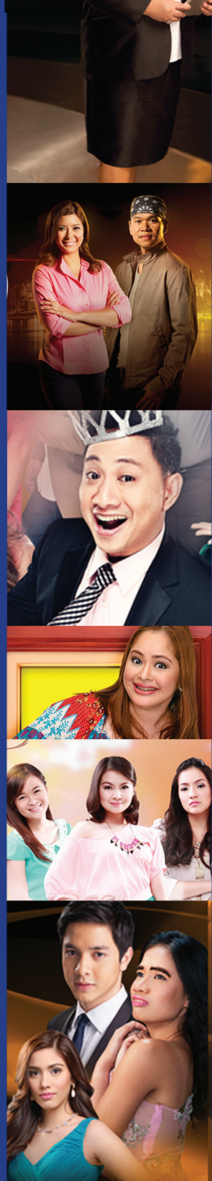
BOLD MANEUVERS

MEETING CHALLENGES

GMA

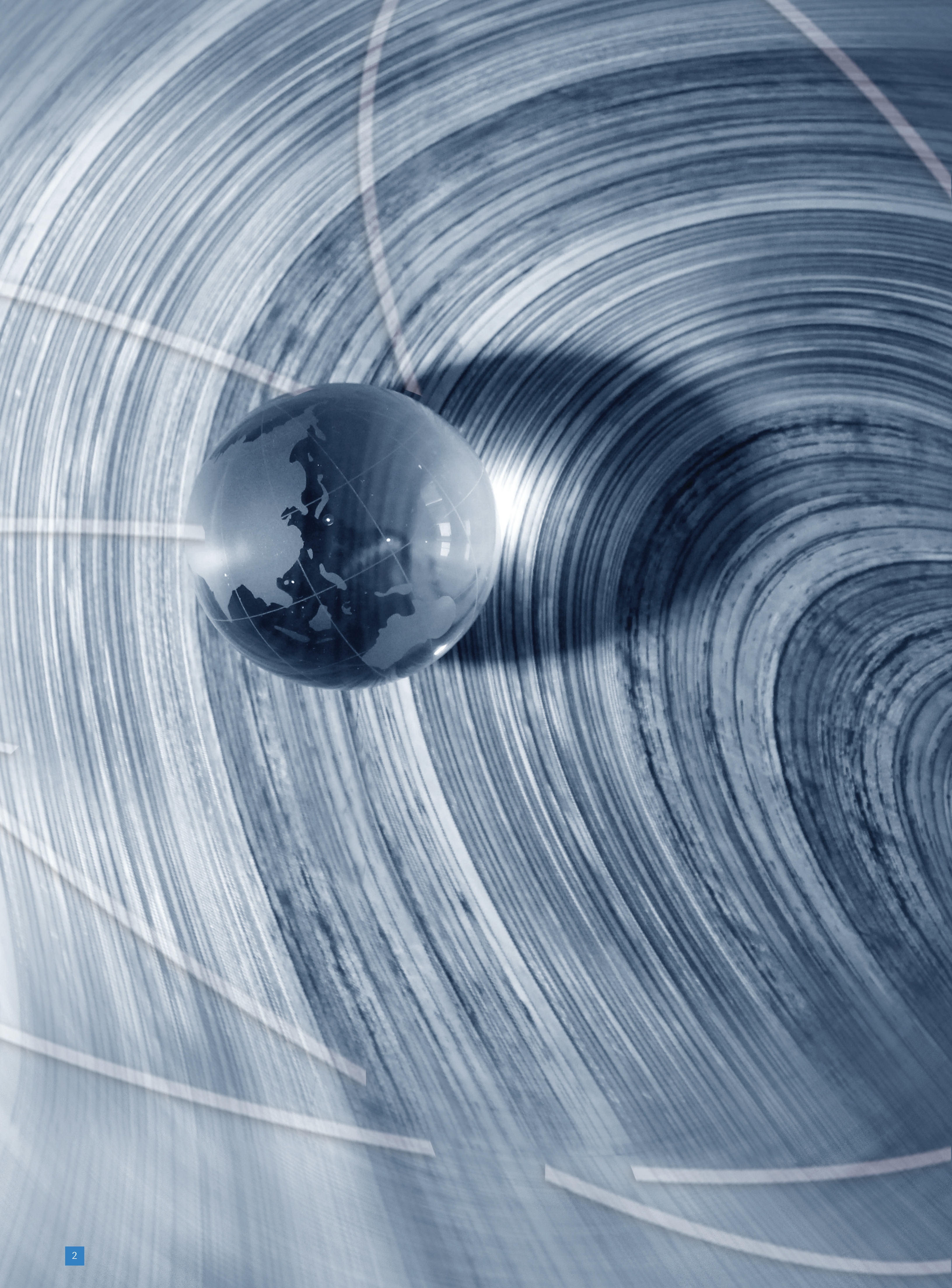
2013 GMA NETWORK, INC. ANNUAL REPORT


SAKSI
WALANG KINIKILINGAN. WALANG PINOPROTEKTAHAN.
WALANG KASINUNGALINGAN.




SUNDAY all STARS
PICTURE!
PICTURE!


24
NEWSROOM



CONTENTS

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.

CORPORATE 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.


FELIPE L. GOZON
Chairman and CEO

CHAIRMAN'S MESSAGE

The clamor to have access to television content beyond the living room is getting louder as technological advancements continue to give our televiewers a variety of communications and media platforms and services to choose from. While free-to-air TV remains king in the Philippines, at no time in the past is the looming competition with cable, satellite television and other media platforms more pronounced than it is now. It is in this context that traditional broadcast companies, like GMA Network, must learn to be more agile and be prepared to deliver content across all media platforms.

Accordingly, we have commenced concerted forays into various media platforms. In 2013, we kept up with competition and the constantly evolving technology and culture.

Firmly committed to the viewers whom we regard as our Bosses, we continued to innovate and provide a wide array of programming choices to service their dynamic preferences. The daring teleserye, My Husband's Lover, that dealt on homosexuality (which was once considered a taboo topic, especially on primetime television) and our comprehensive coverage of the mid-term elections are just a couple of examples of how we kept our loyal Kapuso viewers glued to their television screens. More importantly, our empowered creativity in programming kept our competition at bay as we found ourselves challenged in the ratings game. After leading competition for two straight years (since 2011), we lost our TV ratings lead in the National Urban TV Audience Measurement (NUTAM) in the first quarter of 2013. For the remainder of the year, ratings supremacy remained a hotly contested domain.

As the convergence trend dictated the pace with which we provided content to our viewers, we found the Create One, Distribute Everywhere (CODE) strategy quite practical and effective. CODE allowed us to reach out to the Kapuso viewers in the homefront (via GMA channel 7 and GMA News TV) the Filipinos abroad (through our international channels GMA Pinoy TV, GMA Life TV and GMA News TV International) as well as the global community (through our syndication and distribution business) with just our singular collection of TV programs. There was and continues to be a strong demand for our programs by the non-Filipinos from East Asia (Cambodia, Myanmar and Laos) all the way to Africa and Europe, with teleseryes we produced a decade ago continuing to earn for us revenues in 2013. Our extensive library of quality programs, which we are consistently expanding, contributed immensely to our success in this arena. Indeed, GMA has long enjoyed the dividends of digital as everything in our workflow, prior to transmission, is already technology driven.

On the whole, despite several setbacks that came along the way, we were able to achieve modest gains in our top and bottom lines in 2013. Apart from revenues gained from political advertisements, almost all our main revenue sources contributed positively to our overall performance, including Regional TV, GMA News TV, and Radio.

Needless to say, GMA is ready to meet the challenges and opportunities the future has to offer. Aside from continuously growing our local and international operations, we are expanding our revenue sources, as well. We are working on improving the other areas of our operations, particularly our international and regional TV, film production, digital and radio businesses. Likewise, we continue to reform our talent management and development group as we aim to provide better careers and opportunities for our homegrown and managed artists. We will continue to figure out how to effectively monetize our content delivered via alternative channels such as online.

With the adoption of the Japanese standard in digital TV transmission, digitization in the country is indeed in the horizon. Although we cannot tell when the shift to digital TV will actually happen, GMA Network is ready for this eventuality. More importantly, we are diligently exploring business models to maximize the promises of the technology and realize economic benefits for our shareholders.

CHAIRMAN'S MESSAGE

As we took care of business in 2013 for our shareholders, we ensured that we also nurtured our relationship with our stakeholders. As we continue to do business the right way, we sustained our corporate citizenship efforts as well. We enhanced our GMA Network Excellence Award by organizing a Values Formation Day where we gathered the nominees and awardees for an afternoon of pep talk. As our Core Value states, "We are driven by our Passion for Excellence." The same dedication to high standards is what we wish to impart to our upstarting and upcoming media practitioners through the GMA Network Excellence Award. It was also the first year that we partnered with UP Davao for this program.

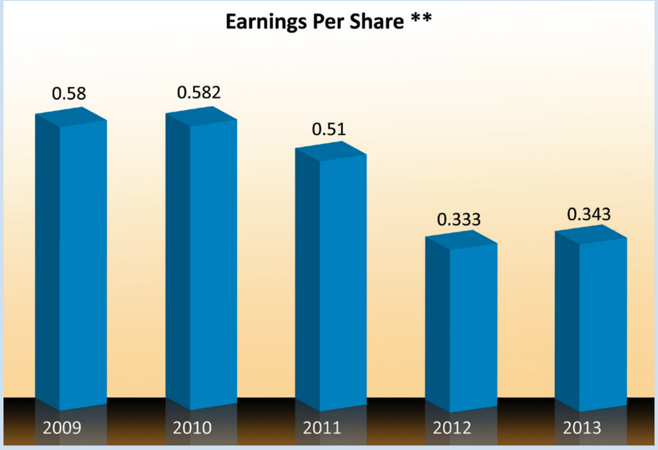
Everything, including technology and culture, evolves faster than we anticipated. The successful brands that have withstood the test of time and their constant evolution are those with solid foundations, identities, values and principles. Their growth and development as brands have seamlessly reflected the changes happening around us. Nobody really knows where these steady influx of changes will lead, or what it will bring to companies and brands. But definitely, GMA Network will continue to move forward carrying the same brand that we have built with strong values, principles and purpose.

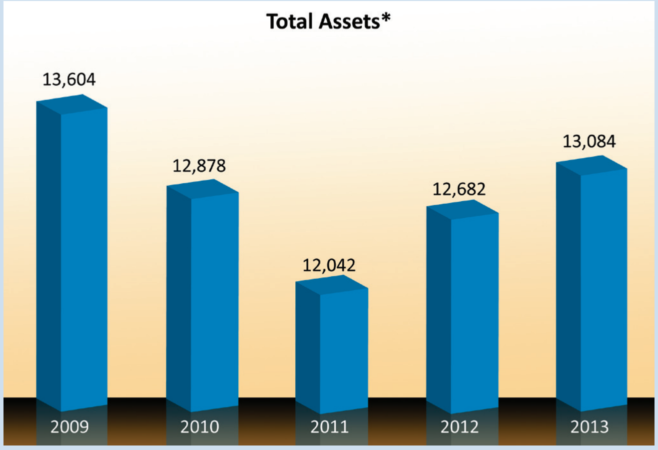
Maraming salamat sa inyong walang sawang pagsuporta, mga Kapuso.

