No. 1 Nationwide

2011 GMA NETWORK, INC. ANNUAL REPORT

About the cover

In 2011, GMA 7 became the number 1 television station nationwide. The Kapuso Network owes its phenomenal success to its hardworking people – officers, employees and talents – whom it considers its best assets. While GMA Network is already on top of the game and as it continues its journey towards a bright future, the Company never forgets to look up to God, Whom it places above all.

ABOVE all else.

CORPORATE PURPOSE

We enrich the lives of Filipinos everywhere with superior Entertainment and the responsible delivery of News and Information.

CORPORATE VISION

We are the most respected, undisputed leader in the Philippine broadcast industry and the recognized media innovator and pacesetter in Asia.
We are the Filipinos' favorite network.
We are the advertisers' preferred partner.
We are the employer of choice in our industry.
We provide the best returns to our shareholders.
We are a key partner in promoting the best in the Filipino.

CORE VALUES

We place God above all.
We believe that the Viewer is Boss.
We value our People as our best assets.
We uphold Integrity and Transparency.
We are driven by our Passion for Excellence
We strive for Efficiency in everything we do.
We pursue Creativity and Innovation.


GMA

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CHAIRMAN'S MESSAGE

LEADing the way

Our 2011 experience paved the way for new opportunities and bigger challenges in 2012.

When I became CEO of GMA Network in October 2000, it was clear to me that there was only one goal – to be the number one broadcast station in the Philippines.

September 2003 saw us clinching the number one spot in Metro Manila. And the rest, as they say, is now history. From a far number two, we slowly but surely triumphed in the battlefield that is called the Philippine media landscape.

Eventually, given the many upgrades in telecommunications and technology in general, we adjusted our goal of being number one in the country and set our sights on being the number one broadcast station *of* the Philippines. This current decade has upped the ante and expanded the battleground for domination beyond the 7,000 islands of the Philippine archipelago to the rest of the world.

2011 was another landmark year for GMA. On January 10, 2011, we made history yet again when we finally took the most coveted lead in nationwide TV ratings, called NUTAM, for short. And not only did we grab the lead in NUTAM in January; we successfully sustained our TV ratings advantage for the rest of the year with convincing margins.

It was a remarkable achievement considering the fact that we came from almost losing our lead in our traditional areas of dominion during the middle part of 2010. We went beyond responding to the wake-up call to recover from our lackluster performance to winning and staying on top in NUTAM. Needless to say, we also maintained our dominance in Mega Manila and Urban Luzon.

Two factors worked in congruence to push us to the number one spot in NUTAM: our strong afternoon programming and the positive increments of our ratings in Visayas and Mindanao, where we saw significant narrowing of the margins between us and our main rival, ABS-CBN.

Our TV ratings triumph in 2011 was not only limited to GMA Channel 7 as our free-to-air news station, GMA News TV (GNTV), likewise established itself as the number one news and public affairs channel in the country, immediately after it was launched in late February.

Filipinos hungry for news and other relevant updates tuned in to GNTV especially during significant and historical events in 2011 such as the Royal Wedding in London, the beatification of Pope John Paul II and the tsunami in Japan. As of this writing, viewers are tuning in to GNTV to closely monitor the developments on the impeachment trial of Chief Justice Renato Corona.

While we were successful in garnering top rankings in TV ratings, 2011 was challenging in terms of attaining our financial targets. For one thing, the benchmark set by our performance in 2010, an election year, was very high. Nonetheless, at the end of 2011, we had maintained our healthy balance sheet and that in itself is a feat worth celebrating.

While our financial results for the year were lower overall compared to 2010, some of our businesses remained up and above 2010 levels. Among our gainers was our international

operations, charting growth in revenues – despite the strengthening of the value of our Peso against the US Dollar – on account of increased subscriber base of GMA Pinoy TV and increased revenues from airtime sales.

As we see potential for further surges in our international channel business, our expansion in the local market continues, too, with the establishment of new originating and satellite stations in strategic territories outside of Metro Manila. These new stations will not only contribute to our overall viewership rise and answer the increased demand for localized content but will increase our gross revenues as well.

Our efforts at full digitization are being undertaken with deliberate speed with only a few more details in the program to be ironed out. When Philippine television finally goes digital, GMA Network will definitely be hitting the ground running.

Our 2011 experience paved the way for new opportunities and bigger challenges in 2012. Leading in NUTAM made us realize how difficult it is to remain on top of this very dynamic industry. However, topping the ratings in key areas for almost a decade and being constantly pressured and threatened by our rivals along the way has taught us to constantly and consistently step up our game and remain a step ahead of competition.

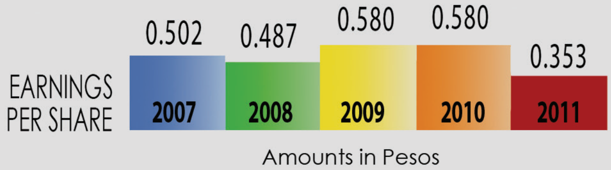
It certainly is going to be another gripping year for GMA Network and I am glad that we are moving towards the future from the best position – being number one.

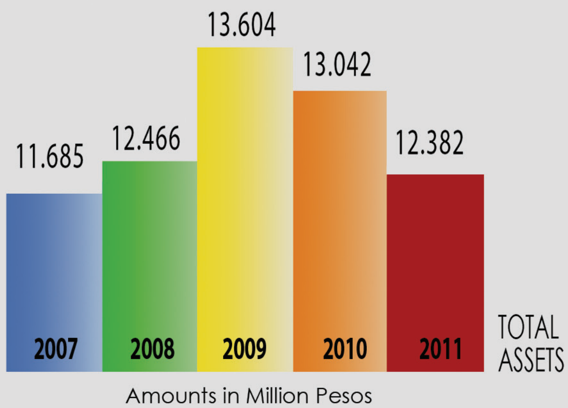
To our shareholders, officers, employees, talents, advertisers and business partners, our sincere gratitude and appreciation. It is your unwavering support that allow us to grow and flourish and become No.1.

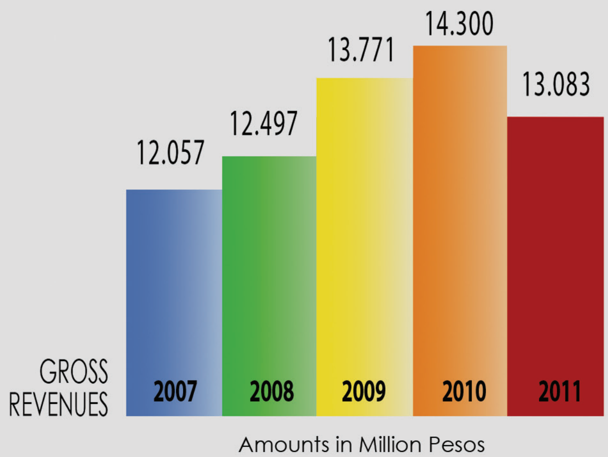
To all our viewers who made GMA 7 the number one TV channel and GMA News TV the number one news channel in the country, maraming salamat po sa inyong lahat, mga Kapuso.

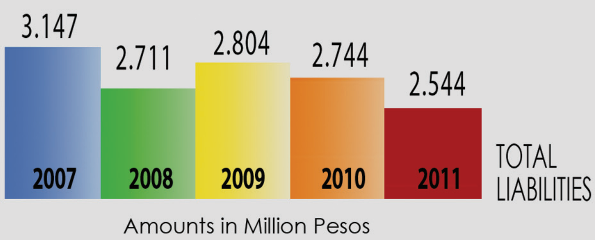
FELIPE L. GOZON
Chairman and CEO

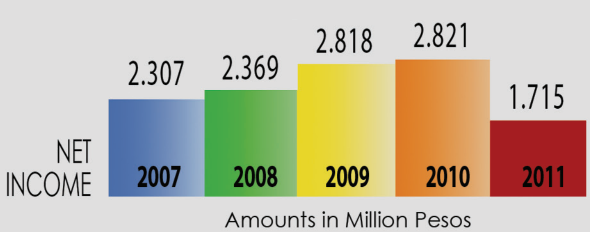
2011 FINANCIAL HIGHLIGHTS

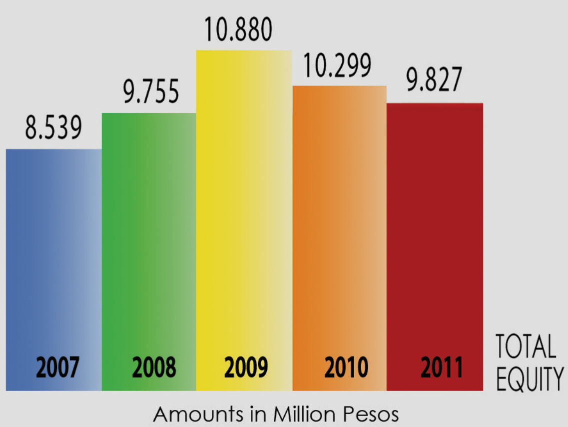












1 LEADership by example

We went into 2011 with two objectives. The first, was to equal if not surpass our financial performance of the previous year and the second, to finally take the lead in the National (NUTAM) ratings.

While the first objective may have appeared to be fairly simple to achieve, it is worthy to note that 2010 was an election year where we booked approximately P2 billion in political, non-recurring revenue which would have to be taken up by regular, trade accounts. Aside from this, our free-to-air news channel, GMA News TV was scheduled to launch by end-February and as a start-up, expected to pose a drag on our net income numbers in its first year of operations.

The year started with encouraging revenue figures. However, the balance of the year proved to be less than sterling as the financial crises in both the United States and Europe started to manifest themselves in budget cut-backs most notably from our largest, multi-national clients. Despite this, we were still able to generate modest growth in regular trade revenue, although tempered and insufficient to compensate for the political revenue generated in the previous year.

Remaining consistent with prior years, our programming and other operating expenditures remained in check despite the cost pressures brought about by the entry of a third player in our business space. By the close of the year, our Balance Sheet remained pristine and the Company financially strong – all well, save for the reduction in our net income for the year.

The year as regards to the second objective was entirely different. Driven primarily by our increasing ratings margins in Mega Manila and total Luzon and augmented by consistent rating improvements in the Visayas and Mindanao, we were able to finally grab the lead in the NUTAM ratings in 2011 based on AGB Nielsen data.

Throughout the year, programs were developed and produced which consistently either increased our audience base nationwide or served to starve off the assaults of our key competitor. By the close of the year, GMA was ahead nationally on all days of the week, with only one time block left to conquer. Launched only on the 28th of February 2011, even our news channel, GMA News TV, was No. 1 in its niche after only a few weeks on-air. Today, GMA News TV continues to be the fourth most watched channel in the country, behind no less than only GMA, ABS-CBN and TV5.

We continue to incessantly study and develop program options across all formats based on our evolving understanding and appreciation of our audience's needs and preferences. While the objective of leading in NUTAM has been met, we now confront an even greater challenge in the coming year, that of further increasing our ratings nationally and winning over the audiences in both the Visayas and Mindanao.

Given the momentum we have been able to establish this year, there is basis to believe that 2012 will be a banner year for us.

It is gratifying to note that aside from the ratings, other segments of our business also remained in step in 2011.

Our international business continued to grow within the year despite the many adversely affected foreign economies where our Kapuso expats and immigrants either work or live. Going forward, we see this upward trajectory continuing in this area of our business with the launch of our third international channel, GMA News TV, in major pay-tv markets complimented by the increasing number of carrier partners for GMA Pinoy TV and GMA Life TV in 2012.

On the digital, on-line front, our publishing assets, GMA News Online and PEP.ph, in partnership with the Summit Publishing Group, continued to be the leading News & Public Affairs and Entertainment websites, respectively. Seeing the need for a greater, more impactful corporate presence on line, we have completely re-packaged our Network website, gmanetwork.com which is scheduled for launch within the first quarter of the coming year.

Investments to further improve our channel delivery infrastructure and content production/post-production capabilities continued to be made in 2011 with numerous transmitter and production facility upgrades implemented within the year. Further to these, two key transmitter upgrade projects will be completed by the end of the 1st quarter next year which will significantly increase our reach in the rural areas of the Visayas and Mindanao. Additionally, two new originating stations, one in the Ilocos region and the other in the Bicol region, are scheduled to be commissioned by the early part of the 3rd quarter 2012. Within the coming year, we will also further increase the percentage of High Definition shot content with the end-in-view of enhancing the visual elements of our programs. On the DTT (Digital Terrestrial TV) front, we will proceed with our independent tests in anticipation of the eventual application of the technology.

On the whole, we view 2011 as another year of achievement and look forward to the coming year with great anticipation as the local and international economic environments improve. Given the momentum we have been able to establish this year, there is basis to believe that 2012 will be a banner year for us.

Allow me to close by conveying our many thanks to all our valued stakeholders, partners and viewers for your continued trust and support. None of what we have achieved in the past year would have been possible without you.

Maraming salamat po muli sa inyong lahat.

GILBERTO R. DUAVIT, JR.
President and COO

Operational Highlights

GMA Network's Channel 7 finally conquered nationwide TV ratings in 2011 and managed to sustain its advantage over its competitors throughout the year.

Following an election year, where advertising revenues soared to uncharted levels, achieving financial targets for 2011 was challenging, more so in the face of budget cutbacks by large multi-national clients.

Financials

GMA Network's consolidated net income settled at P1.715 billion, significantly lower than P2.821 billion generated in 2010.

Consolidated gross revenues closed at P13.083 billion, 9 percent or P1.217 billion lower than 2010's P14.300 billion. Stripping out the P2.054 billion in political advocacies and advertisements from the top line, GMA Network recorded a 7% or P837.1 million improvement. EBITDA ended at P3.090 billion, down by 34% or P1.621 billion compared to 2010.

Total operating expenses went up by 8%, due mostly to higher costs of primetime soap operas (Captain Barbell and Amaya) and other programs in the afternoon block as well as the increase in produced programming with the re-formatting of Channel 11 to GMA News TV.

Total assets dropped 5% to P12.382 billion.

Ratings and Programming

The big story for GMA in 2011 was its triumph in nationwide or NUTAM ratings. GMA posted a full-year average household audience share of 34.2 percent, up by 3.1 percentage points versus rival ABS-CBN's average of 31.1 percent. This is based on data from Nielsen TV Audience Measurement.

After almost losing its lead in its traditional bailiwicks in the middle part of 2010, GMA turned things around in 2011 and regained its dominance in both Mega Manila and Urban Luzon. In Mega Manila, GMA led ABS-CBN by 13.8 percentage points in audience share while in Urban Luzon, GMA was ahead by 11.4 percentage points over ABS-CBN.

GMA Network's other channel, GMA News TV, which replaced QTV in late February, quickly found its niche and established itself as the number news and public affairs channel in the country.

Stripping off the effect of political advertisements, Regional TV (RTV) reflected a 21% increase versus 2010. Radio operations grew its regular sales by 15% banking on improved radio ratings.

Meanwhile, revenues from GMA's International operations posted a 4% hike versus 2010. Despite the 7% increase in subscriber base for GMA Pinoy TV to 291,309 in 2011, the increase in revenues was minimal due to the appreciation of the peso against the dollar by an average of 4% or P1.73=$1 throughout the year.

GMA Life TV ended the year with 114,471 subscribers. On the other hand, GMA News TV International was launched in September and is now available in Guam, Japan, Australia, New Zealand, the UAE and Madagascar. In 2012, it is expected to be launched in North America.

Updates from Subsidiaries

In late November 2011, Program Support Department, in collaboration with News and Public Affairs, Entertainment, GMA International, GMA Radio, Kapuso Foundation, GMA Films, GMA Records, GMA Artist Center, GMA Corporate Affairs, GMA Investor Relations and GMA New Media (NMI) launched www.gmanetwork.com, the umbrella site of all GMA platforms. This move enhances GMA's connection with its audience online by providing news, entertainment, information, community, and public service at their fingertips, anytime, anywhere. The portal also allows users to get quick and easy access to all of the Network's web properties.

NMI incorporated "Digify," a new digital agency that aims to complement the brand-building capabilities of traditional agencies and clients, and add value to their business. The team's expertise covers digital branding, interaction design, social media communications and multimedia content production. Digify is well-poised to provide end-to-end solutions for stand-alone and integrated digital campaigns.

With GMA facing the future from the top, the Company has the advantage it needs to push for greater achievements in the future.

Digify has recently applied for a patent for Mobile Augmented Reality (Mobile AR), one of the many applications in the agency's portfolio. Augmented Reality is a technology that provides a view of real-world elements that are enhanced by digital information, such as text, images and videos. Mobile AR is a system and method for playing, displaying and interacting with multimedia content on new media devices such as smart phones and tablet devices. The AR content is triggered by the use of various kinds of markers or through alternative methods such as motion or facial detection. This technology provides consumers a better way to see a brand as it allows them to have an "almost-real" experience of the product without the actual product being there. Digify's AR portfolio is showcased in www.almostreal.ph.

Filipinos in the United Arab Emirates (UAE) can now view their favorite GMA Entertainment and News and Public Affairs programs through GMA Pinoy TV's mobile TV service. Through NMI's partnership with Du Telecom, subscribers can watch GMA content for only AED 10.00 a month. Now, they can enjoy unlimited access to GMA shows wherever they are in UAE.

Average unique visitors for PEP.ph (Philippine Entertainment Portal), the Philippines' leading showbiz portal, in 2011 increased by 21 percent as it registered 1.7 million versus 1.4 million the year before.

PEP.ph further broadened its following in social networking sites, increasing its Facebook fans from 63,000 to 83,000 and its Twitter followers from 285,000 to 317,000.

NMI has scheduled the incorporation of Gamespan, its joint venture with the Manila Jockey Club for the first quarter of 2012.

The joint-venture online properties of NMI such as GMANews.TV and PEP.ph have average monthly page views of 28 million and 23.3 million, respectively.

In 2011, GMA Films co-produced with Regal Films the Valentine movie, My Valentine Girls. Other movies produced in 2011 were Temptation Island, Tween Academy Class of 2012 (with SMDC) and The Road which was picked up for North American theatrical release and digital distribution. GMA Films' Metro Manila Film Festival movie entries were Panday 2 (with Imus Productions) and My Househusband (with Regal Films).

On the other hand, through GMA Records, 465 songs were approved for use by various GMA shows, saving the Network P3,821,000.

GMA Records served as the official distributor of News and Public Affairs (NPA) DVDs of select documentaries in various record bars, video outlets, and bookstores nationwide.

GMA Records also signed a kiosk-based digital distribution contract with Andaman and a territory representation agreement with Valleyarm. GMA Records will administer acquired/published songs of Valleyarm, distribute their content for digital downloads and collect their royalties on their behalf in the Philippines.

GMA's worldwide syndication sales arm GMA Worldwide ended the year 2011 with total sales of US$630,531.30.

Cumulative revenues from January to December 2011 for ALTA Productions stood at P42.1 million, up by 27% versus last year. Audio dubbing was the primary contributor to the increase in revenues, posting a 21% increase versus 2010.

Meanwhile, gross revenues for Script2010 reached P136.62 million. Revenues from stage and sets construction, which represented 41% of total gross revenues, settled at P56.67 million. Revenues from set-up, standby and dismantle (SUSD), which accounted for 27% of the total revenue pie, generated P37.02 million. Revenues from transport services and facility support amounted to P27.60 million and P15.34 million, respectively.

As 2011 marked another historic year for GMA, particularly in nationwide TV ratings, 2012 will definitely be more challenging. However, with GMA facing the future from the top, the Company thankfully has the advantage it needs to push for greater achievements in 2012 and beyond.

Surging AHEAD in Nationwide TV Ratings

JANUARY
Starting Jan 10, GMA captured NUTAM lead driven by a stronger *Eat Bulaga,* afternoon drama block (particularly *Temptation of Wife*) and an improved primetime block with the launch of *Dwarfina.*

FEBRUARY
GMA widened NUTAM lead by capturing lead during the weekday morning block on top of a stronger weekday afternoon block lead with the launch of *Nita Negrita* and *My Lover My Wife.*

MARCH
GMA substantially leveled up its overall morning lead by taking over the weekend morning block lead.

APRIL
Holy Week TV premiere of *You to Me Are Everything* hit rank 1 in April's top programs and third in rank in the 2011 top program listing next to the two Pacquiao boxing specials.

MAY*
More than half of the urban TV households nationwide were glued to the main event of the Pacquiao-Mosley boxing special (hh rating of 52.9%).

JUNE
GMA proved its leadership in the sitcom genre with Pepito Manaloto leading other rivals and new show *Andres de Saya* beating its ABS counterpart during its Saturday primetime slot.

* ABS out-rated GMA in May as ABS posted its strongest weekday primetime lead in 2011 being Mara Clara's finale month (ended Jun 3) and launch of 100 Days to Heaven. Furthermore, ABS' weekend primetime lead intensified with PGT's semifinals and launch of Gandang Gabi Vice.

ABS also grabbed the morning lead with Showtime Finals and GMA's new launches in April such as *Starbox, Family Feud* and *Kitchen Superstar* continued to trail behind ABS counterparts by substantial margins.

JULY

GMA established its NUTAM leadership in both household and people reading.

Newly launched *Manny Many Prizes* became the top game show choice in nationwide urban TV households.

Amaya bested all other shows in Urban Luzon.

AUGUST

A significant jump from July in GMA's lead during the afternoon block via *Eat Bulaga*, new show *Pahiram ng Isang Ina* and *Sisid*'s finale.

New primetime launches *Time of My Life* and *Big Thing* became the first choice nationwide during their respective timeslots.

SEPTEMBER

New weekday afternoon drama *Kung Aagawin Mo ang Langit* and *Sinner or Saint's* finale helped beef up GMA's afternoon lead.

OCTOBER

With *Daldalita*'s launch in the late afternoon block, GMA's weekday afternoon lead further escalated.

