quality of the Group's financial assets is as follows:

	2014			
	Neither Past Due Nor Impaired		**Past Due but**	
	High Grade	**Standard Grade**	**not Impaired**	**Total**
Loans and receivables:				
Cash and cash equivalents*	**₱1,571,658,704**	**₱–**	**₱–**	**₱1,571,658,704**
Trade receivables:				
Television and radio airtime	**269,872,570**	**1,870,274,281**	**884,524,635**	**3,024,671,486**
Subscriptions	–	**443,781,464**	**595,614,407**	**1,039,395,871**
Others	**4,821,702**	**81,967,263**	**82,628,723**	**169,417,688**
Nontrade receivables:				
Advances to officers and employees	–	**4,404,381**	**39,000**	**4,443,381**
Others	–	**71,627,672**	**14,420,251**	**86,047,923**
Refundable deposits**	**19,913,347**	–	–	**19,913,347**
	1,866,266,323	**2,472,055,061**	**1,577,227,016**	**5,915,548,400**
AFS financial assets	**129,024,081**	–	–	**129,024,081**
	₱1,995,290,404	**₱2,472,055,061**	**₱1,577,227,016**	**₱6,044,572,481**

**Excluding cash on hand amounting to ₱27.17 million as at December 31, 2014.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

	2013			
	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Impaired	Total
Loans and receivables:				
Cash and cash equivalents*	₱1,725,190,148	₱–	₱–	₱1,725,190,148
Short-term investments	7,874,002	–	–	7,874,002
Trade receivables:				
Television and radio airtime	269,872,570	1,034,815,201	1,094,718,575	2,399,406,346
Subscriptions	–	479,659,930	291,831,994	771,491,924
Others	–	88,622,679	54,199,003	142,821,682
Nontrade receivables:				
Advances to officers and employees	–	4,623,514	200	4,623,714
Others	–	35,636,449	34,111,456	69,747,905
Refundable deposits**	15,671,300	–	–	15,671,300
	2,018,608,020	1,643,357,773	1,474,861,228	5,136,827,021
AFS financial assets	135,552,548	–	–	135,552,548
	₱2,154,160,568	₱1,643,357,773	₱1,474,861,228	₱5,272,379,569

**Excluding cash on hand amounting to ₱24.44 million as at December 31, 2013.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

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

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

The Parent Company is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for the three years ended December 31, 2014, 2013 and 2012.

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 ₱2,222.96 million and ₱1,106.87 million as at December 31, 2014 and 2013, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2014 and 2013 amounted to ₱8,190.47 million and ₱8,788.42 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:

	2014			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Loans and receivables -				
Refundable deposits*	**₱19,913,347**	**₱–**	**₱–**	**₱18,144,416**
AFS financial assets	**5,009,000**	**6,840,000**	**–**	**–**
Investment properties	**58,811,306**	**–**	**–**	**135,390,479**
Land at revalued amount	**346,502,817**	**–**	**–**	**1,453,210,041**
	₱430,236,470	**₱6,840,000**	**₱–**	**₱1,606,744,936**
Liability				
Other financial liability -				
Noncurrent portion of obligation for program and other rights	**₱5,193,223**	**₱–**	**₱–**	**₱6,526,340**

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

	2013			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Loans and receivables -				
Refundable deposits*	₱15,671,300	₱–	₱–	₱14,885,845
AFS financial assets	2,708,000	4,890,000	–	–
Investment properties	60,532,209	–	–	133,666,200
	₱78,911,509	₱4,890,000	₱–	₱148,552,045
Liability				
Other financial liability -				
Noncurrent portion of obligation for program and other rights	₱33,330,130	₱–	₱–	₱34,663,247

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

During the years ended December 31, 2014 and 2013, there were no transfers between levels of fair value measurement. There are no financial instruments classified under levels 1 and 2.

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

Cash and Cash Equivalents, Short-term Investments and Trade and Nontrade Receivables
The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables are the approximate fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits
The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.64% to 4.83% in 2014 and 0.73% to 2.13% in 2013.

AFS Financial Assets
These are investments in quoted and unquoted shares of stock. The fair value of quoted shares is based on quoted market prices. For unquoted shares, the carrying amounts (cost less allowance for impairment losses) approximate fair values due to unpredictable nature of future cash flows and lack of other suitable methods for arriving at reliable fair value.

Investment Properties
The valuation for investment properties was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱900 to ₱118,945.

Land at Revalued Amount
The valuation for land was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the

subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱50,000.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the properties.

Trade Payables and Other Current Liabilities (excluding payable to government agencies and customer deposits), Short-term Loans, Current Portion of Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable are the approximate fair values due to the relatively short-term maturity of these financial instruments.

Noncurrent Portion of Obligations for Program and Other Rights
The fair value of noncurrent portion of obligation for program and other rights is based on the present value of the future cash flows. Discount rates used is 4.03% in 2014 and 2.10% in 2013.

32. Other Matters

Non-cash transactions
Noncash investing activity for the year ended December 31, 2013 consists of increase in investment in PEP of ₱12.00 million which was settled through conversion of advances of GNMI to PEP (see Note 11). Moreover, noncash transaction under investing activities pertains to the revaluation of land credited to the "Revaluation increment on land - net of tax" account under equity. Details of the revaluation of land are further discussed in Note 13.

This also consists of the increase in AFS financial assets amounting to ₱22.13 million which is attributable to the dividends declared by Unicapital to the Parent Company.

Events after Reporting Period
On March 30, 2015, the BOD approved the Parent Company's declaration and distribution of cash dividends amounting to ₱0.25 per share totaling ₱1,216.15 milion to all stockholders of record as at April 24, 2015 and will be paid on May 19, 2015.

CERTIFICATION

THIS IS TO CERTIFY that in compliance with **Article 9(B) of the 1987 Philippine Constitution**, none of the Directors, Independent Directors and Officers of **GMA Network, Inc.** are elected as public servants and or appointed in any government agency, local or foreign, without authority of law.

Issued this 14th day of April 2015.

ROBERTO O. PARED
Corporate Secretary/Compliance
GMA Network, Inc.