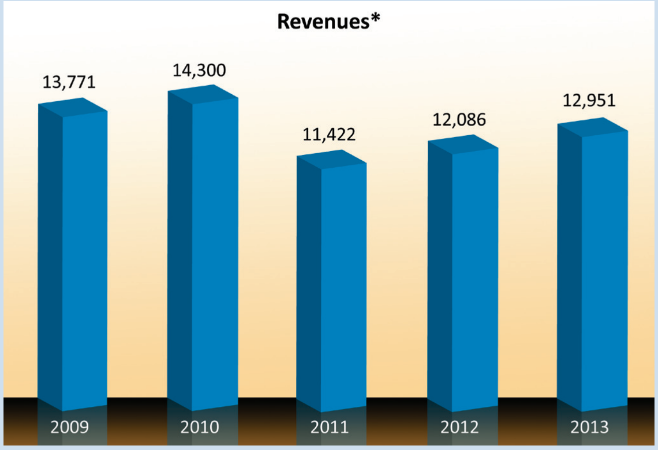
FELIPE L. GOZON
Chairman and CEO

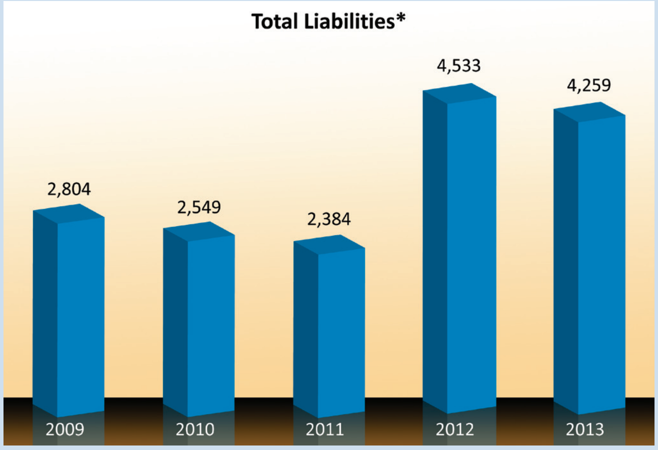
FINANCIAL HIGHLIGHTS

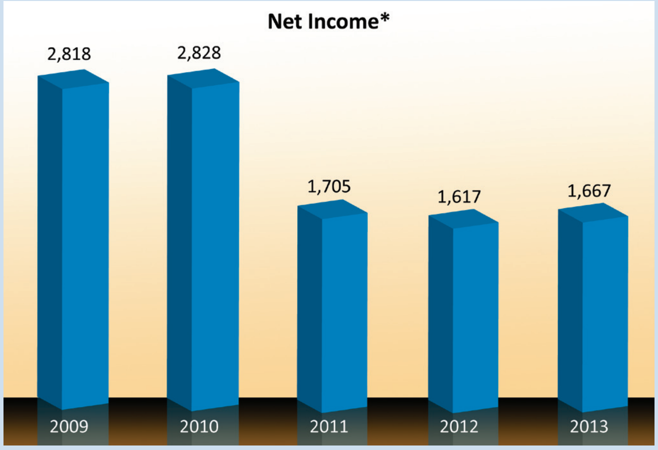
* Amounts in Million Pesos
** Amounts in Pesos

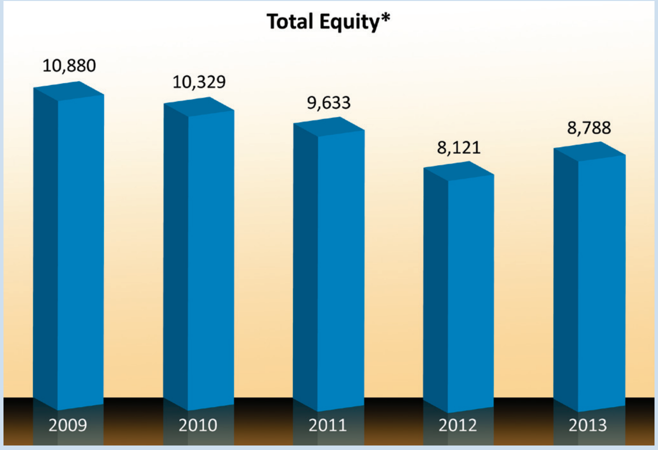












GILBERTO R. DUAVIT, JR.
President and COO

PRESIDENT'S MESSAGE

The year closed with GMA Network having moved forward in the many facets of our expanding and diversifying business space.

The battle for the program ratings was extraordinarily fierce in 2013. While ratings gains were observed within the period, lost ground remains to be fully regained particularly in the early primetime block. Faced with evolving viewer preferences and predispositions, we leveraged our ability to innovate on one hand and remain conventional and traditional on the other. Programs such as "My Husband's Lover", "Temptation of Wife", "Mundo Mo'y Akin" and "Annakarenina" in the primetime block together with "Mga Basang Sisiw" in the afternoon block were very well received by the TV audiences, resulting in our continued dominance in the Mega Manila and Total Luzon survey areas (as based on the AGB-Nielsen ratings data) within the year.

In consistent fashion, the 2013 mid-term Election coverage of our News and Public Affairs Group was once again the preferred source of election related news nationwide; both on-air and online. Enhanced by the deployment of the latest technology in remote feed acquisition and the realized synergies with our valued Election partners, our coverage covered 50 live points throughout the country while providing comprehensive information and data to the public through all existing platforms --- raising the bar once again.

Our second Free to Air Channel, GMA News TV continued to lead its positioned category within 2013, further solidifying its place as the highest rating news channel in the country. Being by no means short on innovation, GMA News TV's mini series' "Bayan Ko" and "Titser" were equally well viewed and highly regarded by our audiences. However, despite its commendable ratings performance throughout the year, our revenue targets for the news channel remained unmet; with a thorough evaluation of the channel to be conducted in the coming year.

The inclusion of the Rural audiences in the expanded, national ratings in 2012 necessitated yet another wave of Network transmitter upgrades in the past year. Cognizant of the importance of further improving the delivery of our programming to our Rural audiences (48% of the expanded national ratings referred to as PHINTAM), investments were made to our transmission facilities in the areas of Palawan, Sorsogon, Mt. Amuyao (which serves audiences in North Eastern Luzon), Romblon, Ilocos Norte and Pagadian City. All completed within the year, further improvements in the areas of Camarines Norte, Cagayan, Iligan City and Butuan City were also initiated – with most of the commissioning dates falling within the first half of the coming year.

Our International business closed the year with modest growth despite a significant reduction in our subscriber numbers – due to a change in our carrier partner in the Middle East. While the shift may have set us back initially, the potential benefits going forward are expected to more than compensate as our subscriber numbers with our new carrier partner continue to ramp up.

Recent developments in other markets are proving to be encouraging. Numerous negotiations for broader, multi-platform distribution in the United States were initiated within the year. Seen to be finalized by mid 2014, these agreements are envisioned to increase the opportunity to further monetize both our current and archive content assets. As of this writing, negotiations for additional carriage in the US and other markets continue, which will result in increases in our market penetration in the coming year.

Equally encouraging is the observed growth in our content syndication business. Recent program sales to broadcasters in Vietnam, Myanmar, East Timor and Laos as well as those in larger Asian markets such as Singapore, Malaysia, Indonesia, Thailand and Hongkong provide clear indications that we are moving towards achieving the long aspired acceptability of our content to the larger, international non-Filipino audience.

The many opportunities and challenges in the fast evolving Digital Space and the significance of these to our business have not gone unnoticed. As early as 2009 we brought a test product to market, designed to enable the consumer to acquire a select number of our programs on-line, for pay and on-demand. Launched on a soft basis, MyGMA was geo-targeted and limited to markets outside the US. Pulled-out a few months after due to the several limitations at that time, the MyGMA experience provided invaluable insights that today equip us to better exploit the platform in the near term.

Digital Terrestrial Television (DTT) is another emerged platform that we have been studying and testing for the last few years. With the recent adoption of the Japanese (ISDB–T) standard, we are presently revisiting our long since developed network and systems designs; maintaining the ability to rapidly deploy the technology when the business applications have been better rationalized.

Alongside these we continued to place equity in the operational backend resulting in a much greater presence online and in the social media networks to address the rapidly changing media consumption patterns of our market, both here and abroad.

We look forward to an even more challenging year ahead, as we focus on the continuing developments and growing opportunities both in our core and related businesses. While hurdles abound, we remain committed to surmounting these and creating greater value in the future.

Our many thanks go to our valued stakeholders once again for your undying trust and support. Little would have been accomplished without you there behind us.

Ang Inyong Kapuso,

GILBERTO R. DUAVIT, JR.
President and COO


GMA
Channel 7
INDIO
Television
GMA NEWS TV
CHANNEL 11
GMA Regional TV
Originating Stations
Iloilo • Cebu • Davao • Dagupan
CDO • Bicol • Ilocos
International
RADIO GMA
DZBB 594 KHZ
SUPER RADYO
Radio
With 6 AM and 15 FM
stations in key cities
nationwide
GMA FILMS
My Lady Boss
Films
GMA
Talent
Development
GMA ARTIST MANAGEMENT & DEVELOPMENT CENTER
Recording
GMA RECORDS
Digital
GMANetwork.com
GMA NEWS ONLINE
Distribution & Acquisition
GMA WORLDWIDE, INC.
A GMA NETWORK SUBSIDIARY
Heaven with You
GMA
KAPUSO FOUNDATION, INC.
Corporate
Social Responsibility

OPERATIONAL HIGHLIGHTS

Competition for nationwide TV ratings supremacy intensified at the start of 2013, with GMA Network's main rival gaining momentum. Meanwhile, the national mid-term elections optimized the Company's financials as political advertisements were booked during the first few months of the year.

Beyond its efforts to maintain supremacy in TV ratings and revenues, the Company stepped up its efforts to expand its operations and technological capability throughout the year.

In the early part of 2013, the Network inaugurated its Northern Mindanao (Cagayan De Oro) originating station, enhancing GMA service to more than a million households in various provinces in the South. Transmission projects in key areas likewise continued, as GMA carried on its goal of providing superior signal to all TV households in the entire archipelago.

In the international front, GMA's international channels (GMA Pinoy TV, GMA Life TV and GMA News TV International) continued to launch in more countries. However, there was a reduction in subscriber base in the Middle East due to the migration to a new carrier in the said region. In 2013, GMA Pinoy TV subscribers went down 19% to 267,000 while GMA Life TV clients went down to 85,000.

Financials

GMA Network's 2013 consolidated revenues increased by 7% versus 2012, ending at P12.951 billion. EBITDA (Earnings Before Interest, Taxes, Depreciation And Amortization) closed at P3.718 billion, an improvement of 9% (P297 million) over the previous year.

Total operating expenses increased by 8% (P762 million) to P10.565 billion due to the hike in the Company's production cost as it created high-caliber programs and mounted the comprehensive coverage of the mid-term elections in May.

GMA Network's consolidated net income in 2013 settled at P1.667 billion, up 3% (P50 million) versus 2012.

Ratings*

GMA's Channel 7 lost its lead in nationwide (NUTAM) TV ratings over rival ABS-CBN in 2013, posting an average total day household audience share of 32.2% (down by 2.4 percentage points versus ABS-CBN's 34.6% average).

Meanwhile, GMA kept its audience share leads in its bailiwick areas, beating ABS-CBN by 5.2 percent in Urban Luzon and 8.4 percent in Mega Manila.

GMA News TV remained the leading news and public affairs channel in the country, coming in fourth behind GMA, ABS-CBN and TV-5.

In radio, both DZBB (AM band) and DWLS (FM band) retained their number 2 spot in their respective categories.

Other Business Units

The following business units of GMA posted increases in their revenues: GMA News TV (34%); Radio (11%); Regional TV (27%); and, International (2%, both in Peso and Dollar terms).

Subsidiaries

Overall, the revenues of GMA's subsidiaries went down by 1% (P14 million) in 2013 versus 2012. The main drag came from the drop in revenues of GMA Films which produced only one movie in 2013.

GMA New Media continued to design and develop portals and other online and mobile applications for various programs and projects of the Network. Among the projects it completed in 2013 was the IM Ready portal, a one-stop portal for public safety information (traffic and disaster awareness and preparedness).**

GMA Records' self-titled album of Julie Anne San Jose received an 8-time Platinum Record Award towards the end of 2013.

GMA's worldwide syndication arm, GMA Worldwide (GWI), ended 2013 with sales totaling US$ 1,467,030.80, selling various program and movie titles to companies in Brunei, Cambodia, Malaysia, Myanmar, Singapore, Thailand, Vietnam, Canada, etc. GWI's success in bringing GMA programs to South East Asian countries has resulted to a growing popularity of the Company's homegrown artists in these neighboring nations.