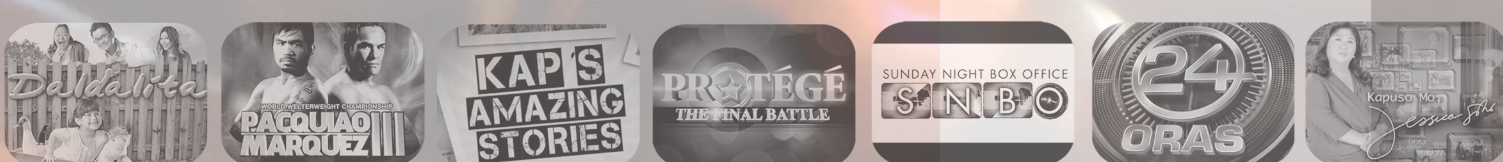
NOVEMBER

GMA's highest NUTAM lead in 2011 at 3.4 household rating points and 1.1 people rating points.

The third re-match of Pacquiao-Marquez obtained a 53.1% household rating (main event). That is, 83% of viewers followed the outcome of the match.

DECEMBER

GMA led weekend primetime driven by its Sunday programs (*Pepito Manaloto, Kap's Amazing Stories, Protégé and SNBO*) and several Saturday shows (*24 Oras* and *Kapuso Mo, Jessica Soho*).



FRONT Runners

SUBSIDIARIES
(WHOLLY-OWNED COMPANIES)

GMA NEW MEDIA, INC.

GMA NEW MEDIA
Converging Technology

CITYNET NETWORK MARKETING AND PRODUCTIONS INC.
Television entertainment production

GMA NETWORK FILMS, INC.
Film production

ALTA PRODUCTIONS GROUP, INC.
Pre- and post-production services

GMA MARKETING AND PRODUCTIONS, INC.
Exclusive marketing and sales arm of GMA's airtime

SCRIPT 2010, INC.
(formerly Capitalex Holdings, Inc.)*
Design, construction and maintenance of set design for TV, stage plays and concerts

* Indirectly owned through Citynet Network Marketing and Productions, Inc.
** Indirectly owned through GMA New Media, Inc.
*** On April 26, 2007, the Company's Board of Directors declared its shareholdings in Mont-Aire as subject to sale to any interested buyer. In the event the Company does not find a willing buyer, the same shall be declared as dividends to the stockholders of record as of April 26, 2007.

GMA WORLDWIDE (Philippines), Inc.
International marketing, handling foreign program acquisitions and international syndication of the Company's programs

RGMA MARKETING AND PRODUCTIONS, INC. (GMA RECORDS)
Music recording, publishing and video distribution

MEDIAMERGE CORPORATION**
Business development and operations for the Company's online publishing/advertising initiatives

AFFILIATES

X-PLAY **
A partnership between IPVG Corp. and GMA New Media, Inc. which focuses on designing, operating and maintaining casual online gaming and casual online gaming-related portals

Ownership: 50%

PHILIPPINE ENTERTAINMENT PORTAL, INC. **
Operator of Pep.ph, an entertainment portal

Ownership: 50%

MONT-AIRE REALTY AND DEVELOPMENT CORP. ***
A real estate holding company

Ownership: 49%

INQ7 INTERACTIVE, INC.
A joint multimedia news and information delivery company of the Philippine Daily Inquirer, Inc. and GMA

Ownership: 50%

RGMA NETWORK, INC.
General management programming, research and event management services for the Company's radio stations

Ownership: 49%

CHAMPIONing

Corporate Citizenship

Citizen Kapuso: CSR In Action

"As a business, we have a civic duty to help in nation-building. And we can do this by implementing relevant CSR programs that try to improve the lot of the Filipino viewer."

Felipe L. Gozon, Chairman and CEO, GMA Network, Inc.

Corporate social responsibility is embedded in GMA Network's corporate DNA. From giving free airtime to generate public awareness for various worthy advocacies to providing scholarships to partnering with a wide range of organizations with relevant causes, GMA ensures that the Filipino audience's interests are well served, wherever they may be.

GMA's CSR has the following focus areas: corporate philanthropy, education and environment.

Corporate Philanthropy

GMA Network dedicates airtime to socio-civic work by airing *Kapwa Ko Mahal K*o, the longest-running public service show, on Saturdays and providing daily segments for the GMA Kapuso Foundation's *Kapusong Totoo* in the primetime news show, 24 Oras and the early-morning top rater Unang Hirit.

In mid-2011, Network management launched GMA Cares, a salary deduction program designed to encourage employees to donate regularly to the Kapuso Foundation's coffers for its wide array of projects and programs.

Education

Grooming the next generation of mass communicators is something the Network sees as its role. After all, the guardians of the media industry must be the practitioners themselves. And part of ensuring the highest standards of broadcast excellence is to make sure the students get quality education and training.

GMA Network has two CSR programs focusing on education: the GMA Network Excellence Award and the GMA Network Scholarship Program.

The GMA Network Excellence Award, formerly The President's Medal, was renamed in 2011 as part of the Network's efforts to make the program more relevant to the students; its geographic reach was also extended to Pampanga and Dagupan.

In the Heart of GMA

Social responsibility is a natural expression of GMA's Purpose, "To enrich the lives of Filipinos everywhere." For over 60 years now, GMA's social responsibility has become a way of life, which is evidently manifested through its world-class TV programs, business operations, socio-civic arm groups and CSR projects.

The Award lauds select graduating students of Mass Communication and Electronics and Communications Engineering courses who have consistently shown, all throughout their college years, exceptional potential to be distinguished industry practitioners.

As of 2011, the academic partners are:

University of the Philippines (Diliman and Cebu campuses)
Don Bosco Technical School
Angeles University Foundation (Angeles, Pampanga)
Lyceum-Northwestern University (Dagupan, Pangasinan)

The awardees of the 2011 GMA Network Excellence Award:

University of the Philippines (Diliman)

1. Rachel Angeli B. Miranda – Journalism
2. Diana De Los Santos – Broadcast Communication
3. Jihad Karlo Mariano – Communication Research

University of the Philippines (Cebu)
Rachel Findo - Communication

Don Bosco Technical College
Joan Michelle Telintelo – Electronics Communications Engineering

Angeles University Foundation
Cherry Ann Mungcal – AB Major in Mass Communication

A Certificate of Merit was awarded to Lou Ferdinand de Leon of Lyceum-Northwestern University.

The GMA Scholarship Program provides financial aid to deserving 4th year Mass Communication/Electronics and Electronic Communications Engineering students for a full academic year (covering tuition and matriculation, a thesis grant and a living allowance).

The GMA Network Scholars for Academic Year 2011-2012:

Eastword D.G. Manlises - BA Broadcast Communication (UP, Diliman)
Karlitos Brian Decena - BA Journalism (UP, Diliman)
Frances Jemaine Gonzales - AB Mass Communication (Angeles University Foundation)

Continuing education is also part of GMA's CSR through the Speakers' Bureau wherein select News and Public Affairs and Entertainment TV personalities lend their expertise in discussions of various relevant topics.

In 2011, several speaking engagements were booked through the Network's Corporate Affairs and had senior news correspondents talking about Think Before You Click(TBYC). TBYC is a public awareness campaign for more responsible use of social media initiated by the Network's News and Public Affairs.

A unique partnership that GMA has been nurturing over the years is the collaboration with Metrobank Foundation for the annual Teacher's Month Campaign. In 2011, the Network ramped up its public awareness efforts for TMC across all media platforms (TV, radio and online). A novel activity was having select teachers as live audience during Party Pilipinas, GMA 7's Sunday noontime variety show – in keeping with the thrust of Metrobank Foundation to give tribute to teachers in as many avenues as possible.

GMA is a Green Citizen

GMA's *Kapuso Ng Kalikasan* is its platform for supporting an array of advocacies relating to environmental protection. Primarily, GMA sustained its partnerships with Haribon and WWF, airing the two organization's TVCs through ROS and participating in the latter's annual Earth Hour.

In September, GMA Network was also given the EcoSwitch Award by SwitchAsia under its Green Philippines Islands of Sustainability (GPIoS) program.

In November 2011, GMA and the GMA Kapuso Foundation collaborated with the Municipality of General Trias for a tree planting activity at the General Trias Sports Complex. Around 2,500 seedlings were planted by GMA GIVES (Guide. Interact. Volunteer. Educate. Serve), Kapuso stars Bea Binene, Princess Snell and Chloe McCulley and the youth of General Trias.

Also in November, an internal CSR activity was organized –the Clean Air and Clean Energy Forum. This was held as part of the celebration of Clean Air Month and had the Network's pool of drivers listen to a half-day series of talks on fuel-efficient driving and other safety measures while on the road.

Doing CSR the KAPUSO Way

GMA Network has two major tools for carrying out our CSR initiatives: running plugs or announcements via run-of-station or deploying GMA GIVES, GMA's corps of employee volunteers.

GMA GIVES in Action

In 2011, several volunteer activities were spearheaded by GMA GIVES, including the Kapuso Bloodletting Day in February (an annual bloodletting activity with the GMA Kapuso Foundation and Philippine Red Cross), a telethon for Sendong victims, a tree planting in General Trias, Cavite and a Christmas outreach with the Aetas of Capas, Tarlac.

TVCs on ROS

GMA takes pride in the fact that we actually use our precious resource, our airtime, as an avenue to manifest corporate responsibility.

This is because part of GMA's commitment is to provide relevant content to the Filipino audience, both in the country and in other parts of the world.

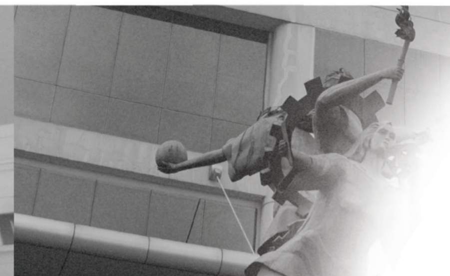
In 2011, the Network aired 554.49 minutes of advocacy plugs, totalling PhP139,145,082 (based on rate card) worth of airtime. Among the advocacies pushed to the forefront of public consciousness were the Oh My Gulay campaign of Senator Ed Angara, the Integrity Initiative (the Network was the only broadcast entity that signed this private sector led initiative), the celebration of Buwan ng Wika and Jose Rizal's 150th birth year celebrations.

BOARD OF DIRECTORS

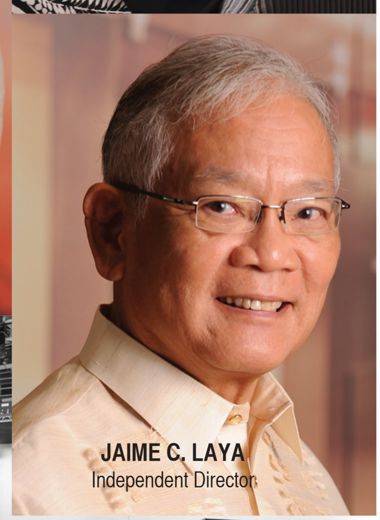
FELIPE L. GOZON
Chairman and CEO

JOEL MARCELO G. JIMENEZ
Director

GILBERTO R. DUAVIT, JR.
President and COO



ANNA TERESA M. GOZON-ABROGAR
Director



JAIME C. LAYA
Independent Director

More HEADS are better than ONE

Felipe L. Gozon, Filipino, 72 years old, is the Chairman of the Board of Directors and the Network's Chief Executive Officer.

Atty Gozon is a Senior Partner at the Belo Gozon Elma Parel Asuncion & Lucila Law firm. 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.; Chairman of Alta Productions Group, Inc., Citynet Network Marketing and Productions, Inc., Mont-Aire Realty and Development Corp., Philippine Entertainment Portal, Inc., and RGMA Network, Inc.; Vice Chairman of Malayan Savings and Mortgage Bank; Director of, among other companies, Gozon Development Corp., Justitia Realty and Management Corp., Antipolo Agri-Business and Land Development Corp., Sagittarius Condominium Corp.; and President of Lex Realty, Inc. He is Vice President of the Philippine Chamber of Commerce and Industry and also 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; Director of The Nova Foundation for Differently Abled Persons, Inc.; and Trustee of Bantayog ng mga Bayani Foundation.

Atty. Gozon is a recipient of several awards for his achievements in law, media, public service and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), and People of the Year by People Asia Magazine (2005). He is also listed among Biz News Asia's Power 100 (2003 to 2010). Gozon was also selected as a member of the Advisory Board for the 2010 Asian Television Awards (ATA).

Atty. Gozon earned his Bachelor of Laws degree from the University of the Philippines 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, 48 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/COO and 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., Mont-Aire Realty and Development Corp., and Pacific Heights Sports and Resort, Inc. He also serves as the President and a Trustee of the GMA Kapuso Foundation, Inc., President 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.

Atty. Anna Teresa M. Gozon-Abrogar, Filipino, 40 years old, has been a Director of the Company since 2000. Atty. Anna Teresa M. Gozon-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 the GMA Kapuso Foundation.

Joel Marcelo G. Jimenez, Filipino, 47 years old, has been a Director of the Company since 2002. He is currently the Senior Vice President of GMA Marketing and Productions, Inc., 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 the 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.

Dr. Jaime C. Laya, Filipino, 73 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman of Philippine Trust Company (Philtrust Bank), Director of Philippine Ratings Services Corporation, Philippine AXA Life Insurance Company, Inc., Ayala Land, Inc., and Manila Polo Club, Inc. He also serves as Chairman of the Don Norberto Ty Foundation, Inc., Trustee of De la Salle University – Taft,

BOARD OF DIRECTORS

CHIEF JUSTICE ARTEMIO V. PANGANIBAN
Independent Director

LAURA J. WESTFALL
Director

ROBERTO O. PAREL
Corporate Secretary

JUDITH D. VAZQUEZ
Director

FELIPE S. YALONG
Director

St. Paul University-Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum and Fundación Santiago, Inc.

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; and 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, 1961; Ph.D. in Financial Management, Stanford University, 1966. He is a Certified Public Accountant.

Chief Justice Artemio V. Panganiban, Filipino, 75 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., Metro Pacific Tollways Corp., Petron Corporation, Bank of the Philippine Islands, Asian Terminals and Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Independent Adviser of Philippine Long Distance Telephone Co., Chairman, Board of Advisers of Metrobank Foundation, Chairman of the Board of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank and of the Asian Institute of Management 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.

Atty. Roberto O. Parel, Filipino, 56 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, Capitalex Holdings Philippines, Ipilan Nickel Corporation, Nickel Laterite Resources, Inc., Berong Nickel Corporation, Ulugan Nickel Corporation, Ulugan Resources Holdings, Inc., Nickeline Resources Holdings, Inc., TMM Management Inc., Skyway O and M Corporation, and Assetvalues Holding Company, Inc.; Director and Corporate Treasurer of Selenga Mining Corporation; Corporate Secretary of Alta Productions Group, Inc., Scenarios, Inc., Citynet Network Marketing and Productions, Inc., GMA Kapuso Foundation, Inc., Hinoba Holdings (Philippines), Inc. and Hinoba-an & Sipalay Holdings, 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 pursued further 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 organized by the Japan Institute of Invention and Innovation and the Association for Overseas Technical Scholarship in Tokyo, Japan.

Judith Duavit Vazquez, Filipino, 49 years old, has been a Director of the Company since 1988. She is a member of the following special committees: Audit & Risk Committee and Compensation & Remuneration Committee. Moreover, she sits on the boards of the following GMA7 subsidiaries: RGMA, Inc., GMA New Media, Inc., GMA Worldwide, Inc., and GMA Films,Inc. She is a member of the Board of Trustees of the GMA Kapuso Foundation, Inc.

Judith is an acknowledged visionary and industry mover in Philippine Information and Communication Technology space. In 1995, she laid the nation's first fiber in the Central Business District of Makati and developed the country's first ICT ready intelligent skyscraper - the 45-storey Peak Tower, which boasts the largest neutral telecommunications tower in the city.

Judith is the founder and chairman of PHCOLO, Inc. - the premier interconnection site of telecommunications and Internet Service Provider companies on four platforms: fixed-line fiber, cable, wireless and satellite.

Her successful and visionary efforts in the field of Information and Communications Technology, have earned her the moniker "Godmother of the Philippine Internet," a position in Computerworld's list of "Philippines' Most Powerful in ICT" and in 2011 "IT Executive of the Year" by the Philippine Cyber Press.

Her philanthropic endeavors include Asian Institute of Management's first Professorial Chair for Entrepreneurship and support to the University of the Philippines' School of Economics, among others. International organization memberships include the Asia Pacific Network Information Center, Pacific Telecommunications Council, IEEE, Clinton Global Initiatives Foundation, Young Presidents'/World Presidents' Organization and other local business organizations. She has served the Management Association of the Philippines as a member of the Board of Governors, and is a Senior Lecturer for

Entrepreneurship at the College of Business Administration, University of the Philippines.

Judith holds a Bachelor of Science degree in Business Economics from the University of the Philippines and is an alumna of Harvard Business School, University of Michigan (Ann Arbor) and Asian Institute of Management.

In October 2011, she was elected to the Board of Directors of ICANN – the Internet Corporation For Assigned Names and Numbers- governing body of the Global Internet. ICANN coordinates the 3 unique identifiers, which permit the Internet to function as a single infrastructure: Domain names, IP addresses and Port Assignments. Judith is the first Asian female elected to this august and powerful international body. She is member of the following ICANN board committees: Audit, Risk, and Structural Improvements. Eligible to serve ICANN for 3 terms, Judith's first term as a voting board member ends in 2014.

Laura J. Westfall, Filipino, 44 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 Malayan Bank. She also serves as Board Member and Treasurer of the Museo Pambata Foundation.

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.

Felipe S. Yalong, Filipino, 55 years old, is the Executive Vice President and Head of the Corporate Services Group of GMA Network, Inc. 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. and Mediamerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of the GMA Kapuso Foundation, Inc.

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.

SENIOR EXECUTIVES

EXECUTIVE VICE PRESIDENT

FELIPE S. YALONG
Group Head, CSG
& Chief Financial Officer

SENIOR VICE PRESIDENTS

MARISSA L. FLORES
News and Public Affairs Group

WILMA V. GALVANTE
Entertainment TV Group

MIGUEL C. ENRIQUEZ
Consultant for Radio Operations Group

HEADS OF SUBSIDIARIES






FELIPE L. GOZON, Chairman and CEO of GMA Marketing and Productions Inc. and GMA New Media, Inc.; Chairman of Alta Productions Group, Inc., Citynet Network Marketing and Productions, Inc., RGMA Marketing and Productions, Inc., Scenarios, Inc., and MediaMerge Corp.

GILBERTO R. DUAVIT, JR., Chairman of GMA Network Films, Inc. GMA Worldwide, Inc.; President/CEO of Scenarios, Inc., RGMA Marketing and Productions, Inc.; President of Citynet Network Marketing and Productions, Inc. and MediaMerge Corporation

ANNA TERESA M. GOZON-ABROGAR, President of GMA Worldwide, Inc. and GMA Network Films, Inc.

LIZELLE G. MARALAG, President and COO, GMA Marketing and Productions, Inc.

EDILBERTO I. GALLARES, President and COO, GMA New Media, Inc.

EDMUND A. ALCARAZ, President and COO, Alta Productions, Inc.

VICE PRESIDENTS

JOSE MARI R. ABACAN
Program Management

EDWARD D. ACHOCOSO
Post Production

ELVIS B. ANCHETA
Transmission & Regional Engineering

MARIVIN T. ARAYATA
Entertainment TV/Head, Comedy/Game

VICTORIA T. ARRADAZA
Supply & Asset Management

REGIE C. BAUTISTA
Program Support

AYAHL ARI AGUSTO P. CHIO
Investor Relations

MA. NENITA E. CRUZ
Information & Communication Technology

MA. LUZ P. DELFIN
Legal Affairs

LUZ ANNALEE O. ESCUDERO
Regional TV & Concurrent
Head of Expansion & Production Services

JOSEPH JEROME T. FRANCIA
International

JOSE SEVERINO V. FUENTES
Content Management & On-Air Systems

IDA LUCILLA R. HENARES
Talent Development & Management

RONALDO P. MASTRILI
Finance

ALFONSO S. RAQUEL, JR.
Consultant, Corporate Communications

LILYBETH G. RASONABLE
Business Development 1-Drama Productions

MARY GRACE D. REYES
News Operations

EDUARDO P. SANTOS
Internal Audit

HORACIO G. SEVERINO
Multi Media Journalism

JESSICA A. SOHO
News Programs

SHEILA A. TAN
Research

IANESSA S. VALDELLON
News & Public Affairs

ASSISTANT VICE PRESIDENTS

NEWS AND PUBLIC AFFAIRS

CELERINA ASUNCION R. AMORES
Regional News & Public Affairs Programs

ARLENE U. CARNAY
Public Affairs

ODILON M. DE GUZMAN
Multi Media Journalism

JOHN OLIVER T. MANALASTAS
News Production

MARIA LEOGARDA S. MATIAS
OIC, Public Affairs

CLYDE ROLANDO A. MERCADO
Public Affairs

MICHELLE RITA S. RECTO
News Programs & Specials

RACHEL VITALIANA B. VERGEL DE DIOS
Administration

ENTERTAINMENT TV

CORAZON P. DE JESUS
Talk/Musical/Special

JANINE P. NACAR
Talk/Game/Reality

MA. REGINA A. MAGNO
Business Development 1 - Drama Productions

GIRLY S. LARA
Alternative Productions

REGIONAL OPERATIONS

OLIVER VICTOR B. AMOROSO
Integrated Marketing Services

PROGRAM SUPPORT

LOURDES A. TOPACIO
Creative Director

LEO P. MATA
Division Head, Media & On-Air Continuity

RESEARCH

RUTH D. LEJARDE
Channel Performance & Regional TV Research

VENUS E. BARTOLABAC
MEGA Manila TV Programming Research

VIEWER-DIRECTED MARKETING

ROSETTE MARIE T. HERNANDEZ

ENGINEERING

THOMAS M. SALES
Division Head, Metro Manila Transmission Operations &
Concurrent OIC, Regional Transmission Operations

VIRGILIO L. MUZONES
Consultant for Network Engineering

FINANCE

MA. LUCILLE U. DELA CRUZ
Treasury

JOSE S. TOLEDO, JR.
Division Head, Budget & Payroll

ROLANDO G. SANICO, JR.
Division Head Subsidiary Operations & Monitoring

MERCEDES MACY T. SUEÑA
Division Head, Financial Management Systems

SUPPLY AND ASSET MANAGEMENT

JAVIER V. LAXINA
Division Head, Asset Management

CORPORATE COMMUNICATIONS

ANGELA CARMELA J. CRUZ
Corporate Communications

MA.TERESA L. PACIS
Corporate Affairs

PROGRAM ANALYSIS

JOSE MARIA F. BARTOLOME

POST PRODUCTION

PAUL HENDRIK P. TICZON
Post Production Operations

HUMAN RESOURCES

ABRAHAM B. VIRAY
Consultant for Human Resources Management

GERROME Y. APOLONA
OIC, HRD

The Industry's MOST Illustrious

2011 NEW YORK FESTIVALS WORLD'S BEST TV PROGRAMS AND FILM AWARDS

Biyaheng Totoo	Silver World Medal (Special Report category)
I-Witness "Paraisong Uhaw"	Bronze World Medal (Social Issues/ Current Events Category)
Lupang Hinirang (The Philippine National Anthem)	Bronze World Medal (Music Video Category)
Born to be Wild's "The Born Expeditions Finale"	Finalist (Nature & Wildlife Category Certificate)

2ND NORTHWEST SAMAR STATE UNIVERSITY STUDENT'S CHOICE AWARDS

Unang Hirit	Best Morning Talkshow
Arnold Clavio	Best Morning Talkshow Host
Kapuso Mo, Jessica Soho	Best Magazine Program
Jessica Soho	Best Magazine Program Host
Wish Ko Lang!	Best Public Service Program
Vicky Morales	Best Public Service Program Host
24 Oras	Best News and Public Affairs Program
I-Witness	Best Documentary Program
Jiggy Manicad	Best Documentary Program Host
Mike Enriquez	Best News and Public Affairs Male Anchor
Mel Tiangco	Best News and Public Affairs Female Anchor
Imbestigador	Best Investigative Journalism Program
Mike Enriquez	Best Investigative Journalism Program Host
Eleksyon 2010	Best Election Coverage
Family Feud	Best Game Show
Bubble Gang	Best Gag Show

9TH GAWAD TANGLAW AWARDS

24 Oras	Best News Program (a tie with TV Patrol)
Mike Enriquez, Vicky Morales	Best TV Anchors
Wish Ko Lang!, OFW Diaries, Reunions (QTV 11)	Best Public Service Programs

Imbestigador	Best Investigative Program
Jessica Soho	Best Magazine Program Host
Planet Philippines	Special Citation, Best TV Documentary
Bubble Gang	Best Gag Show
Eat Bulaga	Lifetime Achievement Award

ANI NG DANGAL AWARDS (NCCA's Philippine International Arts Festival)

Kara David	Broadcast Arts Honoree (for her I-Witness documentary "Ambulansyang de Paa")

HILDEGARDE AWARDS FOR WOMEN

Kapuso Mo, Jessica Soho	Special Citation by St. Scholastica's College Manila

U.S. International Film and Video Festival

Imbestigador (Smuggled Pinoys)	Silver Screen Award (Investigative/Special Reports Category)

32ND TELLY AWARDS

The Telly Award honors the very best local, regional, and cable television commercials and programs as well as the finest video and film productions and work created for the Web.

Planet Philippines	Silver Telly Award - Highest honor (Nature/Wildlife Category)
Art Angel (National Children's Book Day)	Bronze Telly Award (Children's Category)
24 Oras (Super Typhoon Juan)	Bronze Telly Award (News/News Feature Category)
SAKSI (Vizconde Massacre Case)	Bronze Telly Award (News/News Feature Category)
Reporter's Notebook (Huling Hantungan)	Bronze Telly Award (News/News Feature Category)

42ND BOX OFFICE ENTERTAINMENT AWARDS FOR GUILLERMO MENDOZA SCHOLARSHIP FOUNDATION

24 Oras	Most Popular TV Program for News

1ST ASEAN CHAMPIONS FOR BIODIVERSITY

The ASEAN Champions for Biodiversity honors the best ongoing projects in biodiversity conservation and advocacy in the ASEAN region.

Born To Be Wild	1st ASEAN Biodiversity Champion (Media Category)

ROTARY CLUB MANILA

GMA News Online (www.gmanews.tv)	Special Citation in New Media Approaches

RED CROSS HUMANITARIAN AWARDS

Andreo Calonzo (Reporter)	3rd Place
Carmela Lapeña (Writer)	Finalist

KNIGHT NEWS CHALLENGE

GMA News Online	Finalist(Text Tagging Project)

COMGUILD CENTER FOR JOURNALISM

Jiggy Manicad	Best Field Reporter (3rd time)
Arnold Clavio	Best Entertainment/Talk show Host (Tonight with Arnold Clavio)
24 Oras	Best News Program

TITUS BRANDSMA AWARD PHILIPPINES

Kara David	Titus Brandsma Award Philippines for Journalism

LASALLIAN SCHOLARUM AWARDS

Sandra Aguinaldo	Lasallian Scholarium Award for TV (I-Witness – "Pasan-Pasan")

SSS BALIKAT NG BAYAN AWARD

Unang Hirit	SSS Balikat ng Bayan Award for Excellence in Journalism

CIVILITY COUNTS PROJECT - ASSOCIATION OF IMAGE CONSULTANTS INTERNATIONAL

Think Before You Click	2011 Civility Star Award

JAPAN PRIZE 2011

Reporter's Notebook "Upuan"	Passed the preliminary selection under the Continuing Education category

VOLUNTEERS AGAINST CRIME AND CORRUPTION (VACC)

State Of The Nation With Jessica Soho	Most Outstanding Television Program
Jessica Soho	Outstanding Television Personality
JP Soriano	Outstanding TV Reporter (Brigada report of children in Masbate who swim across the sea to get to school)

NATIONAL STATISTICAL COORDINATION BOARD

Malou Mangahas	Individual Award for her body of work as a journalist
Investigative Documentaries	Award for "promoting and communicating statistics and its importance in decision-making."

CMMA AWARDS

24 Oras	Best News Program
Unang Hirit	Best Public Service Program
I-Witness	Best Adult Educational/ Cultural Program (Sandra Aguinaldo: Pasan Pasan)
Born to Be Wild	Special Citation - Best Adult Educational/Cultural Program
Pepito Manaloto	Best Comedy Show

GOLDEN SCREEN TV AWARDS

24 Oras	Outstanding News Program
Drew Arellano (AHA)	Outstanding Educational Program Host
Kapuso Mo Jessica Soho	Outstanding Magazine Program
Jessica Soho	Outstanding Magazine Program Host (Kapuso Mo Jessica Soho)
Wish Ko Lang	Outstanding Public Service Program
Vicky Morales (Wish Ko Lang)	Outstanding Public Service Program Host
I-Witness Program	Outstanding Documentary
Kara David (I-Witness)	Outstanding Documentary Program Host
Survivor Philippines Celebrity Edition	Outstanding Adapted Reality/ Competition Program
Bubble Gang	Outstanding Gag Program
Ogie Alcasid (Bubble Gang)	Outstanding Performance by an Actor in a Gag or Comedy Program
John Lapus (Show Me Da Manny)	Outstanding Supporting Actor in a Gag or Comedy Program
Chariz Solomon (Jejemom)	Outstanding Supporting Actress in a Gag or Comedy Show
Pepito Manaloto	Outstanding Comedy Program
Eat Bulaga	Outstanding Variety Show
Vic Sotto (Eat Bulaga)	Outstanding Male Host in a Musical or Variety Program
Julia Clarete (Eat Bulaga)	Outstanding Female Host in a Musical or Variety Program
Alden Richards (Alakdana)	Outstanding Breakthrough Performance by an Actor
Amaya	Outstanding Original Drama Series
Gabby Eigenmann (Munting Heredera)	Outstanding Supporting Actor in a Drama Series
Gina Alajar (Amaya)	Outstanding Supporting Actress in a Drama Series
Dennis Trillo (Sinner or Saint)	Outstanding Actor in A Drama Series
Tito, Vic & Joey	Lifetime Achievement Award for Entertainment/Comedy
Brigada (GMA News TV)	Outstanding Public Affairs Program
Winnie Monsod	Outstanding Public Affairs Program (Bawal ang Pasaway Host Kay Mareng Winnie – GMA News TV)
Tonight with Arnold Clavio (GMA News TV)	Outstanding Celebrity Talk Program
Arnold Clavio	Outstanding Celebrity Talk Program Host (Tonight with Arnold Clavio – GMA News TV)

PMPC STAR AWARDS FOR TV

I Witness	Best Documentary Program
Kara David, Jay Taruc, Howie Severino and Sandra Aguinaldo (I Witness)	Best Documentary Program Host
Art Angel	Best Children's Program
Jessica Soho	Excellence in Broadcasting Lifetime Achievement Award
Tween Hearts	Best Youth-Oriented Show: Reel Love Presents
Bubble Gang	Best Gag Show
German Moreno	Master Star Builder

POP DEV AWARDS

Reporter's Notebook	Best Documentary Program

PMAP MAKATAO AWARDS

I-Witness	Best Public Affairs Program
Jessica Soho	Best Public Affairs Program Host

ANAK TV AWARDS

Aha!, Art Angel, Hanepbuhay, Kapuso Mo Jessica Soho, Pinoy MD, Sabadabadog, Wish Ko Lang, Pepito Manaloto and Kap's Amazing Stories Tropang Potchi	Anak TV Seal Award (GMA-7)
Ang Pinaka, Brigada, Front Row, Bawal ang Pasaway kay Mareng Winnie, Day-Off, Full Time Moms, Good News, I-Juander, Mga Kwentong Pambata ni Rizal, On Call, Pluma, Pop Talk, Reel Time	Anak TV Seal Award (GMA News TV)
Arnold Clavio, Vicky Morales, Jessica Soho, Vic Sotto	Anak TV Recognition on Makabata Stars (Most Credible, Wholesome and Worth Emulating by the Youth)
Mike Enriquez and Mel Tiangco	Anak TV Makabata Hall of Fame Award

Kapuso Mo, Jessica Soho, Eat Bulaga and Amaya	Among the Top Ten Favorite Programs

THE MEYCAUAYAN JEWELRY INDUSTRY ASSOCIATION, INC.

Philippine Treasures	Plaque of Recognition for highlighting the country's heritage in the great art of fine jewelry making.

ASIAN TV AWARDS

Michael V. (Pepito Manaloto)	Highly Commended Citation for performance as comedy actor

PIRA AWARDS

Pepito Manaloto	Special Media Award for Insurance Education

READER'S DIGEST TRUSTED BRANDS AWARD

Jessica Soho	Most Trusted News Presenter
GMA Network	One of the Most Trusted Brands in Asia

INSTITUTE OF CORPORATE DIRECTORS (ICD)

GMA Network	Gold Award (for clinching 96.8% average in the 2010 Corporate Governance Scorecard)

USTV AWARDS

I-Witness	Best Documentary Program
Kapuso Mo, Jessica Soho	Best Magazine Program
24 Oras	Best Local News & Current Affairs Program
Bubble Gang	Best Gag Show
Pepito Manaloto	Best Sitcom
Hole in the Wall	Best Game Show
Mel & Joey	Best Talk Variety Program

UP LOS BAÑOS GANDINGAN AWARDS

Kapuso Mo, Jessica Soho	Best Magazine Program
Jessica Soho	Best Magazine Program Host
Imbestigador	Best Public Service Program
I-Witness	Best Documentary Program and Best Documentary Program Hall of Fame
Reporter's Notebook	Best Investigative Program
Kandidato	Best Educational Program
Planet Philippines	Best Environment-Oriented Program
Howie Severino & Kara David	Best Documentarists
Howie Severino	Best Documentarist Hall of Fame
Jiggy Manicad	Best Investigative Program Host
Vicky Morales	Best Public Service Program Host
Mike Enriquez	Gandingan ng Edukasyon
Richard Gutierrez	Gandingan ng Edukasyon (Special Citation)
The Sweet Life	Best Female-Oriented Talk Show

ANVIL AWARDS – PUBLIC RELATIONS SOCIETY OF THE PHILIPPINES

Lupang Hinirang	Bronze Anvil (Public Relations Tool)
I M Ready Campaign	Merit Award (Crisis, Disaster & Risk Communication Category)
Kapuso: The GMA Story	Merit Award (Publications Category)
The GMA 60th Anniversary Celebration	Merit Award (Special Events)

BEST

Practices

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 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 Vice President for Internal Audit, Atty. Eduardo P. Santos. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Board of Directors

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

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

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

The Board comprises the following members:

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

Board Performance

Directors attend regular meetings of the Board, which are held every quarter and other times as necessary, and the Annual Stockholders' Meeting (ASM). In its meetings, the Board reviews the performance of the Company and its subsidiaries, approves plans, budgets and financial statements, sets policies and guidelines for management, and discusses matters requiring Board attention and approval. The Board met five (5) times in 2011. The attendance of the individual directors at these meetings is duly recorded as follows:

Director's Name	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	5	0
Gilberto R. Duavit,Jr.	5	0
Joel Marcelo G. Jimenez	5	0
Felipe S. Yalong	5	0
Anna Teresa M. Gozon- Abrogar	5	0
Judith D. Vazquez	5	0
Laura J. Westfall	5	0
Artemio V. Panganiban	5	0
Jaime C. Laya	5	0

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

The Chairman, Atty. 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 Atty. Gozon, President and COO Mr. Duavit and Director Mr. Jimenez. Mr. Duavit 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 Atty. Gozon and composed of four members that include an independent director in the person of former Chief Justice Panganiban as Vice Chairman, with Mr. Duavit and Mr. 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 Atty. Gozon (Chairman), Chief Justice Panganiban (Vice Chairman), with Ms. Vazquez and Ms. 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 Committee

The Audit Committee is currently composed of five members: Dr. Laya (Chairman), Chief Justice Panganiban (Vice Chairman), Atty. Abrogar, Ms. Vazquez and Ms. Westfall. The Audit 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 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 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 Committee held five (5) meetings in 2011 wherein the Committee reviewed and approved, among others, the Company's 2010 Consolidated Audited Financial Statements as prepared by the external auditors.

Management

The Chairman of the Board and Chief Executive Officer is Atty. Gozon, while Mr. Duavit 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 regulatory 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, 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 of the Corporate Communications Department, employees and other relevant stakeholders 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.

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 and potential risks are always taken into account. Necessary steps are taken to minimize, if not eliminate, such risks.

The Audit 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 and 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 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.

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 online 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.


TIME OF MY LIFE
SINNER or SAINT
Sisid
GMA
Dwarfina
BUBBLE gang
24 ORAS
SHOWBIZ CENTRAL
SHOW ME DA MANNY
I YOU PARE
PROTÉGÉ THE FINAL BATTLE
Magic Palayok
Comedy BAR
IMBESTIGADOR
Nita Negrita
MUNTING Heredera

INVESTING FOR SUPREMACY

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2011 and 2010

The objective in grabbing the much coveted leadership in the national ratings game was finally attained by the first quarter of 2011 – a fitting reward to the unrelenting efforts poured into via a multitude of regional synergy initiatives and in continuously striving to delight our customers with innovative programming. This upper hand was instrumental in mitigating the adverse impact of developments in the international market particularly in the second half of the year which led to significant cutback in ad spend by major advertisers.

The Company ended the year with consolidated gross revenues of P13,083 million, translating into a 7% growth from regular advertising and other revenue sources vs. a year ago, after stripping the impact of some P2,054 million worth of political advocacies and advertisements in 2010's top line. Inclusive of the windfall from the 2010 national and local elections, consolidated gross revenues fell short by 9% year-on-year. The absence of this considerable contribution from prior year's election campaign coupled with cost increases drove consolidated net income to settle at P1,715 million or slightly over a billion less than comparable period.

Income Data	2011 (in millions PhP)	2010 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Gross Revenues				
Television and radio airtime	**11,881.2**	13,192.7	(1,311.5)	-10%
Production and others	**1,201.6**	1,106.8	94.8	9%
	13,082.8	14,299.5	(1,216.7)	-9%
Less: Revenue Deductions				
Agency and marketing commissions	**1,894.1**	2,204.4	(310.4)	-14%
Co-producers' share	**31.7**	80.0	(48.3)	-60%
	1,925.8	2,284.4	(358.6)	-16%
Net Revenues	**11,157.0**	12,015.1	(858.1)	-7%
Production Costs	**5,105.0**	4,593.2	511.7	11%
Gross Profit	**6,052.1**	7,421.9	(1,369.8)	-18%
General and Administrative Expenses	**(3,879.3)**	(3,732.6)	(146.7)	4%
Interest Expense and Financing Charges	**(11.5)**	(3.8)	(7.7)	203%
Interest Income	**28.6**	77.2	(48.7)	-63%
Other Income	**56.1**	31.4	24.7	79%
Income Before Income Tax	**2,246.0**	3,794.2	(1,548.2)	-41%
Provision for Income Tax	**530.9**	973.4	(442.5)	-45%
Net Income	**1,715.1**	2,820.8	(1,105.7)	-39%
Earnings Per Share				
Basic	**0.353**	0.580		
Diluted	**0.353**	0.580		

Revenues

Consolidated gross revenues for the year, comprised of airtime revenues from television and radio, subscription revenues from international operations, and other revenues from subsidiaries, climbed P837 million or 7% more than the P12,246 million top line generated from recurring advertisements and other sources a year ago.

Gross Revenues	2011 (in millions PhP)	2010 (in millions PhP)	Inc/(Dec) (in millions PhP)	%
Gross Revenues				
Television and radio airtime	**11,881.2**	11,138.9	742.3	7%
Production and others	**1,201.6**	1,106.8	94.8	9%
	13,082.8	12,245.7	837.1	7%
Add: Political advertisements	**-**	2,053.8	(2,053.8)	-100%
	13,082.8	14,299.5	(1,216.7)	-9%

Airtime revenues ended at P11,881 million for 2011 up 7% than 2010's top line from regular advertising. Inclusive of political ads in 2010 however, a 9% drop equivalent to P1,217 million was reflected in total gross revenues for this year.

Core channel GMA-7 posted an improvement in its regular advertising revenues of 8% or P828 million vs. same period in 2010. Regional TV sales were likewise upbeat in 2011 with the lead in nationwide ratings giving the much needed push. Thus, RTV ended with a 21% hike year-on-year on recurring ad placements. Not to be left behind, Radio operations once again proved its steadfastness growing regular sales by 15%, likewise benefitting from the improvement in ratings standing in the radio broadcast industry. Lastly, the newly reformatted Ch-11 (from QTV to GNTV) also steadily gained ground as it solidified the main competence of the Network as a reputable source and provider of balanced news and information.

Meanwhile, revenues from international operations, subsidiaries and other sources finished off with a 9% climb vs. last year. GMA's international channels, GMA Pinoy TV, GMA Life TV and the recently launched third channel GMA News TV, recorded an increase in subscriber take up of 7% with more than 290,000 subscribers by the end of 2011. Of this number, some 115,000 are also subscribers of GLTV.

Expenses

Spending-wise, consolidated operating expenses reached P8,984 million for the year, climbing 8% or P658 million compared to 2010. Total direct costs (cash and non-cash production costs) escalated by 11% while general and administrative expenses (GAEX) grew by only 4%. Total direct cost for 2011 reached P5,105 million, P512 million or 11% higher vs. last year. Cash production cost hiked by P644 million or 16% over last year coming from the following: a.) generally higher costs of in-house produced soaps, in particular Captain Barbell and the trailblazer epic-serye Amaya; b.) annualization of an additional daily soap in the afternoon replacing co-produced program Daisy Siete; c.) reformatting of Ch-11 from QTV to GNTV entailing more station-produced shows vis-à-vis rented materials; and general increases in talent fees.

Production Costs	**2011** *(in millions PhP)*	2010 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,776.4**	2,330.5	445.9	19%
Rentals and outside services	**763.3**	658.9	104.4	16%
Other program expenses	**1,023.6**	929.5	94.1	10%
Sub-total - cash production costs	**4,563.2**	3,918.9	644.4	16%
Program rights amortization	**317.5**	463.9	(146.3)	-32%
Depreciation and amortization	**224.2**	210.5	13.7	7%
Sub-total - non-cash production costs	**541.7**	674.3	(132.6)	-20%
Total production costs	**5,105.0**	4,593.2	511.7	11%

The hike in cash production costs was partly offset by the reduction in non-cash production cost by P133 million or 20% between comparable periods. In particular, program rights amortization dropped by P146 million or close to one-third of 2010 cost resulting from the aforementioned repackaging of Ch-11 to mostly station-produced shows.

General and Administrative Expenses	**2011** *(in millions PhP)*	2010 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**1,714.2**	1,626.1	88.1	5%
Outside services	**667.0**	667.3	(0.3)	-0.05%
Facilities costs	**458.0**	443.0	15.1	3%
Taxes and licenses	**211.4**	191.3	20.1	11%
Others	**484.2**	457.5	26.7	6%
Subtotal - Cash GAEX	**3,534.9**	3,385.2	149.6	4%
Depreciation and amortization	**294.2**	296.5	(2.3)	-1%
Amortization of software costs	**25.7**	20.2	5.5	27%
Provision for doubtful accounts	**24.5**	30.6	(6.0)	-20%
Subtotal - Non-cash GAEX	**344.4**	347.3	(2.9)	-1%
Total GAEX	**3,879.3**	3,732.6	146.7	4%

On the other hand, the increase in consolidated GAEX was kept at bay at P147 million or only 4%. Personnel cost was the main driver for this year's climb, ending at 5% or P88 million more vs. last year. The annual salary adjustments from the collective bargaining agreements (CBA) of rank and file employees and merit increases of confidential employees as well as the augmentation in manpower complement during the year accounted from the principal reasons for the growth in the account.

Outside services comprised of advertising and promotions, management and professional fees and sales incentives finished on par with last year. Additional spending in advertising and consultancy fees were negated by the decline in sales incentives attuned to the reduction in the top line this year.

Utilities and repairs and maintenance which made up facilities costs inched up by 3% or P15 million between comparable periods. The constant escalation in power rate not only in Metro Manila but in the regions coupled with increase in consumption due to full utilization of the Company's facilities were tempered by the reduction in charges for corrective maintenance and replacement of machine/broadcast equipment parts.