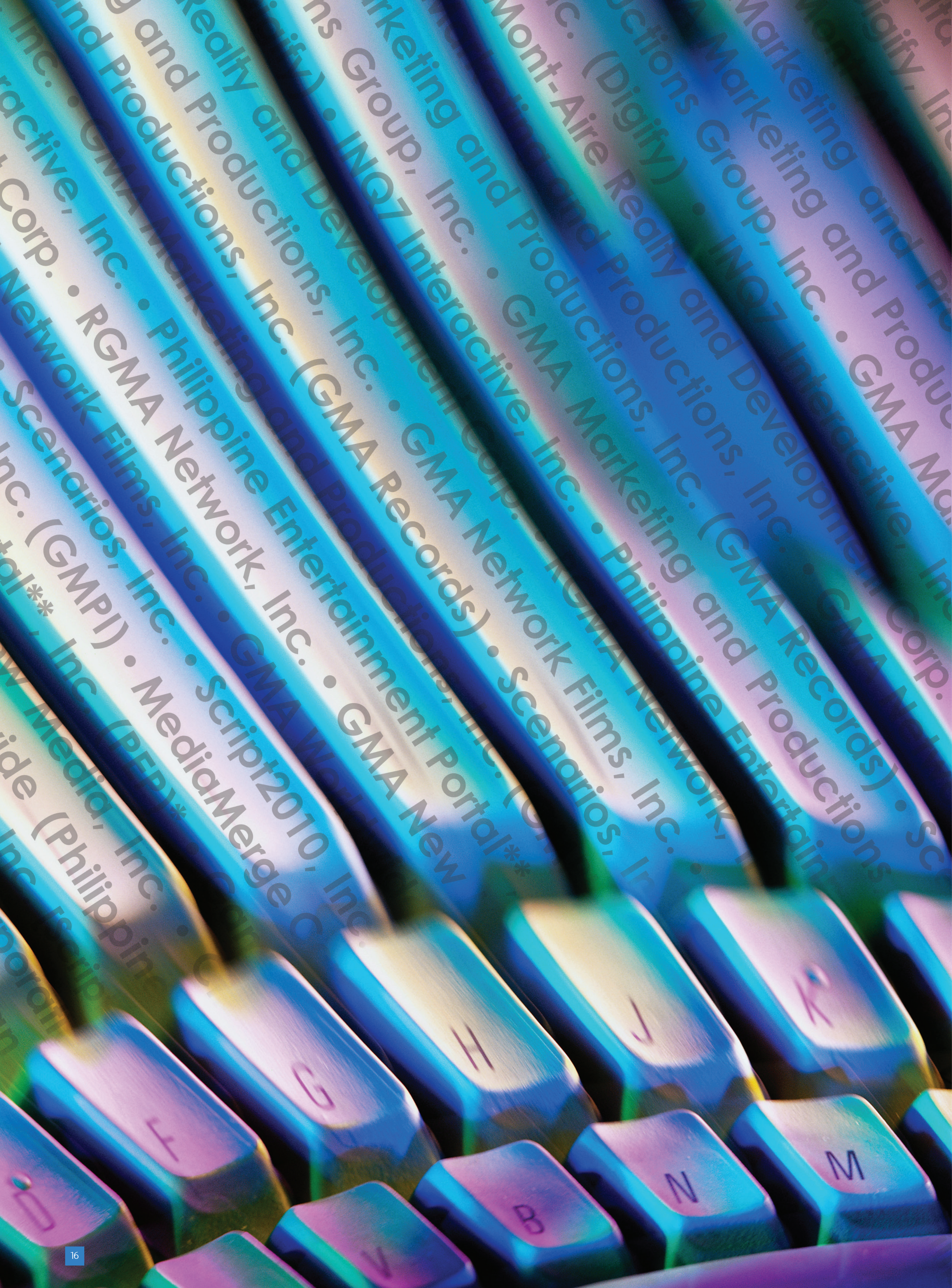
Cumulative 2013 revenues for ALTA Productions stood at P50.5 million, up 3% versus 2012, with audio dubbing services being the primary contributor to the revenues.

Revenues for Script2010 ended at P130.9 million, 0.39% over its 2012 performance.

In 2013, GMA Network made bold maneuvers to meet a wide range of challenges head-on. It will continue its trailblazing ways as the Company prepares for digitization and what lies ahead in the future of Philippine broadcasting.

*GMA subscribes to Nielsen TV Audience Measurement, the more dominant and recognized TV ratings provider in the country.

**The mobile app for IM Ready is available for downloading in the App Store (iOS) and Play Store (Android) in April 2014.



Mont-Aire Realty and Productions, Inc.
INQ7 Interactive, Inc.
GMA Marketing and Productions, Inc. (GMA Records)
Philippine Entertainment Portal**
RGMA Network, Inc.
GMA Network Films, Inc.
Scenarios, Inc.
Script2010, Inc.
MediaMerge

SUBSIDIARIES (100% Ownership)

GMA New Media, Inc. – Converging technology

CityNet Network Marketing and Productions, Inc. – Television entertainment production

GMA Network Films, Inc. – Film production

GMA Worldwide (Philippines), Inc. – International marketing and syndication of the Parent Company's programs; foreign program acquisitions

RGMA Marketing and Productions, Inc. (GMA Records) – Music recording, publishing and video distribution

Scenarios, Inc. – Design, construction, maintenance and storage of sets for TV, stage plays and concerts; transportation services

Script2010, Inc. (Script2010)* – Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services

Alta Productions Group, Inc. – Pre and post–production services

GMA Marketing and Productions, Inc. (GMPI) – Exclusive marketing and sales arm of GMA's airtime; events management; sales implementation; traffic services and monitoring

MediaMerge Corporation** – Business development and operations for the Company's online publishing/advertising initiatives

Digify, Inc. (Digify)** – Crafting, planning and handling advertising and other forms of promotion including multi–media productions

JOINT VENTURES (50% Ownership)

INQ7 Interactive, Inc. – Internet publishing

Philippine Entertainment Portal, Inc. (PEP)** – Internet publishing

Gamespan, Inc.** – Sports betting and broadcasting

AFFILIATES (49% Ownership)

Mont-Aire Realty and Development Corp.*** – Real estate

RGMA Network, Inc. – Radio broadcasting and management

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

CORPORATE CITIZENSHIP

Doing Good, Inside Out

GMA Network takes Serbisyong Totoo beyond the TV screens and into the lives of the many Kapuso citizens everywhere with its corporate social responsibility (CSR) initiatives. The focus areas of GMA's CSR are Education, Volunteerism and Philanthropy.

Education:

GMA Network is driven by its passion for excellence and cultivates the same among the hearts and minds of the youth through several CSR programs.

GMA recognizes select graduating Mass Communication and Electronics and Communication Engineering students with the GMA Network Excellence Award and provides support to deserving students of the same courses through the GMA Network Scholarship Program. Where the former shines the spotlight on exceptional Mass Communication and ECE students, the latter is a beacon of hope to those yearning for a college degree, but without sufficient financial means.

The 2013 GMA Network Excellence Awardees:

Igai Jada P. Andres – Journalism, UP Diliman
Trizia S. Terada – Broadcast Communication, UP Diliman
Jestine Mari Sanchez – Communication Research, UP Diliman
Cheska Micaela B. Kabiling – AB Mass Communication, Angeles University Foundation
Jessica Camille G. Mamaril – Electronics and Communications Engineering, Don Bosco Technical College
King Anthony V. Perez – Mass Communication, UP Cebu
Alethea Louise D. Gamalong – Communication Arts, UP Mindanao.

The GMA Network Scholars:

Rheinlander C. Musni – AB Mass Communication, AUF
Jezza Christle T. Cajayon – ECE, Don Bosco Technical College
Leonora Patricia L. de Guzman – Broadcast Communication, UP Diliman
Dan Gabriel S. Santos – Broadcast Communication, UP Diliman

An enhancement to these two CSR programs is the Values Formation Day, where past and present Excellence Awardees and scholars are engaged by GMA News pillars in a half-day forum. For its first run in 2013, Mike Enriquez, one of GMA's News pillars, discussed the relevance of GMA's core values to the practice of broadcast journalism.

Today, a number of GMA Network Excellence Awardees and GMA Scholars are Kapuso employees.

Another CSR initiative is the Speaker's Bureau. Under this program, select GMA personalities/executives share their wealth of knowledge and experience in media in seminars, conferences and the like. GMA partnered with the Angeles University Foundation for the latter's 1st Pampanga Media Congress, the highlight of which was GMA Senior Reporter Kara David's talk on producing documentaries. GMA was also at the Adamson University's Kapuso Day, where several GMA managers talked about various aspects of communicating through media.

GMA also supports education outside the classroom by airing select advocacy plugs for free. These advocacies, such as awareness of breast cancer, Earth Hour, fire safety, National Teachers Month, rice conservation and others, give the audience knowledge to keep them well-informed. In 2013, GMA Network aired 81.25 minutes worth of advocacy plugs (roughly worth P19 million) while

GMA News TV showed 222.83 minutes of these plugs, amounting to approximately P37 million.

Volunteerism:

Volunteerism is a tool that GMA harnesses to provide its best asset, the employees, with various opportunities for growth and development. Being men and women for others is also an avenue for the employees to manifest the Network's credo of Serbisyong Totoo.

GMA Network's corps of employee-volunteers is called GMA GIVES (Guide. Interact. Volunteer. Educate. Serve). In Network-organized volunteer activities, GMA employees and artists work hand in hand to do good. In 2013, nine (9) volunteer activities were organized:

In January, GMA GIVES walked for child-friendly television fare at the Fun Family Walk of Anak TV Foundation.

In February, during the nationwide Kapuso Bloodletting Day, GMA GIVES and concerned Kapuso citizens donated a total of 965 bags of blood to the Philippine Red Cross.

There were two volunteer activities in June: a building/painting activity at the Angono Elementary School Multi-Purpose Hall with the GMA Kapuso Foundation; and, an outreach with the children afflicted with cancer with Kapwa Ko Mahal Ko.

Come July, GMA GIVES, in collaboration with the Embassy of South Africa, celebrated Mandela Day with the Child Hope Asia kids through a fun-filled day of lunch, loot bags, entertainment from Kapuso stars and face painting.

In September, GMA GIVES conducted a weigh-in activity with the students of Oranbo Elementary School as part of the Network's feeding program with Coca Cola Philippines and Kapwa Ko Mahal Ko.

In October, select GMA artists performed for teachers during the Department of Education's celebration of National Teachers Month.

For 10 days in November, GMA GIVES manned the telethon mounted by the Network in the wake of the onslaught of Typhoon Yolanda.

In December, GMA GIVES presented the students affected by Yolanda who were cross enrolled in UP Diliman with school supplies.

Philanthropy:

GMA Network is committed to enriching the lives of the Filipinos everywhere. Aside from providing relevant media content, GMA also extends its helping hand to improve the lot of those who are in need.

GMA Network has two socio-civic arms: the GMA Kapuso Foundation and Kapwa Ko Mahal Ko. The Kapuso Foundation has a wide array of projects covering health, education, values formation and disaster relief. Kapwa Ko Mahal Ko is the country's longest-running public service program and spearheads several programs geared towards supporting children afflicted with cancer. The combined number of beneficiaries of the various programs of the GMA Kapuso Foundation and Kapwa Ko Mahal Ko number in the hundreds of thousands. In 2013, Kapwa Ko Mahal Ko served 92,238 patients while GMA Kapuso Foundation reached out to more than 1.5 million individuals.

BOARD OF DIRECTORS

(Left to Right) **ROBERTO O. PAREL**, Corporate Secretary • **LAURA J. WESTFALL**, Director
CHIEF JUSTICE ARTEMIO V. PANGANIBAN, Independent Director • **FELIPE S. YALONG**, Director
GILBERTO R. DUAVIT, JR. President and COO • **FELIPE L. GOZON**, Chairman and CEO
JOEL MARCELO G. JIMENEZ, Director • **JUDITH D. VAZQUEZ**, Director
ANNA TERESA G. ABROGAR, Director • **JAIME C. LAYA**, Independent Director

Felipe L. Gozon, Filipino, 74 years old, is the Chairman of the Board of Directors and Chief Executive Officer of the Network.

Atty. Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. Aside from GMA Network, Inc., he is also Chairman and CEO of GMA Marketing and Productions, Inc. and GMA New Media, Inc.; Chairman and President of FLG Management and Development Corp.; Chairman of Alta Productions Group, Inc., Citynet Network Marketing and Productions, Inc., Mont-Aire Realty and Development Corp., Philippine Entertainment Portal, Inc., and RGMA Network, Inc.; Vice Chairman of Malayan Savings and Mortgage Bank; Director of, among other companies, Gozon Development Corp., Justitia Realty and Management Corp., Antipolo Agri-Business and Land Development Corp., Capitalex Holdings, Inc., BGE Holdings, Inc., Philippine Chamber of Commerce and Industry, Chamber of Commerce of the Philippine Islands and President of Lex Realty, Inc. He serves as Chairman of the Board of Trustees of GMA Kapuso Foundation, Inc., Kapwa Ko Mahal Ko Foundation, Inc., and The Potter and Clay Christian School Foundation, Inc.; Chairman and President of Gozon Foundation; and Trustee of Bantayog ng mga Bayani Foundation. Gozon is also an Advisory Board Member of the Asian Television Awards.

Atty. Gozon is a recipient of several awards for his achievement in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the Kalipunan ng Samahan sa Malabon (KASAMA) (2005), People of the Year by People Asia Magazine (2005), Outstanding Manilan Award in the field of Social Responsibility and Broadcasting given by the City Government of Manila (2011), Quezon City Gawad Parangal Most Outstanding Citizen for 2011 given by the City Government of Quezon (2011), Tycoon of the Decade Award given by BizNews Asia (2011), Lifetime Achievement Award given by the UP Alumni Association (2012), Certificate of Recognition given by the Civil Aeronautics Board (2012), Personality of the Year for Broadcast Media given by SKAL International Makati (2013), Outstanding Member-Achiever given by Phi Kappa Phi UP Chapter (International Honor Society) (2013) and Visionary Management CEO Award given by BizNews Asia (2013). He is also listed among Biz News Asia's Power 100 (2003 to 2010).

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

Gilberto R. Duavit, Jr., Filipino, 50 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. and Vice Chairman of the Board of GMA Marketing and Productions, Inc. He also serves as President and CEO of GMA Holdings, Inc., Scenarios, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the President and a Director of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc., 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.

Joel Marcelo G. Jimenez, Filipino, 50 years old, has been a Director of the Company since 2002. He is currently the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and Mortgage Bank and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

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

Felipe S. Yalong, Filipino, 57 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate

Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., Majalco Finance and Investments, Inc., and GMA Marketing and Productions, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc.

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

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

Anna Teresa G. Abrogar, Filipino, 42 years old, has been a Director of the Company since 2000. She graduated valedictorian from grade school and high school at Colegio San Agustin. She graduated cum laude, BS Management Engineering from Ateneo de Manila University and obtained her Bachelor of Laws degree from the University of the Philippines where she graduated valedictorian, cum laude. She later obtained her Master of Laws from Harvard University.

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

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

Judith D. Vazquez, Filipino, 51 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 Network Films, Inc. She is a member of the Board of Trustees of the GMA Kapuso Foundation, Inc.

She is an acknowledged visionary and industry mover in the 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.

She 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.

She 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 – the 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. She is the First Asian Female elected to this august and powerful international body. She is a 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, 46 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 holds a Masters Degree in Public and Private Management from Yale University and a Bachelor of Science degree in Accounting from the University of Southern California. She is a Certified Public Accountant (CPA) in the State of California.

Chief Justice Artemio V. Panganiban, Filipino, 77 years old, has been an Independent Director of the Company since 2007. In 1995, he was named a Justice of the Supreme Court and in 2005, he was appointed Chief Justice of the Philippines — a position he held until December 2006. At present, he is also an Independent Director of these listed firms: First Philippine Holdings Corp., Metro Pacific Investments Corp., Manila Electric Company, Robinsons Land Corp., GMA Holdings, Inc., Philippine Long Distance Telephone Co., Petron Corporation, Bank of the Philippine Islands, Asian Terminals, and a regular Director of Jollibee Foods Corporation. He is also a Senior Adviser of Metropolitan Bank, Chairman, Board of Advisers of Metrobank Foundation, Chairman of the Board of the Foundation for Liberty and Prosperity, President of the Manila Cathedral Basilica Foundation, Chairman Emeritus of Philippine Dispute Resolution Center, Inc., and Member, Advisory Board of the World Bank (Philippines) and of the Asian Institute of Management Corporate Governance Council. He also is a column writer of The Philippine Daily Inquirer.

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

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

Dr. Jaime C. Laya, Filipino, 75 years old, has been an independent Director of GMA Network, Inc. since 2007. He is the Chairman and President of Philippine Trust Company (Philtrust Bank), Director of Ayala Land, Inc., Philippine AXA Life Insurance Company, Inc., Philippine Ratings Services Corporation, and Bankers Association of the Philippines. He also serves as Chairman of Don Norberto Ty Foundation, Inc. and Escuela Taller de Filipinas Foundation, Inc.; Trustee of St. Paul University – Quezon City, Cultural Center of the Philippines, Metropolitan Museum of Manila, Yuchengco Museum, Fundación Santiago, Inc., Ayala Foundation, Inc., and other foundations. He writes a weekly column for the Manila Bulletin.

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

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

Roberto O. Parel, Filipino, 58 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., 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., and Hinoba Holdings (Philippines), 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 held by the Japan Institute of Invention and Innovation and the Association for Overseas Technical Scholarship in Tokyo, Japan.

SENIOR EXECUTIVES

(Left to Right) **LILYBETH G. RASONABLE**, Senior Vice President, Entertainment TV
MIGUEL C. ENRIQUEZ, Consultant for Radio Operations
FELIPE S. YALONG, Executive Vice President and Concurrent Group Head, Corporate Services Group and Chief Financial Officer
MARISSA L. FLORES, Senior Vice President, News and Public Affairs
RONALDO P. MASTRILI, Senior Vice President, Finance and ICT

HEADS OF SUBSIDIARIES

(Front left to right) FELIPE L. GOZON	Chairman and CEO of GMA Marketing and Productions, Inc. and GMA New Media, Inc.; Chairman of Alta Productions, Inc., Citynet Network Marketing and Productions, Inc., RGMA Marketing and Productions, Inc., Scenarios, Inc., Script2010, Inc., Digify, Inc. and MediaMerge Corp.
GILBERTO R. DUAVIT, JR.	Chairman of GMA Network Films, Inc. and GMA Worldwide, Inc.; President/CEO of Scenarios, Inc., Script2010, Inc., RGMA Marketing and Productions, Inc.; President of Citynet Network Marketing and Productions, Inc. and MediaMerge Corp.
ANNA TERESA G. ABROGAR	President of GMA Worldwide, Inc. and GMA Network Films, Inc.
(Back left to right) LIZELLE G. MARALAG	President and COO, GMA Marketing and Productions, Inc.
EDILBERTO I. GALLARES	President and COO, GMA New Media, Inc. and President, Digify, Inc.
EDMUND A. ALCARAZ	President and COO, Alta Productions, Inc.

FIRST VICE PRESIDENTS

(left to right) IANESSA S. VALDELLON, News and Public Affairs • MARIA JESSICA A. SOHO, News Programs
LUZ ANNALEE O. ESCUDERO, Regional TV and Concurrent Head of Expansion and Production Services
REGIE C. BAUTISTA, Program Support • EDUARDO P. SANTOS, Internal Audit
EDWARD D. ACHACOSO, Post Production • SHEILA A. TAN, Research

VICE PRESIDENTS

1. JOSE MARI R. ABACAN
   Program Management
2. ELVIS B. ANCHETA
   Transmission and Regional Engineering
3. GERROME Y. APOLONA
   Human Resources Development
4. MARIVIN T. ARAYATA
   Entertainment TV/Comedy/Game
5. VICTORIA T. ARRADAZA
   Supply and Asset Management
6. AYAHL ARI AUGUSTO P. CHIO
   Administration and Investor Relations
7. MA. NENITA E. CRUZ
   Information and Communications Technology
8. MA. LUZ P. DELFIN
   Legal Affairs
9. JOSEPH JEROME T. FRANCIA
   GMA International
10. JOSE SEVERINO V. FUENTES
    Content Management and On–Air Systems
11. MA. REGINA A. MAGNO
    Drama Productions
12. MARY GRACE D. REYES
    News Operations
13. HORACIO G. SEVERINO
    Multimedia Journalism
14. ALFONSO S. RAQUEL, JR.
    Consultant, Corporate Communications

ASSISTANT VICE PRESIDENTS

NEWS AND PUBLIC AFFAIRS GROUP

JOHN OLIVER T. MANALASTAS, News Production
ARLENE U. CARNAY, Public Affairs
CLYDE ROLANDO A. MERCADO, Public Affairs
NEIL B. GUMBAN, Public Affairs
MICHELLE RITA S. RECTO, News Programs and Specials
ODILON M. DE GUZMAN, Multimedia Journalism
RACHEL VITALIANA B. VERGEL DE DIOS, Administration
MARIA LEOGARDA S. MATIAS, Senior Assistant Vice President/Officer-in-Charge, Public Affairs
CELERINA ASUNCION R. AMORES, Regional News

ENTERTAINMENT TV GROUP

CORAZON P. DE JESUS, Talk/Musicals/Specials
JANINE P. NACAR, Talk/Game/Reality
GIRLY S. LARA, Alternative Productions Development Department 1 – Drama
CHERYL C. SY, Business Development Department 1 – Drama Productions

REGIONAL OPERATIONS DEPARTMENT

OLIVER VICTOR B. AMOROSO, Integrated Marketing Services

PROGRAM SUPPORT DEPARTMENT

LEO P. MATA, Media and On-Air Continuity
GRACE F. FELICIANO, Marketing Communications
RAFAEL MARTIN L. SAN AGUSTIN, JR., Digital Media

PROGRAM ANALYSIS DIVISION

JOSE MARIA F. BARTOLOME

POST PRODUCTION DEPARTMENT

PAUL HENDRIK P. TICZON, Senior Assistant Vice President, Post Production Operations

RESEARCH DEPARTMENT

RUTH D. LEJARDE, Channel Performance and Regional TV Research
VENUS E. BARTOLABAC, National/Mega Manila TV Programming and Qualitative Research

TALENT DEVELOPMENT AND MANAGEMENT DEPARTMENT

JOSEPH SIMOUN S. FERRER, Talent Imaging and Marketing

GMA INTERNATIONAL DEPARTMENT

ROBERT SCOTT P. DOLINA

VIEWER DIRECTED MARKETING

ROSSETTE MARIE T. HERNANDEZ, Senior Assistant Vice President

ENGINEERING GROUP

REYNALDO B. REYES, News Van Operations
AMERIGO L. SANTOS, Head, Regional Transmission Operations and Concurrent Head, Broadcast Engineering Services
ROBERTO B. NACAR, Technical Operations System Support

FINANCE DEPARTMENT

MA. LUCILLE U. DELA CRUZ, Treasury
JOSE S. TOLEDO, JR., Budget and Payroll
ROLANDO G. SANICO, JR., Subsidiary Operations and Monitoring
MERCEDES MACY T. SUEÑA, Financial Management Systems
FARLEY D. AREOLA, Controllership

SUPPLY AND ASSET MANAGEMENT DEPARTMENT

JAVIER B. LAXINA, Asset Management

CORPORATE COMMUNICATIONS DEPARTMENT

ANGELA CARMELA J. CRUZ

CORPORATE AFFAIRS DIVISION

MA. TERESA L. PACIS

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

MARIANITA M. TORRES, Human Resources Management


Asia-Pacific
Child Rights Award for Television 2013
Grand Prize
NAMIC
2013 Excellence in Multicultural
Marketing Awards
First Place:
GMA Network, Inc.
GMA International
Marketing Tactics, Grassroots
Meet & Greet the Pepito Manaloto Cast
NAMIC
Vision Awards
2013
THE NEW YORK FESTIVALS
WORLDMEDAL
LIFESTYLE
Kusina Master
GMA Life TV
GMA Network Inc.
GMA News TV
"Reel Time: Bone Dry (Salat)"
Social Issues
2013 International Television & Film Awards

AWARDS

GEORGE FOSTER PEABODY AWARD

Reel Time's "Salat"

2013 NEW YORK FESTIVALS AWARDS

Silver World Medal, Social Issues category: **Reel Time's "Salat"**
Finalist Certificate, Environment and Ecology category: **"Oras Na"**

2013 UNICEF CHILD RIGHTS AWARD

UNICEF Asia–Pacific Child Rights Awardee: **Reel Time's "Salat"**

Finalists: **Tunay na Buhay's "Mga Sanggol at Langaw"**
Motorcycle Diaries' "Mga Batang Manggagawa"
Reel Time's "Batang Halau"

U.S. INTERNATIONAL FILM AND VIDEO FESTIVAL

Silver Screen Award: **State of the Nation (Wrath of Monsoon)**

Certificate for Creative Excellence: **24 Oras (Sendong Tragedy) • Saksi (Wrath of the Monsoon) • I-Witness (Saints and Secrets) Kapuso Mo, Jessica Soho (Photographs of Typhoon Pablo) • Bawal ang Pasaway (One on One with Senate President Enrile) • I Juander (Why is Lechon the Centerpiece of Every Filipino Celebration?) • GNTV Special San Pedro Calungsod Pahiram ng Sandali • Kusina Master • iBilib**