Taxes and licenses were moderately higher by P20 million or 11% vis-à-vis same period a year ago. The growth in local franchise tax using the 2010 political ads-laden revenues as base influenced the increase in the account, coupled with a one-time payment for prior year's tax assessment.

Other cash GAEX also ended up by P27 million or 6% mainly owing to aggregate increases in research and survey, rental fees and subscription and renewal to various software licenses and agreements.

Meanwhile, non-cash GAEX for the year dipped by P3 million or 1% year-on-year. The increase in amortization of software costs was negated by the decline in depreciation and lower provision for doubtful accounts on trade receivables.

Interest and financing charges on short-term loans

Interest expense and financing charges totaled P11 million, compared to P4 million in 2010, translating into an additional interest expense of P8 million from a year ago. Short-term borrowing during the year was mainly used to bridge the timing difference between cash inflows and operating expenses.

Interest income from short-term investments

In the meantime, interest income from short-term investments significantly declined to P29 million, down 63% or P49 million from last year's P77 million. The resulting decline in interest income was mainly on account of the reduced cash position and short-term placement during the year brought about by lower net income.

Net Income

The year ended with earnings before income, taxes, depreciation, and amortization of P3,090 million, and net income after tax of P1,715 million.

Balance Sheet Accounts

Consolidated assets totaled P12,382 million, equivalent to a 5% reduction from last year's P13,042 million. Considerable decline was seen in Trade and Other Receivables-net from P5,532 million in 2010 to P4,191 million at the end of this year. The P1,341 million or 24% drop in the account was a combination of the slowdown in revenues compounded by aggressive collection efforts this year.

Trade days-sales-outstanding (DSO) improved to 120 days at end-2011 vs. 145 days at the close of 2010.

The decline in net income pulled down financial indicators of the Company to a lower level this year falling between 6 to 10 percentage points, but nevertheless remaining competitive industry-wide.

Equity settled at P9,827 million as of December this year, 5% lower than last year's P10,299 million resulting from the lower bottom line recorded during this year.

Cash Flows	2011 (in millions PhP)	2010 (in millions PhP)
Net cash provided by operating activities	**3,104.3**	2,703.7
Net cash used in investing activities	**(934.4)**	(259.8)
Net cash used in financing activities	**(2,199.1)**	(3,403.8)
Effect of exchange rate changes on cash and cash equivalents	**4.8**	(7.9)
Net increase (decrease) in cash and cash equivalents	**(24.4)**	(967.8)
Cash and cash equivalents at beginning of year	**1,232.4**	2,200.2
Cash and cash equivalents at end of year	**1,208.0**	1,232.4

Operating Activities

Net cash from operations registered at P3,104 million this year. This resulted from income before income tax of P2,246 million adjusted mainly by depreciation expense of P518 million, pension expense of P71 million, interest income from bank deposits and short-term investments of P29 million and amortization of software costs of P26 million apart from the changes in working capital. The primary components of the changes in working capital include the P1,339 million reduction in trade and other receivables owing to lower top line compounded with more aggressive collection efforts, partly offset by the P172 million rise in program and other rights from higher acquisition vis-à-vis usage, as the reformatted Ch-11 concentrated on station-produced programs vice a mix of in-house and canned shows and P90 million hike in prepaid expenses.

Investing Activities

Net cash used in investing activities amounted to P934 million, coming primarily from the P903 million additions to property and equipment and P35 million worth of software costs. These were offset by the P12 million decrease in other noncurrent assets as well as the P24 million proceeds from sale of property and equipment and investment properties.

Financing Activities

Net cash used in financing activities amounted to P2,199 million basically for the cash dividend payout amounting to P2,188 million during the year plus some P11 million in interest expense.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 28, 2012

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

The management of GMA Network, Inc. is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2011 and 2010, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the 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 the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

Audit Committee Report

Report of the Audit Committee to the Board of Directors For the Year Ended 31 December 2011

The Audit Committee's roles and responsibilities are defined in the Company's Manual of Corporate Governance approved by the Board of Directors. It assists the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to the a) financial statements and financial reporting process; b) system of internal controls; c) risk management; d) performance of internal and independent auditors; and e) compliance with legal and regulatory matters.

In compliance with the Company's Manual of Corporate Governance, we confirm that:

- An independent director chairs the Audit Committee;
- We had five (5) meetings during the year, all of which were in-person meetings and included an executive session with the internal auditors;
- We have reviewed and discussed the audited annual financial statements of GMA Network, Inc. and Subsidiaries (GMA Group), including Management's Discussion and Analysis of Financial Condition and Results of Operations, with the management, internal auditors and SGV & Co., the independent auditor of the GMA Group. These activites were performed in the following context:
    - That management has the primary responsibility for the financial statements and financial reporting process; and
    - That SGV & Co. is responsible for expressing an opinion on the conformity of the GMA Group's consolidated audited financial statements with the Philippine Financial Reporting Standards;
- We have discussed and approved the overall scope and the respective audit plans of the internal auditors and SGV & Co. We have also discussed the results of their audits and their assessment of the GMA Group's internal controls and the overall quality of the financial reporting process;
- We have reviewed and approved all audit, audit-related services provided by SGV & Co. to the GMA Group and the related fees for such services. There are no non-audit related services provided by SGV;
- We have reviewed the reports of the internal auditors and regulatory agencies, where applicable, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues; and
- We have reviewed and discussed the adequacy of the GMA Group's enterprise-wide risk management process, including the nature of significant risk exposures, the related risk mitigation efforts and initiatives. This activity was reviewed in the context that management is primarily responsible for the risk management process.

Based on the reviews and discussions undertaken, and subject to the limitations on roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2011 for filing with the Securities and Exchange Commission. We are also recommending to the Board of Directors the re-appointment of SGV & Co. as the GMA Group's independent auditor for 2012 based on the review of the performance and qualifications.

March 28, 2012

JAIME C. LAYA
Audit Committee Chairman

ARTEMIO V. PANGANIBAN
Audit Committee Vice Chairman

ANNA TERESA M. GOZON-ABROGAR
Audit Committee Member

JUDITH R. DUAVIT-VAZQUEZ
Audit Committee Member

LAURA J. WESTFALL
Audit Committee Member

Countersigned by:

FELIPE L. GOZON
Chairman of the Board and CEO

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of GMA Network, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2011 and 2010, 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, 2011, 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 its subsidiaries as at December 31, 2011 and 2010, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2011 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Ramon D. Dizon

Ramon D. Dizon
Partner
CPA Certificate No. 46047
SEC Accreditation No. 0077-AR-2 (Group A),
February 4, 2010, valid until February 3, 2013
Tax Identification No. 102-085-577
BIR Accreditation No. 08-001998-17-2009,
June 1, 2009, valid until May 31, 2012
PTR No. 3174592, January 2, 2012, Makati City

March 28, 2012

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

	December 31	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 29 and 30)	**₱1,207,976,123**	₱1,232,351,840
Trade and other receivables (Notes 7, 19, 29 and 30)	**4,191,137,923**	5,531,971,950
Program and other rights (Note 8)	**729,998,151**	558,072,593
Prepaid expenses and other current assets (Note 9)	**695,040,559**	605,301,733
Asset classified as held for sale (Note 11)	**26,432,472**	–
Total Current Assets	**6,850,585,228**	7,927,698,116
Noncurrent Assets		
Available-for-sale financial assets (Notes 10, 29 and 30)	**105,796,848**	104,966,848
Investments and advances (Notes 11 and 19)	**320,500,720**	341,913,803
Property and equipment at cost (Note 12)	**3,252,582,543**	2,872,001,158
Land at revalued amounts (Note 13)	**1,409,585,706**	1,403,122,465
Investment properties (Note 14)	**68,029,711**	63,343,706
Deferred tax assets (Note 27)	**240,349,803**	215,769,845
Other noncurrent assets (Note 15)	**134,406,627**	113,380,042
Total Noncurrent Assets	**5,531,251,958**	5,114,497,867
	₱12,381,837,186	₱13,042,195,983

LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 16, 19, 29 and 30)	**₱1,755,563,632**	₱1,819,281,172
Income tax payable	**93,651,733**	241,184,421
Obligations for program and other rights (Notes 17, 29 and 30)	**39,843,815**	75,594,128
Dividends payable (Notes 29 and 30)	**4,942,280**	5,493,035
Total Current Liabilities	**1,894,001,460**	2,141,552,756
Noncurrent Liabilities		
Pension liability (Note 25)	**312,970,846**	252,641,013
Deferred tax liabilities (Note 27)	**347,426,327**	349,369,736
Total Noncurrent Liabilities	**660,397,173**	602,010,749
Total Liabilities	**2,554,398,633**	2,743,563,505
Equity		
Capital stock (Note 18)	**4,864,692,000**	4,864,692,000
Additional paid-in capital (Note 18)	**1,659,035,196**	1,659,035,196
Revaluation increment in land - net of tax (Note 13)	**744,158,022**	744,158,022
Net unrealized gain on available-for-sale financial assets (Note 10)	**2,752,687**	1,995,687
Retained earnings (Note 18)	**2,591,073,835**	3,063,024,760
Treasury stock (Notes 18 and 28)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Notes 18 and 28)	**(5,790,016)**	(5,790,016)
Total Equity	**9,827,438,553**	10,298,632,478
	₱12,381,837,186	₱13,042,195,983

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2011	2010	2009
NET REVENUES (Note 20)	**₱11,157,043,539**	₱12,015,137,416	₱11,500,506,964
PRODUCTION COSTS (Note 21)	**5,104,966,899**	4,593,221,701	4,290,354,511
GROSS PROFIT	**6,052,076,640**	7,421,915,715	7,210,152,453
GENERAL AND ADMINISTRATIVE EXPENSES (Note 22)	**3,879,277,659**	3,732,554,234	3,451,969,170
OTHER INCOME			
Interest income (Note 6)	**28,567,427**	77,221,603	57,755,029
Interest expense and financing charges on short-term loans	**(11,479,294)**	(3,785,282)	(8,904,803)
Equity in net earnings (losses) of associates and joint ventures (Note 11)	**5,019,389**	6,867,724	(11,478,071)
Others - net (Note 24)	**51,083,876**	24,545,162	43,340,160
	73,191,398	104,849,207	80,712,315
INCOME BEFORE INCOME TAX	**2,245,990,379**	3,794,210,688	3,838,895,598
PROVISION FOR INCOME TAX (Note 27)			
Current	**557,448,374**	966,402,642	1,026,777,448
Deferred	**(26,596,367)**	6,980,993	(6,132,658)
	530,852,007	973,383,635	1,020,644,790
NET INCOME	**1,715,138,372**	2,820,827,053	2,818,250,808
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized gain (loss) on available-for-sale financial assets - net of tax (Note 10)	**757,000**	(175,500)	327,819
TOTAL COMPREHENSIVE INCOME	**₱1,715,895,372**	₱2,820,651,553	₱2,818,578,627
Basic/Diluted Earnings Per Share (Note 28)	**₱0.353**	₱0.580	₱0.580

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Revaluation Increment in Land - Net of Tax (Note 13)	Unrealized Gain on Available-for-sale Financial Assets - Net of tax (Note 10)	Retained Earnings (Note 18)	Treasury Stock (Notes 18 and 28)	Underlying Shares of the Acquired Philippine Deposit Receipts (Notes 18 and 28)	Total Equity
Balances at January 1, 2011	**₱4,864,692,000**	**₱1,659,035,196**	**₱744,158,022**	**₱1,995,687**	**₱3,063,024,760**	**(₱28,483,171)**	**(₱5,790,016)**	**₱10,298,632,478**
Net income	–	–	–	–	**1,715,138,372**	–	–	**1,715,138,372**
Other comprehensive income	–	–	–	**757,000**	–	–	–	**757,000**
Total comprehensive income	–	–	–	**757,000**	**1,715,138,372**	–	–	**1,715,895,372**
Cash dividends - ₱0.45 a share	–	–	–	–	**(2,187,089,297)**	–	–	**(2,187,089,297)**
Balances at December 31, 2011	**₱4,864,692,000**	**₱1,659,035,196**	**₱744,158,022**	**₱2,752,687**	**₱2,591,073,835**	**(₱28,483,171)**	**(₱5,790,016)**	**₱9,827,438,553**
Balances at January 1, 2010	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱2,171,187	₱3,644,336,613	(₱28,483,171)	(₱5,790,016)	₱10,880,119,831
Net income	–	–	–	–	2,820,827,053	–	–	2,820,827,053
Other comprehensive income	–	–	–	(175,500)	–	–	–	(175,500)
Total comprehensive income	–	–	–	(175,500)	2,820,827,053	–	–	2,820,651,553
Cash dividends - ₱0.45 a share	–	–	–	–	(2,187,089,297)	–	–	(2,187,089,297)
Cash dividends - ₱0.25 a share	–	–	–	–	(1,215,049,609)	–	–	(1,215,049,609)
	–	–	–	–	(3,402,138,906)	–	–	(3,402,138,906)
Balances at December 31, 2010	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱1,995,687	₱3,063,024,760	(₱28,483,171)	(₱5,790,016)	₱10,298,632,478
Balances at January 1, 2009	₱4,864,692,000	₱1,651,547,885	₱744,158,022	₱1,843,368	₱2,527,155,258	(₱28,483,171)	(₱5,790,016)	₱9,755,123,346
Net income	–	–	–	–	2,818,250,808	–	–	2,818,250,808
Other comprehensive income	–	–	–	327,819	–	–	–	327,819
Total comprehensive income	–	–	–	327,819	2,818,250,808	–	–	2,818,578,627
Cash dividends - ₱0.35 a share	–	–	–	–	(1,701,069,453)	–	–	(1,701,069,453)
Collection of subscriptions receivable	–	7,487,311	–	–	–	–	–	7,487,311
	–	7,487,311	–	–	(1,701,069,453)	–	–	(1,693,582,142)
Balances at December 31, 2009	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱2,171,187	₱3,644,336,613	(₱28,483,171)	(₱5,790,016)	₱10,880,119,831

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2011	2010	2009
OPERATING ACTIVITIES			
Income before income tax	**₱2,245,990,379**	₱3,794,210,688	₱3,838,895,598
Non-cash adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 12 and 14)	**518,357,818**	506,969,581	558,686,905
Movement in pension liability	**60,329,833**	(27,893,758)	(8,300,036)
Interest income (Note 6)	**(28,567,427)**	(77,221,603)	(57,755,029)
Amortization of software costs (Note 15)	**25,711,619**	20,213,004	15,661,449
Gain on sale of property and equipment (Note 24)	**(16,040,347)**	(13,853,541)	(10,158,900)
Interest expense and financing charges on short-term loans	**11,479,294**	3,785,282	8,904,803
Equity in net losses (earnings) of associates and joint ventures (Note 11)	**(5,019,389)**	(6,867,724)	11,478,071
Reversal of impairment loss in buildings and improvements (Note 14)	**(4,990,219)**	–	–
Net unrealized foreign currency exchange loss (gain)	**(3,312,399)**	7,688,256	4,945,923
Dividend income (Note 24)	**(41,529)**	(58,957)	(22,691)
Other noncash expenses	**–**	16,538,765	12,158,113
Discount on tax credit certificates (Note 24)	**–**	(2,670,692)	(7,408,499)
Working capital adjustments:			
Decreases (increases) in:			
Short-term investments	**–**	23,460,312	(21,393,355)
Trade and other receivables	**1,339,249,381**	(224,740,570)	(769,254,628)
Program and other rights	**(171,925,558)**	82,102,818	202,572,715
Prepaid expenses and other current assets	**(89,738,826)**	(217,511,262)	(87,581,462)
Increases (decreases) in:			
Trade payables and other current liabilities	**(63,717,540)**	(142,020,487)	250,820,041
Obligations for program and other rights	**(37,221,513)**	14,360,475	(47,250,815)
Cash generated from operations	**3,780,543,577**	3,756,490,587	3,894,998,203
Interest received	**28,754,764**	80,260,737	56,294,921
Income taxes paid	**(704,981,062)**	(1,133,065,894)	(1,128,833,511)
Net cash flows from operating activities	**3,104,317,279**	2,703,685,430	2,822,459,613
INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(903,454,640)**	(428,438,349)	(609,232,201)
Software costs (Note 15)	**(34,675,997)**	(30,761,933)	(13,611,584)
Land at revalued amounts (Note 13)	**(6,463,241)**	–	–
Investment properties (Note 14)	**(2,815,163)**	(6,188,853)	(79,018)
Available-for-sale financial assets	**–**	(250,000)	(7,890,201)
Proceeds from sale of property and equipment	**23,675,161**	49,558,559	37,309,465
Decrease (increase) in other noncurrent assets	**(12,062,207)**	96,989,471	(9,760,895)
Cash dividends received	**1,438,838**	11,595	822,586
Collection of advances to associates and joint ventures (Note 11)	**–**	59,281,531	–
Net cash flows used in investing activities	**(934,357,249)**	(259,797,979)	(602,441,848)

(Forward)

	Years Ended December 31		
	2011	2010	2009
FINANCING ACTIVITIES			
Payments of:			
Cash dividends (Note 18)	**(₱2,187,640,052)**	(₱3,400,013,834)	(₱1,699,266,199)
Short-term loans	**(950,000,000)**	(300,000,000)	(500,000,000)
Interest and financing charges	**(11,479,294)**	(3,785,282)	(8,904,803)
Proceeds from availments of short-term loans	**950,000,000**	300,000,000	500,000,000
Collection of subscriptions receivable	**–**	–	7,487,311
Net cash flows used in financing activities	**(2,199,119,346)**	(3,403,799,116)	(1,700,683,691)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(29,159,316)**	(959,911,665)	519,334,074
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**4,783,599**	(7,930,313)	(7,247,372)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,232,351,840**	2,200,193,818	1,688,107,116
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱1,207,976,123**	₱1,232,351,840	₱2,200,193,818

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

GMA Network, Inc. (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 Securities and Exchange Commission (SEC) on June 14, 1950.

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

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 accompanying consolidated financial statements of the Group were approved and authorized for issue in accordance with a resolution of the BOD on March 28, 2012.

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

<u>Basis of Preparation</u>
The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS) and interpretations of International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council.

The consolidated financial statements have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and land used in operations, 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 under PFRS. All values are rounded to the nearest peso, except when otherwise indicated.

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended PFRSs and Philippine Interpretations which were adopted starting January 1, 2011:

- PAS 24 (Amended), *Related Party Disclosures*, effective for annual periods beginning on or after January 1, 2011
- PAS 32 (Amendment), *Financial Instruments: Presentation - Classification of Rights Issues*, effective for annual periods beginning on or after February 1, 2010
- Philippine Interpretation IFRIC 14, *Prepayments of a Minimum Funding Requirement (Amendment)*, effective for annual periods beginning on or after January 1, 2011

- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, effective for annual periods beginning on or after July 1, 2010

- Improvements to PFRSs (issued 2010)

Improvements to PFRSs (issued 2010). Improvements to PFRSs, an omnibus of amendments to standards, deal primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

- PFRS 3, *Business Combinations* - Measurement options available for non-controlling interest

- PFRS 3 (as revised in 2008), *Business Combinations* - Contingent consideration arising from business combination prior to adoption of PFRS 3

- PFRS 3, *Business Combinations* - Unreplaced and voluntarily replaced share-based payment awards PFRS 3, Business Combinations

- PFRS 7, *Financial Instruments - Disclosures*

- PAS 1, *Presentation of Financial Statements*

- PAS 27, *Consolidated and Separate Financial Statements*

- PAS 34, *Interim Financial Statements*

The adoption of the above interpretations and amendments and improvements to PFRSs did not have a significant impact on the consolidated financial statements.

<u>Standards Issued but not yet Effective</u>
Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. The Group intends to adopt these standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have significant impact on its consolidated financial statements.

- PAS 1, *Financial Statement Presentation - Presentation of Items of Other Comprehensive Income* - The amendments to PAS 1 changed the grouping of items presented in other comprehensive income. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the consolidated financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.

- PAS 12, *Income Taxes - Recovery of Underlying Assets* - The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 should always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after January 1, 2012.

- PAS 19, *Employee Benefits* (Amendment) - Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Group is currently assessing the impact of the amendment to PAS 19. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 27, *Separate Financial Statements (as revised in 2011) -* As a consequence of the new PFRS 10, *Consolidated Financial Statement*s, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011) -* As a consequence of the new PFRS 11, *Joint Arrangements*, and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* - These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Group, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- PFRS 7, *Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements* - The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011.

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

  a. The gross amounts of those recognized financial assets and recognized financial liabilities;
  b. The amounts that are set-off in accordance with the criteria in PAS 32 when determining; the net amounts presented in the statement of financial position;
  c. The net amounts presented in the statement of financial position;

d. The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:

   i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
   ii. Amounts related to financial collateral (including cash collateral); and

e. The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013.

- PFRS 9, *Financial Instruments: Classification and Measurement* - PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected in 2012. The adoption of the first phase of PFRS 9 will not have an effect on the classification and measurement of the Group's financial assets and financial liabilities. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture. The standard is effective for annual periods beginning on or after January 1, 2015.

- PFRS 10, *Consolidated Financial Statements* - PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, which addresses the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretations Committee (SIC) -12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements* - PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly-controlled entities that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Interests in Other Entities* - PFRS 12 includes all of the disclosures that were previously included in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 13, *Fair Value Measurement* - PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after January 1, 2013.

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

- Philippine Interpretation IFRIC 20*, Stripping Costs in the Production Phase of a Surface Mine* - This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interest
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31, 2011 and 2010, which are all incorporated in the Philippines:

	Principal Activities	Percentage of Ownership
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

(Forward)

	Principal Activities	Percentage of Ownership
GMA Worldwide (Philippines), Inc.	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100
RGMA Marketing and Productions, Inc. (GMA Records)	Music recording, publishing and video distribution	100
Scenarios, Inc. (Scenarios)	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100
Script2010, Inc. (Script2010)*	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 GMA's airtime	100
Digify, Inc. (Digify)**	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	100
Others:		
MediaMerge Corporation**	Business development and operations for the Parent Company's online publishing/advertising initiatives	100
Ninja Graphics, Inc. (Ninja)***	Ceased commercial operations in 2001	51

**Indirectly owned through Citynet*
***Indirectly owned through GNMI*
****Indirectly owned through Alta; ceased commercial operations in 2001*

<u>Incorporation and Acquisition of Subsidiaries</u>
In October 2011, the Group, through GNMI, paid in cash a total of ₱3.13 million for the 100% capital subscription of Digify issued and outstanding shares. Digify was registered with the SEC on December 26, 2011.