2013 INTERNATIONAL EMMY AWARDS

Nominee, News Category: **24 Oras (Typhoon Pablo)**
Nominee, Current Affairs Category: **I-Witness' Alkansiya (Piggy Bank)**

2013 JAPAN PRIZE

Finalist: **Brigada's "Gintong Krudo at Sipa ng Pag-asa"**

2013 ASIAN TELEVISION AWARDS

Highly Commended, Best News Program: **Saksi - Typhoon Pablo's Trail of Death**
Highly Commended, Best Drama Performance by an Actress: **Lorna Tolentino**
Highly Commended, Best Comedy Performance by an Actor: **Michael V.**

Finalists:
Best News Program: **24 Oras - Bagyong Pablo**
Best Natural History or Wildlife Program: **Born Impact's "When Whales Strand"**
Best Current Affairs Program: **Reporter's Notebook's "Bagyong Pablo"**

READER'S DIGEST TRUSTED BRANDS 2013

Most Trusted News Presenter: **Jessica Soho**

GOLD PANDA AWARDS INTERNATIONAL DOCUMENTARY COMPETITION

Finalist: **Reel Time's "Salat"**

2013 NAMIC EXCELLENCE IN MULTICULTURAL MARKETING AWARDS (EMMA)

1st Place, Marketing Tactics, Grassroots: **Meet and Greet the Pepito Manaloto Cast**
1st Place, Marketing Tactics, Social Media: **Bayani Tour 2013 (Heroes Tour 2013)**
2nd Place, Marketing Tactics, All Other Media: **GMA News TV International Infokit**
2nd Place, Marketing Tactics, Diversity Awareness: **Bayani Tour 2013 (Heroes Tour 2013)**
2nd Place, Marketing Tactics, Television: **Lupang Hinirang - GMA's Philippine National Anthem**
3rd Place, Marketing Tactics, Premium: **GMA International's "Milestones" Shirt**
3rd Place, Marketing Tactics, Print: **GMA Pinoy TV's 7th Year Anniversary Print Ad**
3rd Place, Marketing Tactics, Television: **Proud to be Pinoy 2012 TV Special**

19th NAMIC VISIONARY AWARDS

Best Lifestyle Program: **Kusina Master**

AWARDS

TAMBULI ASIA PACIFIC IMC EFFECTIVENESS AND VALUES AWARDS

Gold – Family Oriented Brand: **GMA Christmas Short Film "Hating Kapatid"**
Silver – Family Oriented Brand: **GMA Mini Sine "Ceelin's Aruga"**
Bronze – Advocacy: **GMA Mini Sine "Gustin"**
Bronze – Integrated Branded Content and Entertainment: **GMA Christmas Short Films in SNBO**

2013 INTERNATIONAL BUSINESS AND ACADEME CONFERENCE

Outstanding Youth Ambassadors: **Manny Pacquiao and Dingdong Dantes**
Service Excellence Awardees: **Love Añover and Jiggy Manicad**
Outstanding Media Personality: **Jessica Soho**

35TH CATHOLIC MASS MEDIA AWARDS

Best Secular Song: **Dapat Tama**
Best Music Video: **Dapat Tama**
Best News Magazine: **Kapuso Mo, Jessica Soho**
Best Special Event Coverage: **Habemus Papam**
Best Drama Series: **Bayan Ko**
Best Public Service Program: **Investigative Documentaries**
Best News Program: **State of the Nation with Jessica Soho**
Best Children and Youth Program: **Poptalk**
Best Adult Educational/Cultural Program: **Follow That Star**
Special Citation in the Best Adult Educational/Cultural Program category: **Biyahe ni Drew**
Special Citation, Best TV Branded Ad: **Champion's "Gustin"**
Finalist, Best Children and Youth Program: **My Chubby World**
Finalist, Best TV Special: **Champion's Gustin SNBO Special**
Finalist, Best TV Branded Ad: **Ceelin's "Aruga"**
Finalist, Best TV Branded Ad: **Alaska's "Homecoming"**

PHILIPPINE QUILL AWARDS

Award of Excellence (Advocacy Communication): **Bayan Ko**

2012 GOLDEN SCREEN TV AWARDS

Outstanding Educational Program: **"AHA: Goes Musical"**
Outstanding Educational Program Host: **Drew Arellano (AHA)**
Outstanding Public Service Program: **Wish Ko Lang (Lolo Rolando and Lunod Story**
Outstanding Public Service Program Host: **Vicky Morales (Wish Ko Lang: Lolo Rolando and Lunod Story)**
Outstanding Documentary Program: **Philippine Treasures**
Outstanding Documentary Program Host: **Kara David (I-Witness: Silong)**
Outstanding Female News Presenter: **Vicky Morales (Saksi)**
Outstanding Adapted Reality/Competition Program: **Survivor Philippines Double Celebrity Showdown**
Helen Vela Lifetime Achievement Award for Broadcasting: **Mel Tiangco**
Outstanding Magazine TV Program: **I Juander**
Outstanding Magazine TV Hosts: **Cesar Apolinario and Susan Enriquez (I Juander)**
Outstanding Public Affairs Program Host: **Winnie Monsod**
Outstanding News Program: **State of the Nation with Jessica Soho**

ENTERTAINMENT PRESS AWARDS

Outstanding Original Reality Competition Program Host: **Dingdong Dantes ("Protege")**
Outstanding Gag Program: **Bubble Gang**
Outstanding Comedy Program: **Pepito Manaloto**
Outstanding Supporting Actor in a Gag or Comedy Show: **John Feir ("Pepito Manaloto")**
Outstanding Supporting Actress in a Gag or Comedy Show: **Sheena Halili ("Tweets for My Sweet")**
Outstanding Performance by an Actor in a Gag or Comedy Program: **Ogie Alcasid**
Outstanding Supporting Actor in a Drama Series: **Neil Ryan Sese ("Munting Heredera")**
Outstanding Performance by an Actress in a Drama Series: **Marian Rivera ("Amaya")**
Helen Vela Lifetime Achievement Award for Drama: **Gloria Romero**
Lifetime Achievement Award for Comedy: **Nova Villa**
Dolphy Lifetime Achievement Ulirang Alagad ng Sining: **Eddie Garcia**

27TH PMPC STAR AWARDS

Best Public Affairs Program: **Imbestigador**
Best Public Affairs Program Host: **Vicky Morales (Wish Ko Lang)**
Best Reality Competition Program: **Extra Challenge**
Best Educational Program: **Born To Be Wild**

Best Documentary Program: **I-Witness**
Best Documentary Program Hosts: **Kara David, Sandra Aguinaldo, Howie Severino and Jay Taruc (I-Witness)**
Best Magazine Show Host: **Jessica Soho (Kapuso Mo, Jessica Soho)**
Best Morning Show Hosts: **The Hosts of Unang Hirit**
Best Travel Show Host: **Richard Gutierrez (Pinoy Adventures)**
Best News Program: **State of the Nation with Jessica Soho**
Best Magazine Show: **I Juander**
Best Travel Program: **Biyahe ni Drew**
Best Lifestyle Show Host: **Solenn Heussaff**
Best Actress: **Marian Rivera (Temptation of Wife)**
Best Comedy Actor: **Michael V (Bubble Gang)**
Best Comedy Actress: **Rufa Mae Quinto (Bubble Gang)**
Best Comedy Program: **Pepito Manaloto**
Best Drama Anthology: **Magpakailanman**
Best Gag Show: **Bubble Gang**
Best Game Show: **Celebrity Bluff**
Best Showbiz–Oriented Talk Show: **Startalk**
Best Children's Show: **Tropang Potchi**
Best New Male TV Personality: **Ruru Madrid**
Special Citation: **German Moreno**

2013 YAHOO OMG! AWARDS

Best FM Radio Station of the Year: **DWLS-FM (Barangay LS 97.1)**
Female Celebrity of the Year: **Marian Rivera**
Comedienne of the Year: **Eugene Domingo**
Male Performer of the Year: **Elmo Magalona**
Female Performer of the Year: **Julie Anne San Jose**
Fan Club of the Year: **JuliElmo Pexers**

ANAK TV SEAL AWARDS

Anak TV Seal Awardees: **Aha, Born Impact, Kapuso Mo, Jessica Soho, Pinoy MD, Wish Ko Lang, Born To Be Wild, Ang Pinaka, I Juander, Good News, Pop Talk, Sports Pilipinas, Tropang Potchi, Del Monte Kitchenomics and Bonakid's Pre-School Ready Set Laban, iBilib, Kap's Amazing Stories, Kusina Master, Idol sa Kusina**

Most Well–Liked TV Programs: **24 Oras, Kapuso Mo Jessica Soho**
Anak TV Roster of Makabata Stars 2013: **Jessica Soho (Hall of Fame Awardee), Vicky Morales, Kara David, Dingdong Dantes, Marian Rivera, Ryan Agoncillo**

61st FAMAS AWARDS

Special Recognition Award: **German Moreno**
German Moreno Youth Achievement Award: **Joyce Ching**
Best Child Actress: **Barbara Miguel**
Dr. Jose Perez Memorial Award: **Butch Francisco**

44TH BOX OFFICE ENTERTAINMENT AWARDS

Most Popular TV Program (News and Public Affairs): **24 Oras**

METROBANK FOUNDATION SEARCH FOR JOURNALIST OF THE YEAR AWARDS

Journalists of the Year: **Jiggy Manicad, Malou Mangahas**

THE ROTARY GOLDEN WHEEL AWARDS 2013 RECIPIENT

Investigative Journalism Award: **Kara David**

ROTARY CLUB OF MANILA'S JOURNALISM AWARD

Broadcast Journalist of the Year for Television: **Mike Enriquez**

MIGRATION ADVOCACY AND MEDIA AWARDS

Reporter's Notebook's "Sektor: Migrante"

3RD OFW GAWAD PARANGAL

Most Popular Television Host and Female Newscaster: **Mel Tiangco**
Best Development Oriented Magazines Program Host: **Jessica Soho (Kapuso Mo, Jessica Soho)**
Best Documentary Program Host for OFW Affairs: **Kara David (OFW Diaries)**
Most Popular Documentary Host for OFW Concerns: **Jay Taruc (Bagong Bayani)**
Most Dedicated Online News for OFWs: **GMA News Online (Pinoy Abroad)**

AWARDS

ETON PILLARS OF HOPE 2013

Eton Pillar of Hope for News and Public Affairs: **Howie Severino**
Eton Pillar of Hope for Broadcast Journalism: **Kara David**
Eton Pillar of Hope for Entertainment TV: **Michael V.**

DEPARTMENT OF HEALTH'S PARANGAL SA MGA KWENTONG KALUSUGAN PANGKALAHATAN

Investigative Documentaries' Nutrisyon
Reel Time's Silang Wala sa Mapa

VACC AWARDS

Outstanding Television News Reporter: **John Consulta**
Oustanding Radio Station Hall of Fame: **DZBB**
Oustanding Television Station Hall of Fame: **GMA 7**
Outstanding Television Anchor: **Jiggy Manicad (Quick Response Team)**

Special Awards
Television Programs: **Imbestigador, State of the Nation with Jessica Soho**
Television Hosts: **Mike Enriquez, Jessica Soho**
Radio Reporter: **Rowena Salvacion, DZBB**

PHILIPPINE PUBLIC SAFETY AND ORDER SUPPORT GROUP AWARDS (PPSOSG)

Most Understood and Loved Environmental TV Program: **Born to be Wild**
Most Appreciated Safety and Disaster Preparedness TV Program: **Alisto**

2013 RED CROSS AWARDS

Red Cross Award on Humanitarian Reporting: **Reel Time's "Batang Halau"**

10TH LASALLIAN SCHOLARUM AWARDS

Outstanding Online Feature Story on Youth and Education: **GMA News Online's Circus Science: Putting Big Ideas Under the Big Top**
Outstanding Televised Feature Story on Youth and Education: **Reel Time (Salat)**

9TH USTV STUDENTS' CHOICE AWARDS

Student's Choice of Magazine Program: **Kapuso Mo, Jessica Soho**
Student's Choice of Female News and Current Affairs Host: **Jessica Soho**
Student's Choice of Documentary Program: **I-Witness**
Student's Choice of Gag Show: **Bubble Gang**
Student's Choice of Local Music Artist: **Julie Anne San Jose**
Student's Choice of Situational Comedy: **Pepito Manaloto**
Student's Choice of Sports Personality: **Chris Tiu**
Student's Choice of Talk Variety Show: **Party Pilipinas**
Special Citation: **San Pedro Calungsod Documentary Drama Special**
Student Leaders' Choice for TV Program: **Eat Bulaga**

7TH HILDEGARDE AWARDS FOR WOMEN IN MEDIA AND COMMUNICATION

Outstanding Achievement in the Broadcast Media (Television) Category: **Reporter's Notebook and GMA News TV Investigative Documentaries**

GANDINGAN 2013 7TH UPLB ISKO'T ISKA'S BROADCAST CHOICE AWARDS

Best Public Service Program: **Wish Ko Lang**
Best Public Service Program Host: **Vicky Morales (Wish Ko Lang)**
Best Field Reporter: **Jiggy Manicad (24 Oras)**
Best Documentary Program: **I-Witness (Tulay episode)**
Best Documentarist: **Kara David**
Best Investigative Program: **Reporter's Notebook (Pilipinas for Sale, 7th Anniversary Special)**
Best Environment Oriented Program: **Born to be Wild (Water Snakes & Whale Sharks Finale)**
Best News Anchor: **Jessica Soho**
Best News Program: **State of the Nation with Jessica Soho**
Best Youth Oriented Program: **I Juander**
Gandingan ng Kabataan: **Cesar Apolinario and Susan Enriquez (I Juander)**
Most Highly Commended TV Station: **GMA NEWS TV**
Best FM Station (Special Citation): **DWLS FM Barangay 97.1**

4[TH] NORTHWEST SAMAR STATE UNIVERSITY STUDENT'S CHOICE AWARDS FOR RADIO AND TELEVISION

Best Morning Talk Show: **Unang Hirit**
Best Morning Talk Show Host: **Arnold Clavio**
Best Magazine Program: **Kapuso Mo, Jessica Soho**
Best Magazine Program Host: **Jessica Soho (Kapuso Mo, Jessica Soho)**
Best Public Service Program: **Wish Ko Lang**
Best Public Service Program Host: **Vicky Morales (Wish Ko Lang)**
Best Documentary Program: **I-Witness**
Best Documentary Program Host: **Kara David**
Best Investigative Journalism Program: **Imbestigador**
Best Investigative Journalism Program Host: **Mike Enriquez**
Best News and Public Affairs Male Anchor: **Mike Enriquez**
Best News and Public Affairs Female Anchor: **Mel Tiangco**
Best News and Public Affairs Program: **24 Oras**
Best Comedy Program: **Bubble Gang**
Best Game Show: **Family Feud**
Best Actress in a Primetime Teleserye: **Marian Rivera**
Best Noontime Variety Show: **Eat Bulaga**
Best Noontime Variety Show Host: **Vic Sotto**
Best TV Network with Balanced Programming: **GMA 7**

1[st] BATAAN PENINSULA STATE UNIVERSITY KAGITINGAN AWARDS

10 Pinaka–Magiting na Programang Pantelebisyon:
Kapuso Mo, Jessica Soho • I-Witness • Reporter's Notebook • Wish Ko Lang • Reel Time (Kulay sa Dilim) Eat Bulaga

LYCEUM OF THE PHILIPPINES UNIVERSITY CAVITE - 1[ST] LEAF AWARDS IN MEDIA

Steve F. Dailisan

PAULINES' DIAMOND JUBILEE AWARDS

Plaque of Recognition: **Anna Karenina**

GAWAD TANGLAW (GAWAD TAGAPURING MGA AKADEMISYAN NG ANINONG GUMAGALAW)

Best TV Documentary: **I-Witness**
Best Investigative Program: **Imbestigador**
Best Morning Show: **Unang Hirit**
Hall of Fame Best TV News Anchor: **Vicky Morales (Saksi)**
Best Gag Show: **Bubble Gang**
Best Cooking Show: **Kusina Master**
Gawad Tanglaw Sa Sining Ng Telebisyon: **German Moreno**
Best TV Station of the Year: **GMA 7**
Best News Program: **State of the Nation**
Best Lifestyle Program: **Powerhouse**
Best AM Station: **DZBB**
Best Station of the Year: **DZBB**
Gawad Tanglaw sa Sining ng Radyo: **Eddie Ilarde**

2013 EDUKCIRCLE OUTSTANDING PERSONALITIES IN PHILIPPINE TELEVISION

Mel Tiangco , Vicky Morales

COMGUILD AWARDS

Best Female Field Reporter: **Kara David**
Best News Program of the Year: **24 Oras**
Most Popular Television Personality of the Year: **Jessica Soho**
Most Outstanding Female News Presenter of the Year: **Jessica Soho**
Outstanding Public Servant Award in Broadcast Media: **Mike Enriquez**

SCHOOL PRESS ADVISERS MOVEMENT, INC. AWARDS

Award of Excellence in the Field of Broadcasting: **Mike Enriquez**
Best in Documentary Reportage: **Howie Severino**

FEDERATION OF ASSOCIATIONS OF PRIVATE SCHOOLS AND ADMINISTRATORS (FAPSA) AWARDS

Excellence in Broadcast Journalism as Best TV News Anchor: **Jessica Soho**
Excellence in TV News Reporting: **Sherrie Ann Torres**
Excellence in TV News Reporting: **JP Soriano**
Best Educational TV Program: **I Juander**
Best Educational TV Program Hosts: **I Juander's Susan Enriquez and Cesar Apolinario**
TV Producer of the Year: **Stephen Patricio (I Juander's Executive Producer)**
Excellence in Television Art Mini–Series Program: **Titser**
Producer Special Recognition: **Alemberg Ang (Titser's Executive Producer)**
Lead Artist Special Recognition: **Lovi Poe (Titser)**
Lead Artist Special Recognition: **Agot Isidro (Titser)**


GMA NETWORK CENTER
GMA

CORPORATE GOVERNANCE

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

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

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

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

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

Based on the Annual Corporate Governance Manual which the Company filed with the Commission on June 28, 2013, there have been no deviations from the Company's Manual as of date.

Board of Directors

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

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

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

The Board comprises the following members:

Name	Position
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Anna Teresa G. Abrogar	Director
Joel Marcelo G. Jimenez	Director
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 six (6) times in 2013. The attendance of the individual directors at these meetings is duly recorded as follows:

Name	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	6	0
Gilberto R. Duavit, Jr.	6	0
Anna Teresa G. Abrogar	6	0
Joel Marcelo G. Jimenez	6	0
Judith D. Vazquez	5	1
Laura J. Westfall	6	0
Felipe S. Yalong	6	0
Artemio V. Panganiban	6	0
Jaime C. Laya	6	0

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

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

Board Remuneration

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

Committees and Meetings of the Board of Directors

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

Executive Committee

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

Nomination Committee

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

Compensation and Remuneration Committee

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

Audit and Risk Management Committee

A. Audit

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

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

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

The Audit and Risk Management Committee held five (5) meetings in 2013 wherein the Committee reviewed and approved, among others, the Company's 2012 Consolidated Audited Financial Statements as prepared by the external auditors.

B. Risk Management

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

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

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

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

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

Management, being accountable to the Board, also prepares financial statements in a timely manner in accordance with generally accepted accounting standards in the Philippines. Management's statement of responsibility with regards to the Company's financial statements is included in this annual report. The consolidated financial statements of GMA Network and its subsidiaries have been prepared in accordance with Philippine Financial Reporting Standards which are aligned with International Financial Reporting Standards. The financial statements are audited by external auditors and reviewed by the Audit and Risk Management Committee (with the support of the Internal Audit Group) to ensure that they fairly present, in all material respects, the financial position and results of the Company's operations before these are presented to the Board of Directors for approval.

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

Management

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

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

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

Employee Relations

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

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

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

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

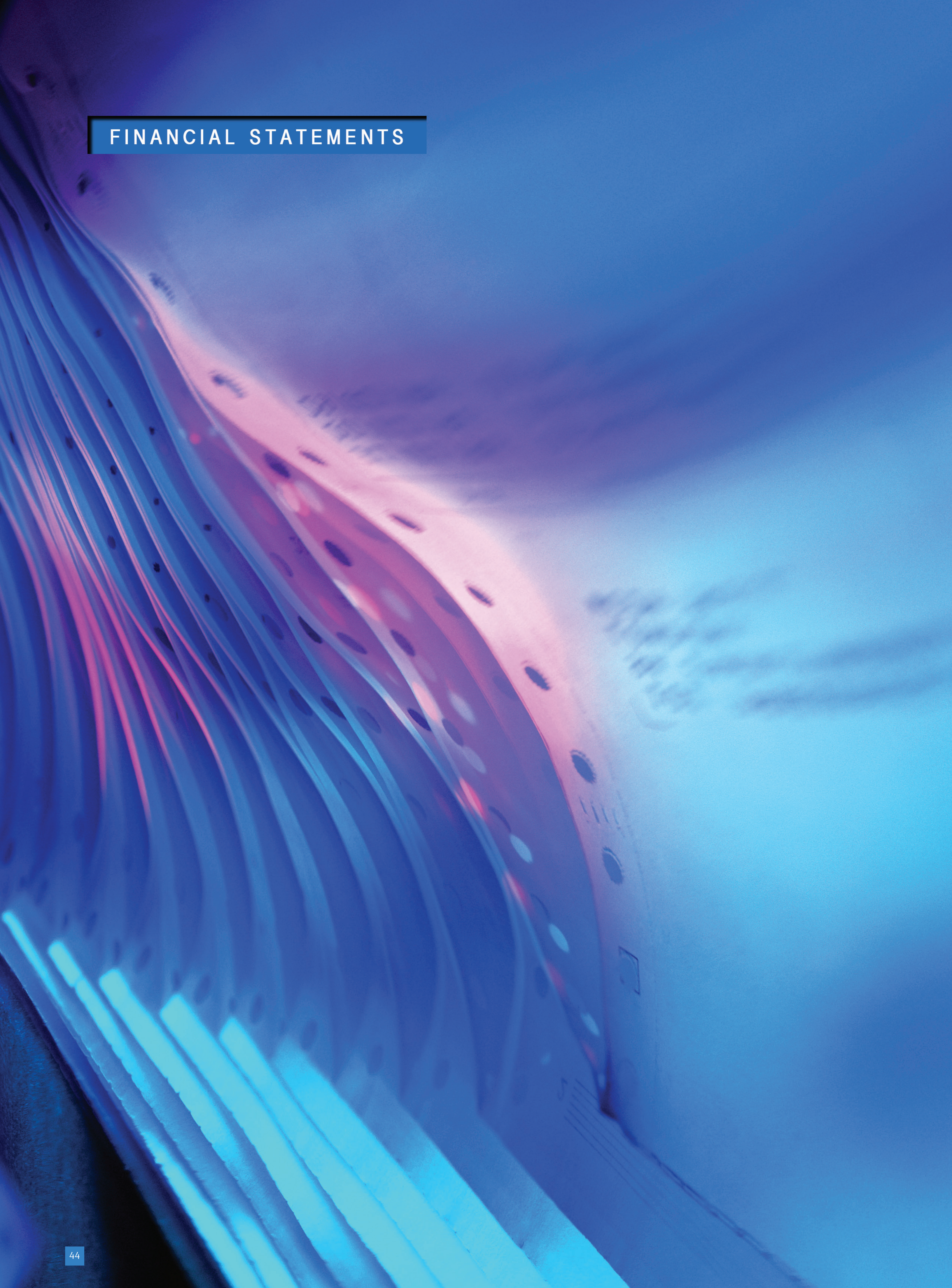
Prompt Disclosures and Timely Reporting

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

FINANCIAL STATEMENTS



MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2013

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

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

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

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

Revenues

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

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

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

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

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

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

From January to December 2013, GMA recorded an average total day audience share of 36 percent in Urban Luzon, which makes up 76 percent of the total urban television households in the country, impressively ahead of ABS-CBN's 30.8 percent by 5.2 points and of TV5's 12.8 percent by 23.2 points.

The Kapuso Network similarly kept its ratings edge in its bailiwick Mega Manila with a 37.2 percent average total day audience share. ABS-CBN trailed behind GMA by 8.4 points with 28.8 percent while TV5 was behind by 23.5 points with only 13.7 percent. Mega Manila notably accounts for 59 percent of all urban television households nationwide.