On January 1, 2010, the Group, through Citynet, acquired 100% of the issued and outstanding shares of Script2010 (formerly Capitalex Holdings, Inc.) for a total cash consideration of ₱1.07 million which is equal to the fair value of net assets acquired at acquisition date.

3. Summary of Significant Accounting Policies

<u>Cash and Cash Equivalents</u>
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 (3) months or less from acquisition date and that are subject to insignificant risk of change in value.

<u>Financial Assets</u>

Initial Recognition and Measurement. Financial assets within the scope of PAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition and where allowed appropriate, re-evaluates such designation at every consolidated statements of financial position date.

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

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

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

As at December 31, 2011 and 2010, the Group does not have any financial asset at FVPL, HTM investments or derivatives designated as hedging instruments.

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

Subsequent Measurement. The subsequent measurement of financial assets depends on their classification as described below:

- 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, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortization is included in interest income in profit or loss. The losses arising from impairment are recognized under "General and administrative expenses" account in the statements of comprehensive income.

  Loans and receivables are classified as current assets when the Group expects to realize the asset within 12 months from reporting period. Otherwise, these are classified as noncurrent assets.

- AFS financial assets. AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL.

  After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the "Unrealized gain (loss) on AFS financial assets" account until the investment is derecognized, at which time the cumulative gain or loss is recognized in other income, or the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the "Unrealized gain (loss) on AFS financial assets" account to profit or loss in interest expense.

AFS equity investments whose fair value cannot be reliably measured are measured at cost less any impairment. If a reliable measure of fair value subsequently becomes available, the asset is remeasured at that fair value, and the gain or loss recognized in other comprehensive income (provided it is not impaired). If a reliable measure ceases to be available, the AFS equity investment is thereafter measured at cost, which is deemed to be the fair value on that date. Any gain or loss previously recognized in other comprehensive income shall remain in equity until the asset has been sold, otherwise disposed of or impaired, at which time it is reclassified to profit or loss.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

Financial assets under this category are classified as current if expected to be realized within 12 months from reporting period and as noncurrent assets if maturity date is more than a year from reporting period.

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

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; or

- Either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the 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.

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

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

- Financial assets carried at amortized cost. For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss 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 yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

  The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The accrued interest is shown under interest income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to interest expense in profit or loss.

- AFS financial assets. For AFS financial assets, the Group assesses at each reporting period whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL and loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

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

Financial liabilities under this category are classified as current if expected to be settled within 12 months from reporting period and as noncurrent if maturity date is more than a year from reporting period.

The Group's financial liabilities include trade payables and other current liabilities (excluding payable to government agencies), obligations for program and other rights and dividends payable.

As at December 31, 2011 and 2010, the Group does not have financial liabilities at FVPL.

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in interest expense in profit or loss.

The Group's interest-bearing short-term loans are availed and paid within each financial reporting year.

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

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, therefore, the related assets and liabilities are presented at gross in the consolidated statements of financial position.

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

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

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

Program and Other Rights
Program and other rights with finite lives are stated at amortized cost less any impairment in value. The cost is amortized on accelerated method based on the manner and pattern of usage of the acquired rights. Programs and other rights are fully amortized on the date of expiry. Amortization expense is shown as program and other rights usage.

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 incurred 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 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 or 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. Tax credits are classified as current assets if these are expected to be utilized within 12 months from reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2011 and 2010, the Group does not have tax credits classified as noncurrent.

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.

Investments and Advances

Investments in Associates. This account consists of investments in and permanent advances to associates.

The Group's investments in its associates are accounted for using the equity method. An associate is an entity in which the Group has significant influence.

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. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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.

The Group's share in profit (loss) of the associates are shown on the face of the consolidated statements of comprehensive income, which is the profit (loss) attributable to equity holders of the associates.

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

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its associate. The Group determines at each reporting period whether there is any objective evidence that the investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the "Equity in net earnings (losses) of associates" account in the consolidated statements of comprehensive income.

Upon loss of significant influence over the associates, the Group measures and recognizes any retaining investments at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investments and proceeds from disposal is recognized in profit or loss.

Interests in Joint Ventures. This account consists of interests in and permanent advances to joint ventures.

The Group has interests in joint ventures, which are jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. 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 controlled entity 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.

<u>Property and Equipment</u>
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. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. 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 in land" 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" 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	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 are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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 (3) to five (5) 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 and software costs are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets are considered impaired and are written down to their recoverable amount. The recoverable amount of these nonfinancial assets is the greater of an asset's or cash-generating unit's fair value less cost to sell or value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit 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.

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 agency and marketing commissions and 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 accounts receivables since a right of offset exists between the pay before broadcast balance and the regular accounts receivable with credit terms.

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.

Agency and Marketing Commissions and Co-producers' Share
These are deducted from gross revenues in profit or loss in the period the advertisements are aired.

Agency commissions are recognized at a standard rate of 15% of revenue recognized.

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 statements of comprehensive income are recognized as incurred.

Pension Benefits
The Parent Company and one (1) of its subsidiaries have funded, noncontributory defined benefit retirement plans covering its permanent employees. The cost of providing benefits is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plans at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plans.

The past service cost, if any, is recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, pension plans, past service cost is recognized immediately.

The pension liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized, reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans.

If the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans, net actuarial losses of the current period and past service cost of the current period are recognized immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognized immediately. Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognized immediately if the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contributions to the plans. If there is no change or decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognized immediately.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

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 tax assets are recognized for all deductible temporary differences, carryforward benefits of excess minimum corporate income tax (MCIT) 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 and unused NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred 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 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 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 tax assets to be recovered.

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

- where the deferred 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 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 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.

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

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "Prepaid 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, 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.

Diluted EPS is calculated by dividing the net income (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.

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 assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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 the subsidiaries. It is the currency of the primary economic environment in which the Group operates.

Asset Classified as Held for Sale. In January 2011, the Group, through GNMI's BOD, announced its decision to dispose of its shareholdings in X-Play Online Games Incorporated (X-Play), a jointly controlled entity (see Note 11). The Group assessed that the interest in X-Play met the criteria to be classified as held for sale at that date for the following reasons:

- X-Play is available for immediate sale and can be sold to a potential buyer in its current condition.
- GNMI's BOD had entered into preliminary negotiations with a potential buyer.
- IP E-Games Ventures, Inc. (IPE) and GNMI subsequently executed an Option Agreement whereby GNMI was granted an option to sell its shareholdings in X-Play to IPE, which can be exercised within a period of one (1) year from execution date on October 19, 2011.

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 accounts for the contracts as operating leases.

Rent expense charged to operations amounted to ₱851.93 million, ₱737.50 million and ₱693.40 million in 2011, 2010 and 2009, respectively (see Note 26).

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 ₱67.20 million, ₱84.00 million and ₱50.00 million in 2011, 2010 and 2009, respectively.

<u>Estimates and Assumptions</u>
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 and unbilled accounts where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances that affect the collectibility 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 based on third party credit reports 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 ₱24.55 million, ₱30.60 million and ₱8.17 million in 2011, 2010 and 2009, respectively. Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱4,191.14 million and ₱5,531.97 million as at December 31, 2011 and 2010, respectively (see Note 7).

Amortization of Program and Other Rights. The Group estimates the amortization of program and other rights with finite lives based on the manner and pattern of usage of the acquired rights. The Group estimates that programs are 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, net of accumulated impairment loss, amounted to ₱730.00 million and ₱558.07 million as at December 31, 2011 and 2010, respectively (see Note 8).

Impairment of AFS Financial Assets. The Group treats AFS financial assets as 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 determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as 20% or more of the original cost of investment, and "prolonged" as greater than 12 months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

The carrying value of AFS financial assets amounted to ₱105.80 million and ₱104.97 million as at December 31, 2011 and 2010, respectively (see Note 10). There were no impairment losses recognized on AFS financial assets in 2011, 2010 and 2009.

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 in the financial records.

The carrying value of materials and supplies inventory amounted to ₱108.96 million and ₱108.99 million as at December 31, 2011 and 2010, respectively (see Note 9). There were no provisions for inventory losses in 2011, 2010 and 2009.

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 2011 and 2010.

Revaluation of Land. The Group engages an independent appraiser to determine the fair value of the land used in operations. Fair value is determined by reference to market-based evidence. 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 independent appraiser are performed every three (3) to five (5) 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 ₱1,409.59 million and ₱1,403.12 million as at December 31, 2011 and 2010, respectively (see Note 13).

Impairment of Nonfinancial Assets. For prepaid production costs, tax credits, investments and advances, property and equipment, investment properties 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 cash-generating unit to which the asset belongs.

The balance of nonfinancial assets as at December 31 follows (see Notes 9, 11, 12, 14 and 15):

	2011	2010
Property and equipment	**₱3,252,582,543**	₱2,872,001,158
Investments and advances	**320,500,720**	341,913,803
Prepaid production costs	**219,404,918**	198,300,805
Tax credits	**118,368,267**	109,054,955
Investment properties	**68,029,711**	63,343,706
Software costs	**48,421,523**	39,457,145
	₱4,027,307,682	₱3,624,071,572

Estimating Realizability of Deferred Tax Assets. The Group's assessment on the recognition of deferred tax assets on nondeductible temporary differences and carryforward benefits of NOLCO and excess MCIT is based on the forecasted taxable income of the five (5) reporting periods. This forecast is based on the Group's future expectations on revenues and expenses.

Deferred tax assets amounted to ₱240.35 million and ₱215.77 million as at December 31, 2011 and 2010, respectively (see Note 27).

Pension 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 25 and include, among others, discount rate, expected rate of return on plan assets and expected rate of salary increase. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in such future periods.

Pension liability amounted to ₱312.97 million and ₱252.64 million as at December 31, 2011 and 2010, respectively. Unrecognized actuarial gains (losses) amounted to ₱66.52 million and (₱39.35 million) as at December 31, 2011 and 2010, respectively (see Note 25).

Fair Value of Financial Assets and Liabilities. The Group carries AFS financial assets at fair value, which requires extensive use of accounting estimates and judgments. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). However, the timing and amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in the fair value of AFS financial assets would affect the reported fair value of this financial asset.

The fair value of financial assets and liabilities are enumerated in Note 30.

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.

Management monitors 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 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, its home country, the Group is involved in television operations. In the United States and in other locations (which include Middle East, Europe, Australia, Canada and Japan), the Group ties up with cable providers to bring television programming outside the Philippines.

The Group's revenues were mostly generated from the Philippines, which is the Group's country of domicile. Revenues from external customers attributed to foreign countries from which the Group derives revenue were 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 amounts to 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.

Business Segment Data

	Television and Radio Airtime			International Subscriptions			Other Businesses			Eliminations			Consolidated		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Net Revenues															
External sales	**₱9,647,183,840**	₱10,689,581,553	₱10,270,300,569	**₱960,227,636**	₱922,786,835	₱850,796,640	**₱549,632,063**	₱402,769,028	₱379,409,755	**₱–**	₱–	₱–	**₱11,157,043,539**	₱12,015,137,416	₱11,500,506,964
Inter-segment sales	**–**	–	–	**–**	–	–	**244,794,350**	382,633,199	301,464,591	**(244,794,350)**	(382,633,199)	(301,464,591)	**–**	–	–
Total net revenues	**₱9,647,183,840**	₱10,689,581,553	₱10,270,300,569	**₱960,227,636**	₱922,786,835	₱850,796,640	**₱794,426,413**	₱785,402,227	₱680,874,346	**(₱244,794,350)**	(₱382,633,199)	(₱301,464,591)	**₱11,157,043,539**	₱12,015,137,416	₱11,500,506,964
Results															
Segment results	**₱1,636,246,402**	₱3,121,639,310	₱3,271,883,435	**₱510,702,679**	₱532,898,732	₱448,520,330	**₱25,849,900**	₱45,352,866	₱37,779,518	**₱–**	(₱10,529,427)	₱–	**₱2,172,798,981**	₱3,689,361,481	₱3,758,183,283
Interest income from bank deposits and short-term investments	**27,501,787**	76,230,704	56,438,486	**–**	–	–	**1,065,640**	990,899	1,316,543	**–**	–	–	**28,567,427**	77,221,603	57,755,029
Interest expenses and financing charges on short-term loans	**(1,659,872)**	(3,649,397)	(8,820,393)	**–**	–	–	**(9,819,422)**	(135,885)	(84,410)	**–**	–	–	**(11,479,294)**	(3,785,282)	(8,904,803)
Net foreign currency exchange gains (losses)	**(6,052,422)**	(24,897,530)	(10,075,874)	**–**	2,049	1,072,360	**280,313**	(616,180)	(172,871)	**–**	–	–	**(5,772,109)**	(25,511,661)	(9,176,385)
Equity in net earnings (losses) of associates and joint ventures	**–**	–	–	**–**	–	–	**5,019,389**	6,867,724	(11,478,071)	**–**	–	–	**5,019,389**	6,867,724	(11,478,071)
Other income - net	**54,130,094**	52,862,653	90,328,374	**–**	–	7,843	**2,725,891**	1,194,170	3,180,328	**–**	(4,000,000)	(41,000,000)	**56,855,985**	50,056,823	52,516,545
Provision for income tax	**(522,319,174)**	(958,515,150)	(1,007,537,449)	**–**	–	–	**(8,532,833)**	(14,868,485)	(13,107,341)	**–**		–	**(530,852,007)**	(973,383,635)	(1,020,644,790)
Net income	**₱1,187,846,815**	₱2,263,670,590	₱2,392,216,579	**₱510,702,679**	₱532,900,781	₱449,600,533	**₱16,588,878**	₱38,785,109	₱17,433,696	**₱–**	(₱14,529,427)	(₱41,000,000)	**₱1,715,138,372**	₱2,820,827,053	₱2,818,250,808
Assets and Liabilities															
Segment assets	**₱11,039,738,827**	₱11,759,280,302	₱12,839,868,329	**₱ 858,686,844**	₱829,061,722	₱555,401,291	**₱815,479,756**	₱714,526,464	₱640,837,088	**(₱805,833,107)**	(₱731,270,496)	(₱642,121,472)	**₱11,908,072,320**	₱12,571,597,992	₱13,393,985,236
Investments in associates and interests in joint ventures - at equity	**233,415,063**	228,395,675	213,825,504	**–**	–	–	**–**	26,432,471	34,134,918	**–**	–	–	**233,415,063**	254,828,146	247,960,422
Deferred tax assets	**192,059,895**	170,314,323	183,581,868	**–**	–	–	**48,289,908**	45,455,522	42,192,115	**–**	–	–	**240,349,803**	215,769,845	225,773,983
Total assets	**₱11,465,213,785**	₱12,157,990,300	₱13,237,275,701	**₱858,686,844**	₱829,061,722	₱555,401,291	**₱863,769,664**	₱786,414,457	₱717,164,121	**(805,833,107)**	(₱731,270,496)	(₱642,121,472)	**₱12,381,837,186**	₱13,042,195,983	₱13,867,719,641
Segment liabilities	**₱2,157,785,941**	₱2,370,237,159	₱2,557,528,061	**₱19,886,601**	₱7,096,567	₱16,839,952	**₱911,153,510**	₱812,686,252	₱769,439,449	**(₱881,853,746)**	(₱795,826,209)	(₱708,615,033)	**₱2,206,972,306**	₱2,394,193,769	₱2,635,192,429
Deferred tax liabilities	**347,307,951**	349,365,236	352,388,382	**–**	–	–	**118,376**	4,500	19,000	**–**	–	–	**347,426,327**	349,369,736	352,407,382
Total liabilities	**₱2,505,093,892**	₱2,719,602,395	₱2,909,916,443	**₱19,886,601**	₱7,096,567	₱16,839,952	**₱911,271,886**	₱812,690,752	₱769,458,449	**(₱881,853,746)**	(₱795,826,209)	(₱708,615,033)	**₱2,554,398,633**	₱2,743,563,505	₱2,987,599,811
Other Segment Information															
Capital expenditures:															
Property and equipment	**₱238,726,421**	₱403,866,267	₱598,655,409	**₱7,318,113**	₱6,904,559	₱1,551,406	**₱657,410,106**	₱17,667,523	₱9,025,386	**₱–**	₱–	₱–	**₱903,454,640**	₱428,438,349	₱609,232,201
Land at revalued amount	**6,463,241**	–	–	**–**	–	–	**–**	–	–	**–**	–	–	**6,463,241**	–	–
Intangible assets	**496,117,080**	402,624,186	335,815,089	**–**	–	–	**28,004,890**	9,896,283	12,214,773	**–**	–	(12,554,423)	**524,121,970**	412,520,469	335,475,439
Investment properties	**664,163**	6,188,853	79,018	**–**	–	–	**2,151,000**	–	–	**–**	–	–	**2,815,163**	6,188,853	79,018
Depreciation and amortization	**842,303,103**	951,449,174	1,068,724,517	**6,455,694**	23,715,018	13,843,643	**12,831,055**	15,879,747	16,216,764	**–**	–	–	**861,589,852**	991,043,939	1,098,784,924
Noncash expenses other than depreciation and amortization	**–**	–	–	**11,761,460**	9,606,610	10,508,849	**–**	–	–	**(11,761,460)**	(9,606,610)	(10,508,849)	**–**	–	–

Geographical Segment Data

	Local														
	Television and radio airtime			Other Businesses			International Subscriptions			Eliminations			Consolidated		
	2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Net Revenues															
External sales	**₱9,647,183,840**	₱10,689,581,553	₱10,270,300,569	**₱549,632,063**	₱402,769,028	₱379,409,755	**₱960,227,636**	₱922,786,835	₱850,796,640	**₱–**	₱–	₱–	**₱11,157,043,539**	₱12,015,137,416	₱11,500,506,964
Inter-segment sales	**–**	–	–	**244,794,350**	382,633,199	301,464,591	**–**	–	–	**(244,794,350)**	(382,633,199)	(301,464,591)	**–**	–	–
Total net revenues	**₱9,647,183,840**	₱10,689,581,553	₱10,270,300,569	**₱794,426,413**	₱785,402,227	₱680,874,346	**₱960,227,636**	₱922,786,835	₱850,796,640	**(₱244,794,350)**	(₱382,633,199)	(₱301,464,591)	**₱11,157,043,539**	₱12,015,137,416	₱11,500,506,964
Assets and Liabilities															
Segment assets	**₱11,039,738,827**	₱11,759,280,302	₱12,839,868,329	**₱815,479,756**	₱714,526,464	₱640,837,088	**₱858,686,844**	₱829,061,722	₱555,401,291	**(₱805,833,107)**	(₱731,270,496)	(₱642,121,472)	**₱11,908,072,320**	₱12,571,597,992	₱13,393,985,236
Segment liabilities	**2,157,785,941**	2,370,237,159	2,557,528,061	**911,153,510**	812,686,252	769,439,449	**19,886,601**	7,096,567	16,839,952	**(881,853,746)**	(795,826,209)	(708,615,033)	**2,206,972,306**	2,394,193,769	2,635,192,429
Other Segment Information															
Capital expenditures:															
Property and equipment	**₱238,726,421**	₱403,866,267	₱598,655,409	**₱657,410,106**	₱17,667,523	₱9,025,386	**₱7,318,113**	₱6,904,559	₱1,551,406	**₱–**	₱–	₱–	**₱903,454,640**	₱428,438,349	₱609,232,201
Land at revalued amount	**6,463,241**	–	–	**–**	–	–	**–**	–	–	**–**	–	–	**6,463,241**	–	–
Intangible assets	**496,117,080**	402,624,186	335,815,089	**28,004,890**	9,896,283	12,214,773	**–**	–	–	**–**	–	(12,554,423)	**524,121,970**	412,520,469	335,475,439
Investment properties	**664,163**	6,188,853	79,018	**2,151,000**	–	–	**–**	–	–	**–**	–	–	**2,815,163**	6,188,853	79,018

6. Cash and Cash Equivalents

	2011	2010
Cash on hand and in banks	**₱739,028,819**	₱708,365,390
Short-term deposits	**468,947,304**	523,986,450
	₱1,207,976,123	₱1,232,351,840

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

Interest income, net of final tax, earned from bank deposits amounted to ₱28.57 million, ₱77.22 million and ₱57.76 million in 2011, 2010 and 2009, respectively.

7. Trade and Other Receivables

	2011	2010
Trade:		
Television and radio airtime	**₱3,631,453,604**	₱4,974,423,522
Subscriptions	**311,859,621**	267,676,284
Related party (see Note 19)	**60,622,219**	59,898,039
Others	**155,203,912**	117,289,926
Nontrade:		
Advances to suppliers	**199,978,803**	198,301,803
Advances to officers and employees	**34,738,409**	9,625,412
Others	**35,218,973**	118,145,159
	4,429,075,541	5,745,360,145
Less allowance for doubtful accounts	**237,937,618**	213,388,195
	₱4,191,137,923	₱5,531,971,950

Trade Receivables

Television and Radio Airtime. Television and radio airtime receivables are 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 during the year 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 payments received before broadcast amounting to ₱128.13 million and ₱145.87 million as at December 31, 2011 and 2010, respectively, since a right of offset exists between the advance payments and the regular trade receivables with credit terms.

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

Related Party. Terms and conditions of receivables to related party are discussed in Note 19.

Other Trade Receivables. Other trade receivables are 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 non-interest 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 are as follows:

	2011		
	Television and Radio Airtime	**Others**	**Total**
Balance at beginning of year	**₱210,840,896**	**₱2,547,299**	**₱213,388,195**
Provision for the year (see Note 22)	**23,799,588**	**749,835**	**24,549,423**
Balance at end of year	**₱234,640,484**	**₱3,297,134**	**₱237,937,618**

	2010		
	Television and Radio Airtime	Others	Total
Balance at beginning of year	₱206,355,660	₱2,097,002	₱208,452,662
Provision for the year (see Note 22)	30,000,000	599,355	30,599,355
Write-off	(25,514,764)	(149,058)	(25,663,822)
Balance at end of year	₱210,840,896	₱2,547,299	₱213,388,195

The allowance for doubtful accounts for television and radio airtime and other receivables in 2011 and 2010 are results of specific and collective impairment assessments performed by the Group as follows:

	2011	2010
Individually impaired	**₱226,067,516**	₱197,664,882
Collectively impaired	**11,870,102**	15,723,313
	₱237,937,618	₱213,388,195

As at December 31, 2011 and 2010, the aging analysis of receivables that were not impaired follows:

	2011					
	Trade					
	Television and Radio Airtime	**Subscriptions**	**Related party**	**Others**	**Nontrade***	**Total**
Neither past due nor impaired	**₱2,052,849,685**	**₱140,911,528**	**₱60,622,219**	**₱65,521,276**	**₱37,547,734**	**₱2,357,452,442**
Past due but not impaired:						
1-30 days	**260,640,826**	**89,404,778**	–	**5,128,207**	**7,801,413**	**362,975,224**
31-60 days	**259,043,565**	**21,046,947**	–	**20,254,421**	**4,660,658**	**305,005,591**
61-90 days	**18,179,674**	**16,755,356**	–	**4,606,401**	**4,697,818**	**44,239,249**
91-180 days	**74,829,169**	**23,664,791**	–	**2,247,745**	**5,524,317**	**106,266,022**
181-365 days	**237,536,716**	**14,583,349**	–	**19,509,362**	**4,625,353**	**276,254,780**
Over one year	**493,733,485**	**5,492,872**	–	**34,639,366**	**5,100,089**	**538,965,812**
	₱3,396,813,120	**₱311,859,621**	**₱60,622,219**	**₱151,906,778**	**₱69,957,382**	**₱3,991,159,120**

**Excluding advances to suppliers amounting to ₱199.98 million as at December 31, 2011.*

	2010					
	Trade					
	Television and Radio Airtime	Subscriptions	Related party	Others	Nontrade*	Total
Neither past due nor impaired	₱3,046,277,536	₱174,784,481	₱59,898,039	₱29,716,962	₱16,537,655	₱3,327,214,673
Past due but not impaired:						
1-30 days	419,457,061	15,303,212	–	16,511,231	9,135,181	460,406,685
31-60 days	246,448,895	13,149,773	–	17,616,326	12,520,799	289,735,793
61-90 days	162,794,526	16,940,704	–	9,772,600	10,508,168	200,015,998
91-180 days	175,050,274	17,449,907	–	7,140,366	5,212,865	204,853,412
181-365 days	239,660,518	14,590,070	–	24,743,480	42,587,376	321,581,444
Over one year	473,893,816	15,458,137	–	9,241,662	31,268,527	529,862,142
	₱4,763,582,626	₱267,676,284	₱59,898,039	₱114,742,627	₱127,770,571	₱5,333,670,147

**Excluding advances to suppliers amounting to ₱198.30 million as at December 31, 2010.*

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

The Group's unbilled receivables amounted to ₱107.87 million and ₱136.76 million as at December 31, 2011 and 2010, 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

	2011			
	Program Rights	**Story Format Rights**	**Film Rights**	**Total**
Cost:				
Balance at beginning of year	**₱452,015,772**	**₱89,563,129**	**₱19,195,952**	**₱560,774,853**
Additions	**440,091,709**	**21,354,264**	**28,000,000**	**489,445,973**
	892,107,481	**110,917,393**	**47,195,952**	**1,050,220,826**
Program and other rights usage (see Note 21)	**(273,054,958)**	**(39,425,457)**	**(5,040,000)**	**(317,520,415)**
Balance at end of year	**619,052,523**	**71,491,936**	**42,155,952**	**732,700,411**
Accumulated impairment in value - Balance at beginning and end of year	**(2,702,260)**	**–**	**–**	**(2,702,260)**
	₱616,350,263	**₱71,491,936**	**₱42,155,952**	**₱729,998,151**

	2010			
	Program Rights	Story Format Rights	Film Rights	Total
Cost:				
Balance at beginning of year	₱545,370,858	₱77,447,289	₱20,059,524	₱642,877,671
Additions	313,352,327	59,406,209	9,000,000	381,758,536
	858,723,185	136,853,498	29,059,524	1,024,636,207
Program and other rights usage (see Note 21)	(406,707,413)	(47,290,369)	(9,863,572)	(463,861,354)
Balance at end of year	452,015,772	89,563,129	19,195,952	560,774,853
Accumulated impairment in value - Balance at beginning and end of year	(2,702,260)	–	–	(2,702,260)
	₱449,313,512	₱89,563,129	₱19,195,952	₱558,072,593

No impairment loss on program and other rights was recognized in 2011 and 2010.

9. Prepaid Expenses and Other Current Assets

	2011	2010
Prepaid production costs	**₱219,404,918**	₱198,300,805
Tax credits	**118,368,267**	109,054,955
Materials and supplies inventory at cost	**108,959,185**	108,989,821
Input VAT	**104,090,498**	81,793,312
Prepaid expenses	**85,194,126**	59,192,186
Creditable withholding taxes	**58,800,765**	47,780,854
Others	**222,800**	189,800
	₱695,040,559	₱605,301,733

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.

10. Available-for-Sale Financial Assets

	2011	2010
Investments in shares of stock:		
Unquoted	**₱83,257,256**	₱83,257,256
Quoted	**22,539,592**	21,709,592
	₱105,796,848	₱104,966,848

A significant portion of AFS financial assets consist of investments in unquoted shares of stock which are carried at cost, less any accumulated impairment in value. The fair value of these financial instruments is not reasonably determinable due to unpredictable nature of future cash flows and lack of other suitable methods in arriving at fair value.

AFS financial assets include net unrealized gain amounting to ₱2.75 million and ₱2.00 million, net of deferred tax liabilities amounting to ₱0.29 million and ₱0.21 million as at December 31, 2011 and 2010, respectively (see Note 27). The net unrealized gain on AFS financial assets are deferred and presented separately under the equity section of the consolidated statements of financial position. The movement in the net unrealized gain on AFS financial assets is presented under the consolidated statements of changes in equity. No portion of the net unrealized gain on AFS financial assets was transferred to profit in loss in 2011 and 2010.

11. Investments and Advances

	2011	2010
Investments in associates and interests in joint ventures accounted for under the equity method	**₱233,415,063**	₱254,828,146
Permanent advances to associates and joint ventures (see Note 19)	**87,085,657**	87,085,657
	₱320,500,720	₱341,913,803

The movements in the above amounts are as follows:

	2011	2010
Investments in associates and interests in joint ventures accounted for under the equity method		
Acquisition cost:		
Balance at beginning of year	**₱327,722,056**	₱327,722,056
Interest in joint venture classified as held for sale - net of subscription payable (see Note 4)	**(50,000,000)**	–
Balance at end of year	**277,722,056**	327,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(72,893,910)**	(79,761,634)
Accumulated equity in net losses associated with the asset held for sale	**23,567,528**	–
Equity in net earnings during the year	**5,019,389**	6,867,724
Balance at end of year	**(44,306,993)**	(72,893,910)
	233,415,063	254,828,146
Advances to associates and joint ventures:		
Balance at beginning of year	**87,085,657**	146,367,188
Collection of advances during the year	**–**	(59,281,531)
Balance at end of year	**87,085,657**	87,085,657
Total investments and advances	**₱320,500,720**	₱341,913,803

The ownership interests in associates and joint ventures which are all incorporated in the Philippines consist of the following:

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		Percentage of Ownership	
	Principal Activities	**2011**	2010
Associates:			
RGMA Network, Inc. (RGMA)	Radio Broadcasting	**49.0**	49.0
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	**49.0**	49.0
Joint Ventures:			
X-Play (see Note 4)	Casual Online Interactive Games	**–**	50.0
INQ7 Interactive, Inc. (INQ7)	Internet Publishing	**50.0**	50.0
Philippine Entertainment Portal, Inc. (PEP)	Internet Publishing	**50.0**	50.0

The carrying values of investments accounted for under the equity method and the related advances are as follows:

	2011		
	Investments	**Advances (see Note 19)**	**Total**
Associates:			
RGMA	**₱195,064,444**	**₱–**	**₱195,064,444**
Mont-Aire	**38,350,619**	**84,475,370**	**122,825,989**
Joint venture -			
INQ7	**–**	**2,610,287**	**2,610,287**
	₱233,415,063	**₱87,085,657**	**₱320,500,720**

	2010		
	Investments	Advances (see Note 19)	Total
Associates:			
RGMA	₱190,045,055	₱–	₱190,045,055
Mont-Aire	38,350,619	84,475,370	122,825,989
Joint ventures:			
X-Play (see Note 4)	26,432,472	–	26,432,472
INQ7	–	2,610,287	2,610,287
	₱254,828,146	₱87,085,657	₱341,913,803

X-Play

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 investment and advances to X-Play is shown below:

Investment cost	₱100,000,000
Less subscription payable	50,000,000
Net investment cost	50,000,000
Less accumulated equity in net losses associated with the asset held for sale	23,567,528
	₱26,432,472

In connection with the planned disposal of X-Play, on October 19, 2011, GNMI entered into an option agreement with IPE whereby IPE grants GNMI the option to sell all, but not less than all, of shares in stock of X-Play for 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 shares of stock in X-Play at a subscription price per share equivalent to the offering price.

PEP

As at December 31, 2011 and 2010, accumulated equity in net losses of PEP exceeded the Group's interest in joint venture, thus, the carrying value of interest in joint venture with PEP has been reduced to zero. Unrecognized share of income (losses) in PEP amounted to ₱2.11 million, (₱0.03 million) and (₱3.27 million) in 2011, 2010 and 2009, respectively. The accumulated unrecognized share of losses in PEP amounted to ₱1.19 million and ₱3.30 million as at December 31, 2011 and 2010, 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.

Establishment of a New Joint Venture

On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club, Inc. for the establishment of a joint venture corporation namely Gamespan, Inc. The joint venture will be operational in 2012.

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

The table below shows the condensed financial information of the associates:

		Total Assets	Total Liabilities	Revenues	Net Income
RGMA	**2011**	**₱126,139,501**	**₱75,172,507**	**₱146,714,016**	**₱10,243,651**
	2010	105,255,491	64,568,415	167,385,748	29,735,040
Mont-Aire	**2011**	**160,136,147**	**94,460,607**	**–**	**–**
	2010	160,136,147	94,460,607	–	–

The aggregate amounts related to the Group's 50% interest in INQ7, PEP and X-Play follow:

	INQ7		PEP		X-Play (see Note 4)	
	2011	2010	**2011**	2010	**2011**	2010
Current assets	**₱7,699,079**	₱7,699,079	**₱18,959,186**	₱17,875,121	**₱–**	₱10,484,469
Noncurrent assets	**2,182,230**	2,182,230	**691,270**	973,206	**–**	38,680,114
Current liabilities	**29,032,924**	29,032,924	**21,734,766**	23,039,948	**–**	22,732,111
Revenues	**–**	–	**12,422,343**	7,042,017	**–**	18,431,805
Expenses	**–**	–	**10,315,032**	12,562,019	**–**	26,134,251
Net income (losses)	**–**	–	**2,107,311**	(5,520,002)	**–**	(7,702,446)

12. Property and Equipment at Cost

	2011				
	January 1	**Additions/ Depreciation** (see Notes 21 and 22)	**Disposals**	**Reclassifications**	**December 31**
Cost:					
Buildings, towers and improvements	**₱2,460,432,706**	**₱84,495,293**	**(₱13,587,685)**	**₱50,833**	**₱2,531,391,147**
Antenna and transmitter systems and broadcast equipment	**4,256,889,902**	**559,920,132**	**(21,055,207)**	**29,715,828**	**4,825,470,655**
Communication and mechanical equipment	**636,205,627**	**105,743,565**	**(4,003,070)**	**(1,048,972)**	**736,897,150**
Transportation equipment	**346,917,213**	**81,642,642**	**(43,349,155)**	**1,604,221**	**386,814,921**
Furniture, fixtures and equipment	**161,473,218**	**9,331,503**	**(2,873,101)**	**672,992**	**168,604,612**
	7,861,918,666	**841,133,135**	**(84,868,218)**	**30,994,902**	**8,649,178,485**
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	**966,924,378**	**122,701,067**	**(8,638,594)**	**–**	**1,080,986,851**
Antenna and transmitter systems and broadcast equipment	**3,364,927,642**	**245,062,810**	**(22,147,659)**	**(648,063)**	**3,587,194,730**
Communication and mechanical equipment	**477,823,991**	**72,395,926**	**(3,708,750)**	**(627,767)**	**545,883,400**
Transportation equipment	**204,263,013**	**63,169,102**	**(41,316,970)**	**15,000**	**226,130,145**
Furniture, fixtures and equipment	**129,580,664**	**11,909,536**	**(1,421,431)**	**–**	**140,068,769**
	5,143,519,688	**515,238,441**	**(77,233,404)**	**(1,260,830)**	**5,580,263,895**
Construction in progress and equipment for installation	**153,602,180**	**62,321,505**	**–**	**(32,255,732)**	**183,667,953**
	₱2,872,001,158	**₱388,216,199**	**(₱7,634,814)**	**₱–**	**₱3,252,582,543**

	2010				
	January 1	Additions/ Depreciation (see Notes 21 and 22)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,640,110,537	₱20,870,175	(₱4,800,342)	(₱195,747,664)	₱2,460,432,706
Antenna and transmitter systems and broadcast equipment	4,052,769,124	186,016,131	(52,760,835)	70,865,482	4,256,889,902
Communication and mechanical equipment	576,372,201	47,523,060	(13,293,958)	25,604,324	636,205,627
Transportation equipment	336,544,464	62,386,026	(77,715,320)	25,702,043	346,917,213
Furniture, fixtures and equipment	153,720,112	5,942,323	(945,980)	2,756,763	161,473,218
	7,759,516,438	322,737,715	(149,516,435)	(70,819,052)	7,861,918,666
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	856,089,394	110,615,311	(896,394)	1,116,067	966,924,378
Antenna and transmitter systems and broadcast equipment	3,175,013,821	244,043,554	(34,564,080)	(19,565,653)	3,364,927,642
Communication and mechanical equipment	417,191,279	70,114,291	(9,959,835)	478,256	477,823,991
Transportation equipment	204,385,626	67,733,582	(67,853,301)	(2,894)	204,263,013
Furniture, fixtures and equipment	118,243,299	11,900,948	(537,807)	(25,776)	129,580,664
	4,770,923,419	504,407,686	(113,811,417)	(18,000,000)	5,143,519,688
Construction in progress and equipment for installation	35,443,122	105,700,634	–	12,458,424	153,602,180
	₱3,024,036,141	(₱75,969,337)	(₱35,705,018)	(₱40,360,628)	₱2,872,001,158

Depreciation and amortization on property and equipment charged to operations amounted to ₱515.24 million, ₱504.41 million and ₱555.90 million in 2011, 2010 and 2009, respectively. These amounts include amortization of previously capitalized borrowing costs amounting to ₱10.08 million each year. No borrowing cost was capitalized in 2011 and 2010.

The cost of fully depreciated assets still used by the Group amounted to ₱3,641.83 million and ₱3,356.26 million as at December 31, 2011 and 2010, respectively.

Construction in progress pertains to the costs incurred for signals strengthening of transmitters nationwide and construction/improvement of studios in the regions and in the GMA Network Compound Annex Building.

13. Land at Revalued Amounts

	2011	2010
Cost:		
Balance at beginning of year	**₱340,039,576**	₱340,039,576
Additions	**6,463,241**	–
Balance at end of year	**346,502,817**	340,039,576
Revaluation increment -		
Balance at beginning and end of year	**1,063,082,889**	1,063,082,889
	₱1,409,585,706	₱1,403,122,465

Land used in operations were appraised by an independent firm of appraisers on December 23, 2008 and January 5, 2009.

While fair values of the land were not determined as at December 31, 2011 and 2010, the Group's management believes that there were no conditions present in 2011 and 2010 that would significantly reduce the fair value of the land from that was determined as at January 5, 2009.

In determining the fair value of the land, the independent appraisers considered the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the land.

14. Investment Properties

	2011		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost:			
Balance at beginning of year	**₱33,399,381**	**₱71,326,338**	**₱104,725,719**
Additions	**576,000**	**2,239,163**	**2,815,163**
Balance at end of year	**33,975,381**	**73,565,501**	**107,540,882**
Accumulated depreciation:			
Balance at beginning of year	**–**	**34,346,621**	**34,346,621**
Depreciation during the year (see Notes 21 and 22)	**–**	**3,119,377**	**3,119,377**
Balance at end of year	**–**	**37,465,998**	**37,465,998**
Accumulated impairment in value:			
Balance at beginning of year	**–**	**7,035,392**	**7,035,392**
Reversal during the year (see Note 24)	**–**	**(4,990,219)**	**(4,990,219)**
	–	**2,045,173**	**2,045,173**
	₱33,975,381	**₱34,054,330**	**₱68,029,711**

	2010		
	Land and Improvements	Buildings and Improvements	Total
Cost:			
Balance at beginning of year	₱33,399,381	₱65,137,485	₱98,536,866
Additions	–	6,188,853	6,188,853
Balance at end of year	33,399,381	71,326,338	104,725,719
Accumulated depreciation:			
Balance at beginning of year	–	31,784,726	31,784,726
Depreciation during the year (see Notes 21 and 22)	–	2,561,895	2,561,895
Balance at end of year	–	34,346,621	34,346,621
Accumulated impairment in value - Balance at beginning and end of year	–	7,035,392	7,035,392
	₱33,399,381	₱29,944,325	₱63,343,706

The reversal of previously recognized impairment loss in 2011 resulted from the increase in fair value of certain buildings and improvements of GMPI amounting to ₱4.99 million as determined by an independent appraiser as at December 31, 2011. The fair market value of investment properties owned by GMPI and Scenarios amounted to ₱25.75 million as at December 31, 2011 while the rest of the investment properties owned by the Parent Company and Alta amounted to ₱102.13 million as at December 31, 2005, as determined by independent appraisers. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm's-length transaction at the date of valuation in accordance with International Valuation Standards.

While fair values of the majority of investment properties were not determined as at December 31, 2011 and 2010, the Group's management believes that there were no conditions present in 2011 and 2010 that would significantly reduce the fair value of the investment properties from that determined in 2005.

	2011	2010	2009
Rental income derived from investment properties	**₱2,175,581**	₱3,251,844	₱2,250,297
Direct operating expenses (including repairs and maintenance) from investment properties	**(3,097,803)**	(2,561,895)	(2,783,436)
	(₱922,222)	₱689,949	(₱533,139)

15. Other Noncurrent Assets

	2011	2010
Software costs	**₱48,421,523**	₱39,457,145
Deferred input VAT	**30,986,364**	26,346,896
Refundable deposits (see Notes 29 and 30)	**18,925,664**	14,132,084
Guarantee deposits	**18,086,984**	18,959,434
Investment in artworks	**10,406,255**	10,406,254
Video right and deferred production costs	**4,085,340**	3,708,732
Others	**3,494,497**	369,497
	₱134,406,627	₱113,380,042

The movements in software costs follow:

	2011	2010
Cost:		
Balance at beginning of year	**₱151,840,863**	₱121,078,930
Additions	**34,675,997**	30,761,933
Balance at end of year	**186,516,860**	151,840,863
Accumulated amortization:		
Balance at beginning of year	**112,383,718**	92,170,714
Amortization during the year (see Note 22)	**25,711,619**	20,213,004
Balance at end of year	**138,095,337**	112,383,718
	₱48,421,523	₱39,457,145

16. Trade Payables and Other Current Liabilities

	2011	2010
Trade:		
Suppliers	**₱301,091,337**	₱328,169,060
Related parties (see Note 19)	**19,331,690**	7,762,136

(Forward)

	2011	2010
Payable to government agencies	**₱756,299,280**	₱853,989,103
Accrued:		
Sick and vacation leaves	**222,224,516**	187,859,299
Production costs	**171,700,931**	197,203,867
Payroll and talent fees	**132,262,774**	125,505,014
Commission	**37,067,964**	28,688,244
Other general and administrative expenses	**91,456,382**	69,068,856
Others	**24,128,758**	21,035,593
	₱1,755,563,632	₱1,819,281,172

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

Terms and conditions of payables to related parties are discussed in Note 19.

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

Accrued sick and vacation leaves comprise of accumulated allowable credit leaves. Excess sick leaves over maximum credit leaves are reimbursed to the employees annually while excess vacation leaves are forfeited.

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

17. Obligations for Program and Other Rights

This account represents liabilities to foreign and local film suppliers for program and other rights purchased by the Group. The liabilities are noninterest-bearing and are generally payable in equal monthly or quarterly installments. The amounts presented in the consolidated statements of financial position as at December 31, 2011 and 2010 represent the face amounts of the obligations which are expected to be settled within the next 12 months.

18. Equity

a. Capital Stock

	Number of Preferred Shares	Number of Common Shares
Authorized - ₱0.20 par value per preferred share/₱1.00 par value per common share	7,500,000,000	5,000,000,000
Subscribed and issued at beginning and end of year	7,500,000,000	3,364,692,000
Treasury shares	492,816	3,645,000
Underlying shares of acquired Philippine Deposit Receipts (PDRs)	–	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 dividend 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 (5) preferred shares to one (1) 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 Rule 68, As Amended (2011):

Securities	Authorized Number of shares	Number of issued shares	Issue/Offer Price
Initial public offering	91,346,000	91,346,000	₱8.50
Underlying common shares of PDRs	945,432,000	945,432,000	8.50
Over-allotment common shares	13,701,000	13,701,000	8.50
Common shares covering employee stock option plan	57,000,000	57,000,000	8.50
Philippine deposits receipts	945,432,000	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, 2011 and 2010, representing the cost of shares held in treasury amounting to ₱28.48 million in 2011 and 2010 and underlying shares of the acquired PDRs amounting to ₱5.79 million in 2011 and 2010.