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

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

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

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

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

Expenses

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

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

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

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

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

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

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

EBITDA

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

Net Income

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

Balance Sheet Accounts

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

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

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

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

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

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

Operating Activities

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

Investing Activities

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

Financing Activities

Net cash used in financing activities amounted to ₱1,942 million basically for the loan payment of ₱2,500 million and cash dividend payout amounting to ₱1,214 million during the year plus some ₱53 million in interest expense netted by ₱1,825 million remaining proceeds from short-terms loans.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

April 2, 2014

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

The management of GMA Network, Inc. and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2013 and 2012 and for each of the three years in the period ended December 31, 2013, including the additional components attached therein, in accordance with the Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

Audit and Risk Management Committee Report

Report of the Audit and Risk Committee to the Board of Directors
For the Year Ended 31 December 2013

The Audit and Risk Management 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 and Risk Management 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 activities 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-audited 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 and Risk Management Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2013 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 2014 based on the review of the performance and qualifications.

April 2, 2014

JAIME C. LAYA
Audit and Risk Management Committee Chairman

ARTEMIO V. PANGANIBAN
Audit and Risk Management Committee Vice Chairman

ANNA TERESA M. GOZON-ABROGAR
Audit and Risk Management Committee Member

JUDITH R. DUAVIT-VAZQUEZ
Audit and Risk Management Committee Member

LAURA J. WESTFALL
Audit and Risk Management 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, 2013 and 2012, 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, 2013, 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, 2013 and 2012, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2013 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Ramon D. Dizon
Partner
CPA Certificate No. 46047
SEC Accreditation No. 0077-AR-3 (Group A),
February 21, 2013, valid until February 20, 2016
Tax Identification No. 102-085-577
BIR Accreditation No. 08-001998-17-2012,
April 11, 2012, valid until April 10, 2015
PTR No. 4225167, January 2, 2014, Makati City

April 2, 2014

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 April 2, 2014.

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

Basis of Preparation
The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

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. All values are rounded to the nearest peso, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Company presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at January 1, 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policy.

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

	December 31		January 1
	2013	2012 (As restated - Note 2)	2012 (As restated - Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Notes 6, 30 and 31)	**₱1,749,631,196**	₱1,287,285,560	₱1,228,721,246
Short-term investments (Notes 6, 30 and 31)	**7,874,002**	8,538,142	–
Trade and other receivables (Notes 7, 20, 30 and 31)	**3,521,430,443**	3,842,389,937	4,161,334,959
Program and other rights (Note 8)	**1,209,229,281**	1,189,140,670	729,998,151
Prepaid expenses and other current assets (Note 9)	**635,093,804**	765,576,161	742,793,269
Asset classified as held for sale (Note 15)	**–**	26,432,472	26,432,472
Total Current Assets	**7,123,258,726**	7,119,362,942	6,889,280,097
Noncurrent Assets			
Available-for-sale financial assets (Notes 10, 30 and 31)	**135,552,548**	106,343,598	105,796,848
Investments and advances (Notes 11 and 20)	**139,463,938**	132,825,989	125,436,274
Property and equipment at cost (Note 12)	**3,589,651,781**	3,621,092,076	3,253,617,325
Land at revalued amounts (Note 13)	**1,805,300,051**	1,409,585,706	1,409,585,706
Investment properties (Note 14)	**60,532,209**	64,751,405	68,029,711
Deferred tax assets - net (Note 28)	**88,150,862**	86,575,385	61,918,628
Other noncurrent assets (Note 15)	**142,026,836**	141,745,998	128,780,230
Total Noncurrent Assets	**5,960,678,225**	5,562,920,157	5,153,164,722
	₱13,083,936,951	₱12,682,283,099	₱12,042,444,819
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and other current liabilities (Notes 16, 20, 30 and 31)	**₱1,781,441,508**	₱1,586,203,314	₱1,443,691,506
Short-term loans (Notes 17, 30 and 31)	**1,106,875,000**	1,700,000,000	–
Income tax payable	**276,055,923**	196,608,438	93,651,733
Current portion of obligations for program and other rights (Notes 18, 30 and 31)	**141,096,456**	184,585,619	39,843,815
Dividends payable (Notes 30 and 31)	**8,868,629**	7,648,097	4,942,280
Total Current Liabilities	**3,314,337,516**	3,675,045,468	1,582,129,334
Noncurrent Liabilities			
Pension liability (Note 26)	**605,248,052**	406,944,434	410,432,455
Other long-term employee benefits (Notes 26, 30 and 31)	**264,368,057**	242,656,177	258,843,508
Deferred tax liabilities - net (Note 28)	**41,580,015**	144,250,390	132,605,086
Noncurrent portion of obligations for program and other rights (Notes 18, 30 and 31)	**33,330,130**	63,955,130	–
Total Noncurrent Liabilities	**944,526,254**	857,806,131	801,881,049
Total Liabilities	**4,258,863,770**	4,532,851,599	2,384,010,383

(Forward)

	December 31		January 1
	2013	2012 (As restated - Note 2)	2012 (As restated - Note 2)
Equity Attributable to Equity Holders of the Parent Company			
Capital stock (Note 19)	**₱4,864,692,000**	₱4,864,692,000	₱4,864,692,000
Additional paid-in capital	**1,659,035,196**	1,659,035,196	1,659,035,196
Revaluation increment in land - net of tax (Note 13)	**1,021,158,064**	744,158,022	744,158,022
Remeasurement gain (loss) on retirement plans - net of tax	**(24,953,087)**	35,347,937	(42,731,226)
Net unrealized gain on available-for-sale financial assets - net of tax (Note 10)	**3,083,187**	4,065,927	2,752,687
Retained earnings (Note 19)	**1,299,681,650**	847,781,404	2,439,766,439
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)	(5,790,016)
Total Equity Attributable to Parent Company	**8,788,423,823**	8,120,807,299	9,633,399,931
Equity Attributable to Non-controlling Interest (Note 2)	**36,649,358**	28,624,201	25,034,505
Total Equity	**8,825,073,181**	8,149,431,500	9,658,434,436
	₱13,083,936,951	₱12,682,283,099	₱12,042,444,819

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended		
	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
NET REVENUES (Note 21)	**₱12,950,879,322**	₱12,085,934,970	₱11,421,725,686
PRODUCTION COSTS (Note 22)	**5,956,381,705**	5,285,143,492	5,167,039,013
GROSS PROFIT	**6,994,497,617**	6,800,791,478	6,254,686,673
GENERAL AND ADMINISTRATIVE EXPENSES (Note 23)	**4,608,945,146**	4,518,636,519	4,087,739,232
OTHER INCOME (EXPENSE)			
Interest expense and financing charges (Note 17)	**(53,115,234)**	(42,907,736)	(11,486,044)
Net foreign currency exchange loss	**(31,320,982)**	(23,660,355)	(5,772,109)
Interest income (Note 6)	**23,990,805**	34,740,879	28,581,677
Equity in net losses of joint ventures (Note 11)	**(5,362,051)**	–	–
Others - net (Notes 25 and 27)	**67,561,044**	64,022,050	56,854,152
	1,753,582	32,194,838	68,177,676
INCOME BEFORE INCOME TAX	**2,387,306,053**	2,314,349,797	2,235,125,117
PROVISION FOR INCOME TAX (Note 28)			
Current	**909,190,340**	740,211,754	564,101,113
Deferred	**(196,859,299)**	(46,634,794)	(38,796,573)
	712,331,041	693,576,960	525,304,540
NET INCOME	**1,674,975,012**	1,620,772,837	1,709,820,577
OTHER COMPREHENSIVE INCOME (LOSS) - net of tax			
Item to be reclassified to profit or loss in subsequent periods -			
Unrealized gain (loss) on available-for-sale financial assets (Note 10)	**(982,740)**	1,313,240	757,000
Items not to be reclassified to profit or loss in subsequent periods:			
Revaluation increment in land (Note 13)	**277,000,042**	–	–
Remeasurement gain (loss) on retirement plans	**(60,301,024)**	77,784,655	(64,743,592)
	215,716,278	79,097,895	(63,986,592)
TOTAL COMPREHENSIVE INCOME	**₱1,890,691,290**	₱1,699,870,732	₱1,645,833,985
Net income attributable to:			
Equity holders of the Parent Company	**₱1,666,949,855**	₱1,616,888,633	₱1,704,619,533
Non-controlling interest	**8,025,157**	3,884,204	5,201,044
	₱1,674,975,012	₱1,620,772,837	₱1,709,820,577
Other comprehensive income attributable to:			
Equity holders of the Parent Company	**₱215,716,278**	₱79,392,403	(₱63,986,592)
Non-controlling interest	–	(294,508)	–
	₱215,716,278	₱79,097,895	(₱63,986,592)
Basic / Diluted Earnings Per Share (Note 29)	**₱0.343**	₱0.333	₱0.351

See accompanying Notes to Consolidated Financial Statements.

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

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment in Land - Net of Tax (Note 13)	Remeasurement Gain (Loss) on Retirement Plans -Net of Tax	Net Unrealized Gain on Available-for-sale Financial Assets - Net of Tax (Note 10)	Retained Earnings (Note 19)	Treasury Stock (Note19)	Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total Equity Attributable to Parent Company	Non-controlling Interest (Note 2)	Total Equity
Balances at January 1, 2013, as previously stated	**₱4,864,692,000**	**₱1,659,035,196**	**₱744,158,022**	**₱36,532,250**	**₱4,065,927**	**₱995,846,674**	**(₱28,483,171)**	**(₱5,790,016)**	**₱8,270,056,882**	**₱–**	**₱8,270,056,882**
Effect of adoption of PFRS 10 (Note 2)	–	–	–	**(1,184,313)**	–	**(148,065,270)**	–	–	**(149,249,583)**	**28,624,201**	**(120,625,382)**
Balances at January 1, 2013, as restated	**4,864,692,000**	**1,659,035,196**	**744,158,022**	**35,347,937**	**4,065,927**	**847,781,404**	**(28,483,171)**	**(5,790,016)**	**8,120,807,299**	**28,624,201**	**8,149,431,500**
Net income	–	–	–	–	–	**1,666,949,855**	–	–	**1,666,949,855**	**8,025,157**	**1,674,975,012**
Other comprehensive income	–	–	**277,000,042**	**(60,301,024)**	**(982,740)**	–	–	–	**215,716,278**	–	**215,716,278**
Total comprehensive income	–	–	**277,000,042**	**(60,301,024)**	**(982,740)**	**1,666,949,855**	–	–	**1,882,666,133**	**8,025,157**	**1,890,691,290**
Cash dividends - ₱0.25 a share (Note 19)	–	–	–	–	–	**(1,215,049,609)**	–	–	**(1,215,049,609)**	–	**(1,215,049,609)**
Balances at December 31, 2013	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,021,158,064**	**(₱24,953,087)**	**₱3,083,187**	**₱1,299,681,650**	**(₱28,483,171)**	**(₱5,790,016)**	**₱8,788,423,823**	**₱36,649,358**	**₱8,825,073,181**
Balances at January 1, 2012, as previously stated	₱4,864,692,000	₱1,659,035,196	₱744,158,022	(₱41,829,871)	₱2,752,687	₱2,587,831,709	(₱28,483,171)	(₱5,790,016)	₱9,782,366,556	₱–	₱9,782,366,556
Effect of adoption of PFRS 10 (Note 2)	–	–	–	(901,355)	–	(148,065,270)	–	–	(148,966,625)	25,034,505	(123,932,120)
Balances at January 1, 2012, as restated	4,864,692,000	1,659,035,196	744,158,022	(42,731,226)	2,752,687	2,439,766,439	(28,483,171)	(5,790,016)	9,633,399,931	25,034,505	9,658,434,436
Net income, as previously stated	–	–	–	–	–	1,616,888,633	–	–	1,616,888,633	–	1,616,888,633
Effect of adoption of PFRS 10:											
Share in net income (Note 2)	–	–	–	–	–	3,731,882	–	–	3,731,882	3,884,204	7,616,086
Reversal of equity share	–	–	–	–	–	(3,731,882)	–	–	(3,731,882)	–	(3,731,882)
Net income, as restated	–	–	–	–	–	1,616,888,633	–	–	1,616,888,633	3,884,204	1,620,772,837
Other comprehensive income, as previously stated	–	–	–	78,362,121	1,313,240	–	–	–	79,675,361	–	79,675,361
Effect of adoption of PFRS 10 (Note 2)	–	–	–	(282,958)	–	–	–	–	(282,958)	(294,508)	(577,466)
Total comprehensive income, as restated	–	–	–	78,079,163	1,313,240	1,616,888,633	–	–	1,696,281,036	3,589,696	1,699,870,732
Cash dividends - ₱0.40 a share (Note 19)	–	–	–	–	–	(1,944,079,375)	–	–	(1,944,079,375)	–	(1,944,079,375)
Cash dividends - ₱0.26 a share (Note 19)	–	–	–	–	–	(1,264,794,293)	–	–	(1,264,794,293)	–	(1,264,794,293)
Total cash dividends	–	–	–	–	–	(3,208,873,668)	–	–	(3,208,873,668)	–	(3,208,873,668)
Balances at December 31, 2012, as restated	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱35,347,937	₱4,065,927	₱847,781,404	(₱28,483,171)	(₱5,790,016)	₱8,120,807,299	₱28,624,201	₱8,149,431,500