Consolidated retained earnings include undeclared retained earnings of subsidiaries amounting to ₱54.80 million and ₱38.21 million as of December 31, 2011 and 2010, respectively. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SEC Memorandum Circular No. 11, amounted to ₱2,262.68 million and ₱2,774.60 million as at December 31, 2011 and 2010, respectively.

The BOD of the Parent Company approved the declaration of the following cash dividends, in 2011, 2010 and 2009:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2011	**March 11, 2011**	**April 8, 2011**	**₱0.45**	**₱2,187,089,297**
2010	March 5, 2010	April 14, 2010	₱0.45	₱2,187,089,297
	October 28, 2010	November 17, 2010	0.25	1,215,049,609
				₱3,402,138,906
2009	April 2, 2009	April 21, 2009	₱0.35	₱1,701,069,453

Events after Reporting Period
On March 28, 2012, the BOD approved the Parent Company's declaration and distribution of a cash dividend of ₱0.40 per share totaling ₱1,944.08 million to all stockholders of record as at April 16, 2012.

19. Related Party Disclosures

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

Terms and Conditions of Transactions with Related Parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash, except for cash advances intended for future capital subscription. There have been no guarantees provided or received for any related party receivable or payable. For the years ended December 31, 2011, 2010 and 2009, the Group did not make any provision for doubtful accounts relating to amounts owed by related parties. An assessment is undertaken at each financial year-end by examining the financial position of the related party and the market in which the related party operates.

Transactions with related parties are as follows:

Related Party	Relationship	Nature of Transaction	Year	Revenues	Expenses	Permanent Advances to Associates and Joint Ventures (see Note 11)	Trade Receivable (see Note 7)	Trade Payables (see Note 16)
RGMA	Associate	Airtime sales and commissions	**2011**	**₱60,561,323**	**₱85,022,107**	**₱–**	**₱60,622,219**	**₱14,488,308**
			2010	148,750,798	41,353,408	–	59,898,039	6,178,754
GMA Kapuso Foundation, Inc. (GMA Foundation)	Common stockholders	Grant of noninterest-bearing advances	**2011**	**–**	**1,702,205**	**–**	**–**	**–**
			2010	–	11,567,888	–	–	–
INQ7	Joint venture	Grant of noninterest-bearing advances	**2011**	**–**	**–**	**2,610,287**	**–**	**–**
			2010	–	–	2,610,287	–	–

(Forward)

Related Party	Relationship	Nature of Transaction	Year	Revenues	Expenses	Permanent Advances to Associates and Joint Ventures (see Note 11)	Trade Receivable (see Note 7)	Trade Payables (see Note 16)
Mont-Aire	Associate	Grant of noninterest-bearing advances	**2011**	**₱–**	**₱–**	**₱84,475,370**	**₱–**	**₱–**
			2010	–	–	84,475,370	–	–
Image One	Associate	Advertising fee	**2011**	**–**	**–**	**–**	**–**	**1,023,382**
			2010	–	–	–	–	1,023,382
Belo, Gozon, Elma Law (BGE Law),	The Parent Company's Chairman of the Board is a principal partner of BGE Law	Legal and retainers' fees	**2011**	**–**	**10,769,120**	**–**	**–**	**–**
			2010	–	6,498,421	–	–	–
Others	Common stockholders	Consulting fee and others	**2011**	**–**	**3,820,000**	**–**	**–**	**3,820,000**
			2010	–	1,439,829	–	–	560,000
			2011	**₱60,561,323**	**₱101,313,432**	**₱87,085,657**	**₱60,622,219**	**₱19,331,690**
			2010	148,750,798	60,859,546	87,085,657	59,898,039	7,762,136

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

Others
These include FLG Management and Development Corporation, 3LM Koblenz Management Corporation and Majent Management and Development Corporation which are owned or partly owned by some officers of the Parent Company and GMPI. GMPI employs the services of these related parties in sourcing and hiring competent and capable personnel and in conducting studies to improve GMPI's capability in providing efficient services to clients.

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

	2011	2010	2009
Salaries and other short-term benefits	**₱247,631,477**	₱252,212,804	₱283,394,894
Pension benefits	**38,455,825**	37,374,611	37,451,095
	₱286,087,302	₱289,587,415	₱320,845,989

20. Net Revenues

	2011	2010	2009
Television and radio airtime	**₱11,881,201,505**	₱13,192,728,856	₱12,691,612,973
Subscription income (see Note 26)	**964,592,031**	925,370,205	855,182,975
Production and others	**237,012,535**	181,417,798	224,080,695
	13,082,806,071	14,299,516,859	13,770,876,643
Agency commissions	**(1,894,059,868)**	(2,204,415,271)	(2,060,006,684)
Co-producers' shares	**(31,702,664)**	(79,964,172)	(210,362,995)
	(1,925,762,532)	(2,284,379,443)	(2,270,369,679)
	₱11,157,043,539	₱12,015,137,416	₱11,500,506,964

21. **Production Costs**

	2011	2010	2009
Talent fees and production personnel costs (see Note 23)	**₱2,776,389,552**	₱2,330,496,360	₱2,101,146,857
Rental (see Note 26)	**763,296,407**	658,905,787	613,057,118
Tapes, sets and production supplies	**572,365,965**	534,769,220	488,161,380
Program and other rights usage (see Note 8)	**317,520,415**	463,861,354	524,436,570
Facilities and production services	**249,539,604**	197,433,955	256,145,441
Depreciation and amortization (see Notes 12 and 14)	**224,202,422**	210,468,361	206,608,697
Transportation and communication	**201,652,534**	197,286,664	100,798,448
	₱5,104,966,899	₱4,593,221,701	₱4,290,354,511

22. **General and Administrative Expenses**

	2011	2010	2009
Personnel costs (see Note 23)	**₱1,714,206,664**	₱1,626,148,105	₱1,612,077,169
Advertising	**425,348,586**	401,373,131	289,620,121
Depreciation and amortization (see Notes 12 and 14)	**294,155,396**	296,501,220	352,078,208
Communication, light and water	**270,459,169**	240,967,848	203,915,007
Taxes and licenses	**211,405,320**	191,293,163	191,409,221
Repairs and maintenance	**187,580,420**	202,020,277	145,085,737
Professional fees	**140,393,183**	136,879,522	145,306,859
Research and surveys	**112,664,696**	105,380,684	96,084,168
Sales incentives	**101,227,612**	129,027,683	77,240,586
Rental (see Note 26)	**88,633,501**	78,591,408	80,347,252
Transportation and travel	**63,559,183**	68,532,979	68,937,835
Amortization of software costs (see Note 15)	**25,711,619**	20,213,004	15,661,449
Provision for doubtful accounts, net of reversal (see Note 7)	**24,549,423**	30,599,355	8,168,203
Insurance	**21,872,912**	18,631,682	15,263,455
Materials and supplies	**19,745,493**	20,890,902	20,032,851
Entertainment, amusement and recreation	**14,372,425**	13,996,511	11,318,261
Dues and subscriptions	**11,036,693**	11,391,554	11,345,758
Others	**152,355,364**	140,115,206	108,077,030
	₱3,879,277,659	₱3,732,554,234	₱3,451,969,170

Provision for doubtful accounts in 2009 is presented net of reversal of long-outstanding television and radio airtime receivables, previously covered by allowance for doubtful accounts, which were subsequently collected in 2009 amounting to ₱56.91 million.

23. **Personnel Costs**

	2011	2010	2009
Talent fees	**₱2,660,734,083**	₱2,216,418,735	₱1,993,248,283
Salaries and wages	**1,268,569,522**	1,165,840,843	1,022,555,260
Employee benefits and allowances	**417,563,885**	446,428,667	551,097,150
Sick and vacation leaves expense	**72,680,965**	33,634,836	31,153,159
Net pension expense (see Note 25)	**71,047,761**	94,321,384	115,170,174
	₱4,490,596,216	₱3,956,644,465	₱3,713,224,026

The above amounts were distributed as follows:

	2011	2010	2009
Production costs (see Note 21)	**₱2,776,389,552**	₱2,330,496,360	₱2,101,146,857
General and administrative expenses (see Note 22)	**1,714,206,664**	1,626,148,105	1,612,077,169
	₱4,490,596,216	₱3,956,644,465	₱3,713,224,026

24. **Others**

	2011	2010	2009
Gain on sale of property and equipment	**₱16,040,347**	₱13,853,541	₱10,158,900
Tax refund of GMA Pinoy TV	**14,781,093**	17,845,874	13,336,397
Merchandising license fees and others	**6,781,724**	1,076,674	1,661,697
Net foreign currency exchange loss	**(5,772,109)**	(25,511,661)	(9,176,385)
Reversal of impairment loss (see Note 14)	**4,990,219**	–	–
Commissions	**4,011,520**	3,515,842	4,036,479
Rental (see Note 26)	**3,815,060**	4,947,469	4,525,381
Income from mall shows	**2,443,521**	1,873,000	5,741,334
Sales of DVDs and integrated receiver-decoders	**1,196,179**	2,516,687	3,889,832
Dividends	**41,529**	58,957	22,691
Income from unreturned video tapes	**34,925**	508,106	1,241,144
Discount on tax credit certificates	**–**	2,670,692	7,408,499
Proceeds from insurance claims	**–**	–	412,555
Reversal of long-outstanding payables and reimbursement of IPO charges by selling shareholders	**–**	–	81,636
Others	**2,719,868**	1,189,981	–
	₱51,083,876	₱24,545,162	₱43,340,160

25. **Pension Benefits**

The following tables summarize the components of net pension expense recognized in the consolidated statements of comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the plans:

Net pension expense (see Note 23)

	2011	2010	2009
Current service cost	**₱60,692,904**	₱64,975,622	₱61,736,161
Interest cost	**65,716,350**	79,841,216	62,345,036
Expected return on plan assets	**(55,423,986)**	(43,864,915)	(18,018,493)
Actuarial losses (gains) recognized	**62,493**	(6,630,539)	9,107,470
	₱71,047,761	₱94,321,384	₱115,170,174

Pension liability

	2011	2010	2009
Present value of defined benefit obligation	**(₱907,487,812)**	(₱828,936,473)	(₱721,781,243)
Fair value of plan assets	**527,997,996**	615,649,657	487,231,208
	(379,489,816)	(213,286,816)	(234,550,035)
Unrecognized actuarial losses (gains)	**66,518,970**	(39,354,197)	(45,984,736)
	(₱312,970,846)	(₱252,641,013)	(₱280,534,771)

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

	2011	2010	2009
Balance at beginning of year	**₱828,936,473**	₱721,781,243	₱746,444,672
Current service cost	**60,692,904**	64,975,622	61,736,161
Interest cost	**65,716,350**	79,841,216	62,345,036
Benefits paid	**(40,569,500)**	(37,661,608)	(22,594,803)
Actuarial gains	**(7,288,415)**	–	(126,149,823)
Balance at end of year	**₱907,487,812**	₱828,936,473	₱721,781,243

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

	2011	2010	2009
Balance at beginning of year	**₱615,649,657**	₱487,231,208	₱149,767,773
Contribution during the year	**4,898,620**	122,215,142	123,470,210
Benefits paid	**(40,569,500)**	(37,661,608)	(22,594,803)
Expected return on plan assets	**55,423,986**	43,864,915	18,018,493
Actuarial gains (losses)	**(107,404,767)**	–	218,569,535
Balance at end of year	**₱527,997,996**	₱615,649,657	₱487,231,208
Actual return (loss) on plan assets	**(₱51,980,781)**	₱43,850,809	₱236,588,028

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

The major categories of plan assets as percentage of fair value of total plan assets are as follows:

	2011	2010	2009
Equity securities	**80%**	82%	83%
Investments in government securities	**17%**	8%	12%
Cash and cash equivalents	**3%**	8%	1%
Others	**0%**	2%	4%
	100%	100%	100%

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

	2011	2010	2009
Discount rate	**6-11%**	10-11%	7-8%
Expected rate of return on plan assets	**9-10%**	9-10%	9%
Expected rate of salary increase	**6%**	6%	6%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The amounts for the current and previous four years are as follows:

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	**(₱907,487,812)**	(₱828,936,473)	(₱721,781,243)	(₱746,444,672)	(₱653,787,108)
Plan assets	**527,997,996**	615,649,657	487,231,208	149,767,773	131,559,055
Deficit	**(379,489,816)**	(213,286,816)	(234,550,035)	(596,676,899)	(522,228,053)
Experience adjustments on plan liabilities	–	–	126,149,823	–	124,676,343
Experience adjustments on plan assets	–	–	218,569,535	(66,781,596)	(92,133)

26. 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.

The Parent Company also entered into a non-cancellable lease which will expire in 2012. The rental rate is subject to 10% annual escalation rate commencing on the third year of the lease.

Total rental expense amounted to ₱851.93 million, ₱737.50 million and ₱693.40 million in 2011, 2010 and 2009, respectively (see Notes 21 and 22).

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

	2011	2010
	(In Millions)	
Within one year	**₱62.00**	₱118.38
After one year but not more than five years	**–**	62.00
	₱62.00	₱180.38

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. Total rental income amounted to ₱3.82 million, ₱4.95 million and ₱4.53 million in 2011, 2010 and 2009, respectively (see Note 24).

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 (3) to five (5) years and are based on certain agreed service package rates.

Total subscription income amounted to ₱964.59 million, ₱925.37 million and ₱855.18 million in 2011, 2010 and 2009, respectively (see Note 20).

27. Income Taxes

The components of the Group's provision for income tax are as follows:

	2011	2010	2009
Current income tax:			
RCIT	**₱556,410,645**	₱966,162,662	₱1,026,567,363
MCIT	**1,037,729**	239,980	210,085
	557,448,374	966,402,642	1,026,777,448
Deferred tax expense (benefit) relating to the origination and reversal of temporary difference	**(26,596,367)**	6,980,993	(6,132,658)
	₱530,852,007	₱973,383,635	₱1,020,644,790

Income tax related to the revaluation of AFS financial assets amounted to ₱0.07 million, ₱0.01 million, ₱0.52 million in 2011, 2010 and 2009, respectively.

Current Income Tax

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

	2011	2010	2009
Statutory income tax rate	**30.00%**	30.00%	30.00%
Additions (deductions) in income tax rate resulting from:			
Income tax holiday	**(6.82)**	(4.21)	(3.51)
Interest income already subjected to final tax	**(0.38)**	(0.61)	(0.45)
Nonclaimable foreign tax credit	**0.94**	0.54	0.52
Equity in net losses (earnings) of associates and joint ventures	**(0.07)**	(0.05)	0.09
Others - net	**(0.03)**	(0.02)	(0.06)
Effective income tax rates	**23.64%**	25.65%	26.59%

Deferred Income Tax

The components of deferred tax assets and liabilities follow:

	2011	2010
Deferred tax assets:		
Allowance for doubtful accounts	**₱72,705,756**	₱65,565,880
Accrued sick and vacation leaves	**68,670,434**	58,302,408
Pension liability	**92,970,893**	74,511,935
Accrued rent	**4,220,634**	10,970,867
MCIT	**1,093,681**	821,828
Discounting of long-term obligation for program and other rights	**635,659**	635,659
NOLCO	**40,226**	524,416
Unrealized foreign exchange loss	**12,520**	2,251,503
Allowance for impairment loss	**–**	1,923,146
Unamortized past service costs	**–**	262,203
	₱240,349,803	₱215,769,845
Deferred tax liabilities:		
Revaluation increment in land	**(₱318,924,867)**	(₱318,924,867)
Unamortized capitalized borrowing costs	**(27,208,313)**	(30,231,459)
Unrealized foreign exchange gain	**(1,006,737)**	–
Revaluation of AFS financial assets	**(286,410)**	(213,410)
	(₱347,426,327)	(₱349,369,736)

The components of unrecognized deferred tax assets of Scenarios, GMA Records and GMA Films follow:

	2011	2010
Allowance for doubtful accounts	**₱1,733,390**	₱1,508,440
NOLCO	**1,150,629**	–
Pension liability	**561,737**	330,017
Accrued sick and vacation leaves	**407,760**	313,791
MCIT	**30,016**	–
Unrealized foreign exchange loss	**–**	37,887
	₱3,883,532	₱2,190,135

The above deferred tax assets were not recognized as management believes that future taxable income against which the deferred tax assets can be used may not be available.

As at December 31, 2011, the Group’s MCIT and NOLCO are as follows:

Date Paid/Incurred	Carry forward Benefit Up To	MCIT	NOLCO
December 31, 2009	December 31, 2012	₱198,429	₱–
December 31, 2010	December 31, 2013	254,314	–
December 31, 2011	December 31, 2014	670,954	3,969,517
		₱1,123,697	₱3,969,517

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 the registered activities for four years starting from registration date.

On December 10, 2010, the BOI granted the Parent Company an additional one (1) year of tax holiday for its registered activity from February 19, 2011 to February 18, 2012.

The total tax incentives availed of in 2011, 2010 and 2009 amounted to ₱153.21 million, ₱159.87 million and ₱134.88 million, respectively.

28. EPS Computation

The computation of basic and diluted EPS follows:

	2011	2010	2009
Net income (a)	**₱1,715,138,372**	₱2,820,827,053	₱2,818,250,808
Less attributable to preferred shareholders	**529,519,974**	870,532,881	869,737,829
Net income attributable to common shareholders (b)	**₱1,185,618,398**	₱1,950,294,172	₱1,948,512,979
Common shares issued at the beginning of year	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (see Note 18)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (see Note 18)	**(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)	**₱0.353**	₱0.580	₱0.580
Diluted EPS (a/d)	**₱0.353**	₱0.580	₱0.580

29. 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, refundable deposits, trade payables and other current liabilities (excluding payable to government agencies), obligations for program and other rights and dividends payable, 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 maintaining a pool of credit lines from financial institutions that exceeds expected financing requirements for working capital. 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:

	2011			
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Total**
Cash and cash equivalents	**₱739,028,819**	**₱468,947,304**	**₱–**	**₱1,207,976,123**
Trade receivables:				
Television and radio airtime	**1,373,232,296**	**2,052,849,685**	**205,371,623**	**3,631,453,604**
Subscriptions	**170,948,093**	**140,911,528**	**–**	**311,859,621**
Related party	**–**	**60,622,219**	**–**	**60,622,219**
Others	**89,682,636**	**65,521,276**	**–**	**155,203,912**
Nontrade receivables:				
Advances to officers and employees	**12,465,421**	**22,272,988**	**–**	**34,738,409**
Others	**19,944,227**	**15,274,746**	**–**	**35,218,973**
	₱2,405,301,492	**₱2,826,399,746**	**₱205,371,623**	**₱5,437,072,861**
Trade payables and other current liabilities*	**280,410,680**	**432,488,052**	**286,365,620**	**999,264,352**
Obligations for program and other rights	**–**	**12,456,082**	**27,387,733**	**39,843,815**
Dividends payable	**4,942,280**	**–**	**–**	**4,942,280**
	₱285,352,960	**₱444,944,134**	**₱313,753,353**	**₱1,044,050,447**

** Excluding payable to government agencies which is not considered as financial liability.*

	2010			
	On Demand	Less than 3 Months	3 to 12 Months	Total
Cash and cash equivalents	₱708,365,390	₱523,986,450	₱–	₱1,232,351,840
Trade receivables:				
Television and radio airtime	1,870,127,906	3,046,277,536	58,018,080	4,974,423,522
Subscriptions	149,515,901	118,160,383	–	267,676,284
Related party	–	59,898,039	–	59,898,039
Others	97,765,251	19,524,675	–	117,289,926
Nontrade receivables:				
Advances to officers and employees	8,167,850	1,457,562	–	9,625,412
Others	103,065,066	15,080,093	–	118,145,159
	₱2,937,007,364	₱3,784,384,738	₱58,018,080	₱6,779,410,182

	2010			
	On Demand	Less than 3 Months	3 to 12 Months	Total
Trade payables and other current liabilities*	₱364,235,021	₱424,465,983	₱176,591,065	₱965,292,069
Obligations for program and other rights	–	56,536,850	19,057,278	75,594,128
Dividends payable	5,493,035	–	–	5,493,035
	₱369,728,056	₱481,002,833	₱195,648,343	₱1,046,379,232

** Excluding payable to government agencies which is not considered as financial liability.*

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 follow:

	2011		2010	
Assets				
Cash and cash equivalents	**$5,781,923**	**₱253,479,504**	$7,899,864	₱346,330,038
Trade receivables	**7,269,030**	**318,674,275**	6,280,149	275,321,732
	$13,050,953	**₱572,153,779**	$14,180,013	₱621,651,770
Liabilities				
Trade payables	**$239,042**	**₱10,479,601**	$280,864	₱12,313,078
Obligations for program and other rights	**335,672**	**14,715,860**	1,545,242	67,743,409
	$574,714	**₱25,195,461**	$1,826,106	₱80,056,487

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rate used was ₱43.84 to US$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2011 and 2010.

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
2011	**0.50**	**(₱6.24 million)**
	(0.50)	**6.24 million**
2010	0.50	(₱6.18 million)
	(0.50)	6.18 million

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	
		2011	2010
Cash and cash equivalents	50	**₱5.97 million**	₱6.05 million
	(50)	**(5.97 million)**	(6.05 million)
Short-term loans	50	**(4.75 million)**	(1.50 million)
	(50)	**4.75 million**	1.50 million

Equity Price Risk. Equity price risk arises from the changes in the levels of equity indices and the value of the individual stocks traded in stock exchange. The Group's exposure to equity price risk arises from its investment in quoted equity shares. The Group's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine its impact on its statement of financial position. As such, the Group's exposure to equity price risk is deemed minimal.

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.

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, 2011 and 2010, the credit quality of the Group's financial assets is as follows:

	2011				
	Neither Past Due Nor Impaired		**Past Due but not Impaired**		
	High Grade	**Standard Grade**		**Impaired**	**Total**
Loans and receivables:					
Cash and cash equivalents*	**₱1,193,084,345**	**₱–**	**₱–**	**₱–**	**₱1,193,084,345**
Trade receivables:					
Television and radio airtime	**107,874,576**	**1,202,591,926**	**2,086,346,618**	**234,640,484**	**3,631,453,604**
Subscriptions	**140,911,528**	**–**	**170,948,093**	**–**	**311,859,621**
Related party	**60,622,219**	**–**	**–**	**–**	**60,622,219**
Others	**–**	**65,521,276**	**86,385,502**	**3,297,134**	**155,203,912**
Nontrade receivables:					
Advances to officers and employees	**–**	**34,470,831**	**267,578**	**–**	**34,738,409**
Others	**–**	**3,076,903**	**32,142,070**	**–**	**35,218,973**
Refundable deposits	**18,925,664**	**–**	**–**	**–**	**18,925,664**
	₱1,521,418,332	**₱1,305,660,936**	**₱2,376,089,861**	**₱237,937,618**	**₱5,441,106,747**

**Excluding cash on hand amounting to ₱14.89 million as at December 31, 2011.*

	2010				
	Neither Past Due Nor Impaired		Past Due		
	High Grade	Standard Grade	but not Impaired	Impaired	Total
Loans and receivables:					
Cash and cash equivalents*	₱1,209,617,365	₱–	₱–	₱–	₱1,209,617,365
Trade receivables:					
Television and radio airtime	1,489,990,113	1,556,287,423	1,717,305,090	210,840,896	4,974,423,522
Subscriptions	174,784,481	–	92,891,803	–	267,676,284
Related party	59,898,039	–	–	–	59,898,039
Others	–	19,671,202	95,071,425	2,547,299	117,289,926
Nontrade receivables:					
Advances to officers and employees	–	1,457,562	8,167,850	–	9,625,412
Others	3,523,807	11,556,286	103,065,066	–	118,145,159
Refundable deposits	14,132,084	–	–	–	14,132,084
	₱2,951,945,889	₱1,588,972,473	₱2,016,501,234	₱213,388,195	₱6,770,807,791

**Excluding cash on hand amounting to ₱22.73 million as at December 31, 2010.*

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.

No changes were made in the objectives, policies or processes for the three years ended December 31, 2011, 2010 and 2009.

The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total equity. Interest-bearing debt includes all short-term and long-term debt. The Group has no existing interest-bearing debt as at December 31, 2011 and 2010. The Group's total equity as at December 31, 2011 and 2010 amounted to ₱9,827.44 million and ₱10,298.63 million, respectively.

30. **Financial Assets and Liabilities**

The table below presents the carrying values and fair values of the Group's financial instruments, by category and by class, as at December 31:

	2011		2010	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱1,207,976,123**	**₱1,207,976,123**	₱1,232,351,840	₱1,232,351,840
Trade receivables:				
Television and radio airtime	**3,396,813,120**	**3,396,813,120**	4,763,582,626	4,763,582,626
Subscriptions	**311,859,621**	**311,859,621**	267,676,284	267,676,284
Related parties	**60,622,219**	**60,622,219**	59,898,039	59,898,039
Others	**151,906,778**	**151,906,778**	114,742,627	114,742,627
Nontrade receivables:				
Advances to officers and employees	**34,738,409**	**34,738,409**	9,625,412	9,625,412
Others	**35,218,973**	**35,218,973**	118,145,159	118,145,159
Refundable deposits	**18,925,664**	**16,821,962**	14,132,084	12,230,299
	5,218,060,907	**5,215,957,205**	6,580,154,071	6,578,252,286
AFS financial assets	**105,796,848**	**105,796,848**	104,966,848	104,966,848
	₱5,323,857,755	**₱5,321,754,053**	₱6,685,120,919	₱6,683,219,134
Financial Liabilities				
Loans and borrowings:				
Trade payables and other current liabilities*	**₱999,264,352**	**₱999,264,352**	₱965,292,069	₱965,292,069
Obligations for program and other rights	**39,843,815**	**39,843,815**	75,594,128	75,594,128
Dividends payable	**4,942,280**	**4,942,280**	5,493,035	5,493,035
	₱1,044,050,447	**₱1,044,050,447**	₱1,046,379,232	₱1,046,379,232

**Excluding payable to government agencies which are not considered as financial liability.*

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

Cash and Cash Equivalents and Trade and Nontrade Receivables
The carrying values of cash and cash equivalents 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 2.17% to 3.17% in 2011 and 3.43% to 4.10% in 2010.

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.

Trade Payables and Other Current Liabilities, Obligations for Program and Other Rights and Dividends Payable

The carrying values of trade payables and other current liabilities, 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.

Fair Value Hierarchy

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

a. Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial instruments carried at fair value only pertain to the Group's AFS financial assets, which consist of quoted equity securities and club shares. As at December 31, 2011 and 2010, these securities were categorized under Level 1 of the fair value hierarchy. The Group has no financial instruments categorized under Level 2 and Level 3. There were no transfer between levels of fair value measurement in 2011 and 2010.

31. Reclassifications

In 2011, the Group reclassified certain expense account. The 2010 and 2009 consolidated statements of financial position were revised to conform to the 2011 presentation and classification. The Group did not present a consolidated statement of financial position as at the beginning of the earliest comparative period since the reclassifications made were minimal and did not have an impact on the consolidated net income.

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TELEVISION

LUZON

TV-7 Metro Manila
Brgy. Culiat, Tandang Sora, Quezon City
(02) 931-9183 / (02) 924-2497

TV-11 Metro Manila
Brgy. Culiat, Tandang Sora, Quezon City
(02) 931-9183 / (02) 924-2497

TV-27 Metro Manila (UHF)
Brgy. Culiat, Tandang Sora, Quezon City
(02) 931-9183 / (02) 924-2497

TV-5 Ilocos Norte
Brgy. San Lorenzo, San Nicolas,
Ilocos Norte
0918-5328580

TV-10 Benguet
Mt. Sto. Tomas, Tuba, Benguet
0917-4273214

TV-22 Benguet (UHF)
Mt. Sto. Tomas, Tuba, Benguet
0917-4273214

TV-10 Olongapo
Upper Mabayuhan, Olongapo City
0927-2570496

TV-26 Olongapo (UHF)
Upper Mabayuhan, Olongapo City
0927-2570496

TV-12 Batangas
Mt. Banoy, Bo. Talumpok East, Batangas City
0921-4937234

TV-26 Batangas (UHF)
Mt. Banoy, Bo. Talumpok East, Batangas City
0921-4937234

TV-7 Naga
Brgy. Concepcion Pequeña, Naga City
0919-4480290

TV-28 Naga (UHF)
Brgy. Concepcion Pequeña, Naga City
0919-4480290

TV-12 Legaspi
Mt. Bariw, Estanza, Legaspi City
0919-8566463

TV-27 Legaspi (UHF)
Mt. Bariw, Estanza, Legaspi City
0919-8566463

TV-12 Puerto Princesa,Palawan
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0939-2755280

TV-6 Brooke's Point, Palawan
Poblacion, Brooke's Point, Palawan
0939-2755280

TV-7 Masbate
Brgy. Pinamurbuhan, Mobo, Masbate
0909-2405510

TV-13 Catanduanes
Brgy. Sto. Niño, Virac, Catanduanes
0906-7524547

TV-13 Occ. Mindoro
Bonifacio St., San Jose,
Occidental Mindoro
0921-3524271

TV-5 Aurora
Purok 3, Brgy. Buhangin, Baler, Aurora
0920-2603590

TV-7 Abra
Brgy. Lusuac, Peñarrubia, Abra
0999-4473166

TV-13 Aparri, Cagayan
Hi-Class Bldg., De Rivera St., Poblacion,
Aparri, Cagayan
0908-3846771

TV-7 Tuguegarao, Cagayan
Phil. Lumber Bldg., Washington St.,
Tuguegarao, Cagayan
0929-5603195

TV-8 Coron, Palawan
Tapias Hill, Coron, Palawan
0929-6982107

TV-7 Batanes
Brgy. Kayvaluganan, Basco, Batanes
0928-7433472 / 09292804278

TV-7 Romblon
Triple Peak, Sta. Maria, Tablas, Romblon
0929-4812061

TV-7 Quirino
Brgy. San Marcos, Capitol Hills,
Cabarroguis, Quirino
0921-7449353

TV-5 Mountain Province
Mt Amuyao, Barlig. Mt. Province
0920-8232899

VISAYAS

TV-7 Cebu
Bonbon, Cebu City
0915-9119676

TV-27 Cebu (UHF)
Bonbon, Cebu City
0915-9119676

TV-6 Iloilo
Bo. Tamburong, Jordan, Guimaras
0916-5508126

TV-28 Iloilo (UHF)
Alta Tierra Subdivision, Jaro, Iloilo
0916-5508126

TV-11 Bohol
Banat-I Hills, Brgy. Bool, Tagbilaran City
0918-2502675

TV-10 Tacloban
Basper, Tigbao, Tacloban City
0919-3899212

TV-12 Ormoc, Leyte
Barrio Patag, Brgy. Alta Vista, Ormoc City
0912-8660646

TV-8 Borongan
Poblacion, Borongan, Eastern Samar
0921-2602154

TV-5 Roxas City
Brgy. Lawa-an, Roxas City, Capiz
0921-9978181 / 0949-4912879

TV-5 Dumaguete
Barrio Looc, Sibulan, Negros Oriental
0906-5229490

TV-10 Sipalay
Sipalay Municipal Building, Sipalay,
Negros Occidental
0999-6932317

TV-5 Calbayog City
Purok 2 San Mateo St. Brgy. Matobato,
Calbayog City, Western Samar
0948-7095868

TV-2 Kalibo
New Busuanga, Numancia, Aklan
0929-4356922

TV-13 Bacolod
Security Bank Bldg., Rizal St.
cor. Locsin St., Bacolod City
0916-5504655

MINDANAO

TV-5 Davao
Shrine Hills, Matina, Davao City
0916-2141849 / 0929-3292480

TV-27 Davao (UHF)
Shrine Hills, Matina, Davao City
0916-2141849 / 0929-3292480

TV-12 Mt. Kitanglad
Mt. Kitanglad, Bukidnon
0921-3121533

TV-12 Cagayan De Oro
Malasag Heights, Brgy. Cugman,
Cagayan de Oro City
0921-2045939

TV-35 Cagayan de Oro (UHF)
Malasag Heights, Brgy. Cugman,
Cagayan de Oro City
0921-2045939

TV-8 General Santos
Nuñez St., Brgy. San Isidro,
General Santos City
0919-5788292

TV-26 Gen. Santos (UHF)
Nuñez St., Brgy. San Isidro,
General Santos City
0919-5788292

TV-12 Cotabato
Regional Government Center,
Cotabato City
0920-3537395

TV-27 Cotabato (UHF)
Regional Government Center,
Cotabato City
0920-3537395

TV-9 Zamboanga
Brgy. Cabatangan, Zamboanga City
0921-8795244

TV-21 Zamboanga (UHF)
Brgy. Cabatangan, Zamboanga City
0921-8795244

TV-5 Ozamis
Bo. Malaubang, Ozamis City,
Misamis Occidental
0928-6278996

TV-4 Dipolog
Linabo Peak, Brgy. Owaon, Dapitan City,
Zamboanga Del Norte
0921-4406867

TV-10 Surigao
Lipata Hills, Surigao City
0919-8095052

TV-12 Jolo, Sulu
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0918-7923420 / 0926-7629292

TV-2 Tandag, Surigao del Sur
Capitol Hill, Brgy. Telaje, Tandag,
Surigao del Sur
0920-2952515

TV-3 Pagadian
Mt. Palpalan, Pagadian City
0908-6888017

TV-11 Iligan
3/F Kimberly Bldg., A. Bonifacio
cor. Isidoro Emilia Ave., Tibanga
Hi-Way, Iligan City
0921-3384319

RADIO

LUZON

METRO MANILA
AM – **DZBB** (594 khz.) 50kW
FM – **DWLS** (97.1 mhz.) 35kW
GMA Complex, EDSA cor. Timog Ave.,
Diliman, Quezon City

BAGUIO
FM – **DWRA** (92.7 mhz.) 10kW
2/F Baguio Midland Courier Bldg. 16
Kisad Rd., Baguio City

DAGUPAN
FM – **DWTL** (93.5 mhz.) 10kW
Claveria Road, Malued District
Dagupan City, Pangasinan

LEGASPI
FM – **DWCW** (96.3 mhz.) 10kW
3rd level A.Bichara Silversreen Entertainment
Center,
Magallanes St., Legazpi City

LUCENA
FM – **DWQL** (91.1 mhz.) 10kW
3/F Ancon Bldg., Merchan Street , Lucena City

NAGA
FM – **DWQW** (101.5 mhz.) 10kW
4/F DMG Bldg., Penafrancia St. Naga City,
Camarines Sur

PALAWAN
AM – **DYSP** (909 khz.) 5kW
FM – **DYHY** (97.5 mhz.) 5kW
Solid Road, San Manuel
Puerto Princesa City, Palawan

TUGUEGARAO
FM – **DWWQ** (89.3 mhz.) 10kW
4/F Villablanca Hotel Pattaui St. cor Pallua Rd.,
Ugac Norte Tuguegarao, Cagayan

VISAYAS

BACOLOD
FM – **DYEN** (107.1mhz.) 10kW
2/F Jomabo Centre Penthouse Rizal cor.
Lacson Sts., Bacolod City

CEBU
AM – **DYSS** (999 khz.) 10kW
FM – **DYRT** (99.5 mhz.) 25kW
GMA Skyview Complex Nivel Hills, Lahug,
Cebu City

ILOILO
AM – **DYSI** (1323 khz.) 10kW
FM – **DYMK** (93.5 mhz.)10kW
Phase 5, Alta Tierra Village Jaro, Iloilo City

KALIBO
FM – **DYRU** (92.9 mhz.) 5kW
Torres-Olivia Bldg. Roxas Ave. Extension,
Kalibo, Aklan

MINDANAO

CAGAYAN DE ORO
FM – **DXLX** (100.7 mhz.) 10kW
2/F Marel Realty Bldg., Pabayo corner Hayes St.
Cagayan de Oro City, Misamis Oriental

ILIGAN
Relayed over **DZBB**

DAVAO
AM – **DXGM** (1125 khz.) 10K
FM – **DXRV** (103.5 mhz.) 10K
Penthouse, Amesco Bldg. Damaso Suazo St.,
Uyanguren Davao City

GENERAL SANTOS
FM – **DXCJ** (102.3 mhz.) 10K
3/F PBC Bldg., Cagampang St. Gen. Santos City

SUBSIDIARIES

GMA New Media, Inc.
12/F GMA Network Center, EDSA cor.
Timog Avenue, Diliman, Quezon City
Tel: 857-4664 • 857-4627
Fax: 857-4665 • 857-4633
Website: www.gmanmi.com
Chairman and CEO: **Felipe L. Gozon**
President and COO: **Edilberto I. Gallares**

CityNet Network Marketing and Productions, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777
Chairman: **Felipe L Gozon**
President: **Gilberto R. Duavit, Jr.**

GMA Network Films. Inc.
GMA Network Center, EDSA cor. Timog Avenue
Diliman, Quezon City
Tel: 982-7777 local 9980/9981
Telefax: 926-1842
Chairman: **Gilberto R. Duavit, Jr.**
President: **Anna Teresa G. Abrogar**

GMA Worldwide (Philippines), Inc.
10/F GMA Network Center, EDSA cor. Timog
Avenue, Diliman, Quezon City
Tel: 928-5072
982-7777 local 9381
928-5065
Fax: 928-5065
Chairman: **Gilberto R. Duavit, Jr.**
President: **Anna Teresa G. Abrogar**

RGMA Marketing and Productions and Productions, Inc. (GMA Records)
Unit 1405 Future Point Plaza, 112 Panay Avenue,
Brgy. South Triangle Quezon City
Website: www.gmarecords.com.ph
Tel: 411-7521
Telefax: 376-3395
Chairman: **Felipe L. Gozon**
President and CEO: **Gilberto R. Duavit, Jr.**

Script2010, Inc. (Formerly Capitalex Holdings, Inc.)*
GMA Complex, EDSA cor.
Timog Avenue, Diliman, Quezon City
Tel: 982-7777 local 9921
928-5507
Telefax: 928-7482
Chairman: **Felipe L. Gozon**
President and CEO: **Gilberto R. Duavit, Jr.**

Scenarios, Inc.
GMA Complez, EDSA cor.
Timog Avenue, Diliman Quezon City
Tel: 982-7777 local 9921
928-5507
Telefax: 928-7482
Chairman: **Felipe L. Gozon**
President and CEO: **Gilberto R. Duavit, Jr.**

Alta Productions, Inc.
10/F Sagittarius Building, H.V. Dela Costa St.
Salcedo Village, Makati City
Tel: 816-3881
Fax: 813-3982
Chairman: **Felipe L. Gozon**
President and COO: **Edmund A. Alacaraz**

GMA Marketing and Productions, Inc.
15/F GMA Network Center, EDSA cor.
Timog Avenue, Diliman, Quezon City
Tel: 982-7777
Fax: 928-2044
Chairman and CEO: **Felipe L. Gozon**
President and COO: **Lizelle G. Maralag**

MediaMerge Corporation *
6/F GMA Network Center, EDSA cor.
Timog Avenue, Diliman, Quezon City
Tel: 982-7777 local1308
927-6268
Fax: 927-6210
Chairman: **Felipe L. Gozon**
President: **Gilberto R. Duavit, Jr.**

AFFILIATES

RGMA Network, Inc.
GMA Complex, EDSA cor.
Timog Avenue, Diliman, Quezon City
Tel: 925-2094
Telefax: 925-8188

INQ7 Interactive, Inc.
9/F Rufino Building, Ayala Avenue cor.
Rufino Street, Makati City
Tel: 892-1828 to 29
Fax: 813-0818

Philippine Entertainment Portal, Inc. **
Level 2, Robinsons Galleria
EDSA cor. Ortigas Avenue, Quezon City
Tel: 633-1368
Telefax: 634-6140
Website: www.pep.ph

X-Play Online Game, Inc.**
Podium 4, RCBC Plaza, Yuchengco Tower
Ayala Avenue, Makati City
Tel: 976-4784
Fax: 886-6510

Mont-Aire Reality and Development Corporation ***
16/F Sagittarius Condominium 1
H.V. Dela Costa St., Salcedo Village, Makati City
Tel: 750-4531
Fax: 338-5689

SOCIO-CIVIC ORGANIZATIONS

GMA Kapuso Foundation, Inc.
2/F Kapuso Center, GMA Network Drive cor.
Samar St., EDSA, Diliman, Quezon City
Tel: 982-7777 loc. 9901 and 9905
Telefax: 928-4299 928-9351
E-mail: gmaf@gmanetwork.com
Website: www.kapusofoundation.com

Kapwa Ko, Mahal Ko
2/F Kapuso Center, GMA Network Drive cor.
Samar St., EDSA, Diliman Quezon City
Tel: 426-3920
982-7777 loc. 9950
Email: kkmk@gmanetwork.com

AUDITOR

Sycip Gorres Velayo and Co.
6750 Ayala Avenue, Makati City
Tel: 891-0307
Fax: 819-0872

LEGAL COUNSEL

Belo Gozon Elma Parel Asunsion and Lucila
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Salcedo Vilage, Makati City
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Fax: 817-0696 • 812-0008

Terriela Tagao Ona & Associates
8/F Strata 2000, Emerald Avenue,
Ortigas Center, Pasig City
Tel: 635-6092 to 94
Fax: 635-6245

BANK REFERENCES

Abacus and Investment Corp.
Unit 3001-E Philippine Stock Exchange Center,
Exchange Road, Ortigas Center, Pasig City

Asia United Bank
Parc Royale Condominium
Dona Jullia Vargas, Ortigas Center, Pasig City

Banco de Oro Universal Bank
12 ADB Avenue, Ortigas Center
Mandaluyong City

Chinatrust (Phils.) Commercial Bank
Tower One and Exchange Plaza
Ayala Ttriangle, Ayala Avenue, Makati City

Citibank, N.A.
Citibank Tower
8741 Paseo de Roxas, Makati City

Development Bank of the Philippines
Sen.Gil Puyat Avenue
Makati City

Deutsche Bank AG (Manila Branch)
26/F Tower One, Ayala Triangle
Makati City

East West Bank
6795 Ayala Avenue cor. Herrera St.
Salcedo Village, Makati City

JP Morgan Chase Bank
31/F Philamlife Tower
8767 Paseo de Roxas, Makati City

Landbank of the Philippines
Landbank Plaza, 1598 M.H. del Pilar St.
Cor. J.Quintos, Malate, Manila

Metropolitan Bank & Trust Co.
Metrobank Plaza, Sen. Gil Puyat Avenue
Makati City

Malayan Bank Savings and Mortgage Bank
Majalco Bldg., Benavidez cor. Trasierra St.
Legaspi Village, Makati City

Philippine Bank of Communication
ACPC Bldg., 1186 Quezon Avenue
Quezon City

Philippine National Bank
PNB Financial Center
Pres. Diosdado Macapagal Blvd.
Pasay City

Rizal Commercial Banking Corporation
Unit 106 Parc Chateau Condominium
Garnet cor. Onyx St.
Ortigas Center, Pasig City

Unicapital/ Majalco
Majalco Bldg., Benavidez cor. Trasierra St.
Legaspi Village, Makati City

Union Bank of the Philippines
Union Bank Plaza
Meralco Avenue cor. Onyx and Sapphire Roads
Ortigas Center, Pasig City

United Coconut Planters' Bank
UCPB Building
Makati Avenue, Makati City

SHAREHOLDER SERVICES

Stock Transfer Service, Inc.
34/ F Rufino Tower
6784 Ayala Avenue, Makati City
Tel: 403-2410 to 14
Fax: 403-2414

Investor Relations
10/F GMA network Center
EDSA corner Timog Avenue
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Tel: 982-7777 local 8042
Email: corporateaffairs@gmanetwork.com
Website: www.gmanetwork.com/corporate/ir

Stock Trading Information
GMA Network, Inc. is listed in the Philippine Stock Exchange.

Ticket symbol:
GMA7 – Common Shares
GMAP – Philippine Deposit Receipts (PDRs)

* Indirectly owned through Citynet Network Marketing and Productions, Inc.
** Indirectly owned through GMA New Media, Inc.
*** On April 26, 2007, the Company's Board of Directors declared its shareholdings in Mont-Aire as subject to sale to any interested buyer. In the event the Company does not find a willing buyer, the same shall be declared as dividends to the stockholders of record as of April 26, 2007.

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