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	**Additional Paid-in Capital**	**Revaluation Increment in Land** - Net of Tax (Note 13)	**Remeasurement Gain (Loss) on Retirement Plans** -Net of Tax	**Net Unrealized Gain on Available-for-sale Financial Assets** - Net of Tax (Note 10)	**Retained Earnings** (Note 19)	**Treasury Stock** (Note19)	**Shares of the Acquired Philippine Deposit Receipts** (Note 19)	**Total Equity Attributable to Parent Company**	**Non-controlling Interest** (Note 2)	**Total Equity**
Balances at January 1, 2011, as previously stated	₱4,864,692,000	₱1,659,035,196	₱744,158,022	₱22,913,721	₱1,995,687	₱3,070,279,169	(₱28,483,171)	(₱5,790,016)	₱10,328,800,608	₱–	₱10,328,800,608
Effect of adoption of PFRS 10 (Note 2)	–	–	–	(901,355)	–	(148,042,966)	–	–	(148,944,321)	19,833,461	(129,110,860)
Balances at January 1, 2011, as restated	4,864,692,000	1,659,035,196	744,158,022	22,012,366	1,995,687	2,922,236,203	(28,483,171)	(5,790,016)	10,179,856,287	19,833,461	10,199,689,748
Net income, as previously stated	–	–	–	–	–	1,704,641,837	–	–	1,704,641,837	–	1,704,641,837
Effect of adoption of PFRS 10:											
Share in net income (Note 2)	–	–	–	–	–	4,997,082	–	–	4,997,082	5,201,044	10,198,126
Reversal of equity share (Note 2)	–	–	–	–	–	(5,019,386)	–	–	(5,019,386)	–	(5,019,386)
Net income, as restated	–	–	–	–	–	1,704,619,533	–	–	1,704,619,533	5,201,044	1,709,820,577
Other comprehensive income (loss)	–	–	–	(64,743,592)	757,000	–	–	–	(63,986,592)	–	(63,986,592)
Total comprehensive income (loss)	–	–	–	(64,743,592)	757,000	1,704,619,533	–	–	1,640,632,941	5,201,044	1,645,833,985
Cash dividends - ₱0.45 a share (Note 19)	–	–	–	–	–	(2,187,089,297)	–	–	(2,187,089,297)	–	(2,187,089,297)
Balances at December 31, 2011, as restated	₱4,864,692,000	₱1,659,035,196	₱744,158,022	(₱42,731,226)	₱2,752,687	₱2,439,766,439	(₱28,483,171)	(₱5,790,016)	₱9,633,399,931	₱25,034,505	₱9,658,434,436

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,387,306,053**	₱2,314,349,797	₱2,235,125,117
Non-cash adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 12, 14, 22 and 23)	**705,440,885**	610,002,917	518,764,761
Program and other rights usage (Notes 8 and 22)	**565,357,691**	460,937,465	317,520,415
Pension expense (Note 26)	**116,158,183**	120,401,310	90,741,183
Interest expense and financing charges	**53,115,234**	42,907,736	11,486,044
Net unrealized foreign currency exchange loss (gain)	**45,628,791**	2,507,337	(3,312,399)
Amortization of software costs (Notes 15 and 23)	**30,995,844**	27,733,938	25,711,619
Interest income (Note 6)	**(23,990,805)**	(34,740,879)	(28,581,677)
Dividend income (Note 25)	**(22,130,300)**	(1,394,334)	(41,729)
Gain on sale of property and equipment (Note 25)	**(11,243,730)**	(29,045,447)	(16,040,347)
Equity in net losses of joint ventures (Note 11)	**5,362,051**	–	–
Loss on asset written off (Notes 14 and 25)	**2,703,576**	–	–
Provisions for impairment loss on:			
AFS financial assets (Notes 10 and 23)	**1,053,550**	1,053,550	–
Advances to joint venture (Notes 11 and 23)	**–**	2,610,287	–
Reversal of impairment loss on investment properties (Notes 14 and 25)	**–**	–	(4,990,219)
Working capital adjustments:			
Decreases (increases) in:			
Short-term investments	**664,140**	(8,538,142)	–
Trade and other receivables	**332,650,827**	319,057,445	1,315,195,961
Program and other rights	**(585,446,302)**	(920,079,984)	(489,445,973)
Prepaid expenses and other current assets	**130,482,357**	(22,782,892)	(107,695,130)
Increases (decreases) in:			
Trade payables and other current liabilities	**185,598,970**	141,445,141	(105,719,119)
Obligations for program and other rights	**(76,383,888)**	209,399,888	(37,221,513)
Other long-term employee benefits	**21,711,880**	(16,187,331)	65,176,159
Contributions to retirement plan assets (Note 26)	**(3,578,687)**	–	(3,508,621)
Benefits paid out of Group's fund	**(420,198)**	(12,768,395)	(6,036,107)
Cash flows provided by operations	**3,861,036,122**	3,206,869,407	3,777,128,425
Interest received	**24,023,042**	35,878,401	28,769,014
Income taxes paid	**(829,742,855)**	(637,255,049)	(711,633,801)
Net cash provided by operating activities	**3,055,316,309**	2,605,492,759	3,094,263,638

(Forward)

	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
	Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(₱672,652,227)**	(₱976,038,618)	(₱903,210,615)
Software costs (Note 15)	**(12,309,842)**	(35,652,642)	(34,675,997)
Investment in joint venture (Note 11)	–	(10,000,000)	–
Investment properties (Note 14)	**(1,846,519)**	–	(2,815,163)
Land at revalued amount	–	–	(6,463,241)
Proceeds from sale of property and equipment	**13,257,506**	30,884,703	22,693,438
Decrease (increase) in other noncurrent assets	**7,465,632**	(5,047,064)	(2,299,345)
Cash dividends received	–	144,387	1,439,038
Net cash used in investing activities	**(666,085,450)**	(995,709,234)	(925,331,885)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	**1,825,000,000**	3,200,000,000	950,000,000
Payments of:			
Short-term loans (Note 17)	**(2,500,000,000)**	(1,500,000,000)	(950,000,000)
Cash dividends (Note 19)	**(1,213,829,077)**	(3,206,167,851)	(2,187,640,052)
Interest and financing charges	**(52,848,510)**	(41,841,069)	(11,486,044)
Net cash used in financing activities	**(1,941,677,587)**	(1,548,008,920)	(2,199,126,096)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**447,553,272**	61,774,605	(30,194,343)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**14,792,364**	(3,210,291)	4,783,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,287,285,560**	1,228,721,246	1,254,131,990
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱1,749,631,196**	₱1,287,285,560	₱1,228,721,246

See accompanying Notes to Consolidated Financial Statements.

Changes in Accounting Policies and Disclosures

The Philippine Accounting Standard (PAS) 19, *Employee Benefits* (Revised), becomes effective for annual periods beginning on or after January 1, 2013 but was early adopted by the Group on January 1, 2012. The Group applied the changes in accounting policies retrospectively, restated its balances from the earliest period presented and disclosed the impact of the adoption on the balances in the Group's December 31, 2012 consolidated financial statements.

The Group applied, for the first time, PFRS 10, *Consolidated Financial Statements*, that requires restatement of previous consolidated financial statements. Several other new and amended standards and interpretations were applied for the first time in 2013. The nature and impact of each new and amended standards and interpretations are described below.

- PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments), the amendment requires an entity to disclose information about rights of offset and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are offset in accordance with PAS 32, *Financial Instruments: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are offset 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 offset 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 Group does not have significant offsetting arrangement, thus, the adoption of this amendment does not have impact on the consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements*, replaced the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addressed the accounting for consolidated financial statements. It also included the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 established a single control model that applied to all entities including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by the Parent Company, compared with the requirements in PAS 27.

  The application of PFRS 10 affected the accounting for the Group's interest in RGMA Network, Inc. (RGMA). For all financial years up to December 31, 2012, RGMA was considered to be an associate under the previously existing PAS 28, *Investments in Associates*, and was accounted for using the cost method in the Parent Company financial statements and the equity method in the consolidated financial statements. At the date of initial application of

PFRS 10, the Group assessed that it controls RGMA based on the factors explained in Note 2, *Basis of Consolidation*.

The Group consolidated the financial statements of RGMA based on its 49% equity interest and accounted for the balance of 51% as non-controlling interests. The assets, liabilities and equity of RGMA have been retrospectively consolidated in the financial statements of the Group. Non-controlling interests have been recognized at a proportionate share of the net assets of the subsidiary. The opening balances as at January 1, 2011 and comparative information for years ended December 31, 2012 and 2011 have been restated in the consolidated financial statements.

The quantitative impact on the financial statements is provided below.

Impact on statements of comprehensive income (increase/(decrease) in total comprehensive income) for the years ended December 31:

	2013 *In thousands*	2012 *In thousands*	2011 *In thousands*
Revenues	₱–	₱–	₱–
Cost of goods sold	69,522	65,375	62,072
Gross profit	69,522	65,375	62,072
Expenses	(88,888)	(79,414)	(76,714)
Finance cost	1	4	7
Equity in net loss of an associate	–	3,732	5,019
Interest income	(1)	(15)	(14)
Others	(3,110)	3,176	2
Income before income tax	22,476	7,142	9,628
Provision for income tax	6,741	3,258	4,427
Total net income	15,735	3,884	5,201
Other comprehensive loss	–	(577)	–
Total comprehensive income	₱15,735	₱3,307	₱5,201

Net income attributable to:			
Equity holders of the Parent Company	₱7,710	₱–	₱–
Non-controlling interest	8,025	3,884	5,201
Other comprehensive income attributable to:			
Equity holders of the Parent Company	–	(283)	–
Non-controlling interest	–	(295)	–

As a result of the application of PFRS 10, the retained earnings attributable to the parent company had decreased by ₱148.02 million and the non-controlling interest had increased by ₱19.83 million as at January 1, 2011.

The transition did not have any significant impact on the Group's basic or diluted earnings per share (EPS).

- PFRS 11, *Joint Arrangements*, replaces PAS 31, *Interests in Joint Ventures* and SIC 13, *Jointly-controlled Entities (JCEs) - Nonmonetary Contributions by Venturers.* PFRS 11 removed 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. The Group's interests in joint ventures are accounted for using the equity method based on the percentage share of capitalization of the Group in accordance with the joint venture agreements.

- PFRS 12*, Disclosure of Interests in Other Entities,* sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in PFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries (for example, where a subsidiary is controlled with less than a majority of voting rights). The Group's non-controlling interest is immaterial and there are no unconsolidated structured entities. PFRS 12 disclosures are provided in Note 11.

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

  As a result of the guidance in PFRS 13, the Group reassessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. The Group has assessed that the application of PFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 3.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (Amendments), becomes effective for annual periods beginning on or after July 1, 2012. The amendment to PAS 1 changed grouping of items presented in Other Comprehensive Income (OCI). Items that may be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendment was applied retrospectively and resulted to modification of the presentation of OCI.

- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011). As a consequence of the issuance of the new PFRS 11 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. This standard affects the disclosures of the consolidated financial statements.

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

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

- PAS 27, *Separate Financial Statements* (as revised in 2011). As a consequence of the issuance of the new PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine.* This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part.

The *Annual Improvements to PFRS (2009-2011 Cycle)* contain non-urgent but necessary amendments to PFRS. The Group does not expect these amendments to have significant impact on its consolidated financial statements.

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

- PAS 1, *Presentation of Financial Statements - Clarification of the Requirement for Comparative Information*. The amendment clarifies the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

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

- PAS 32, *Financial Instruments - Tax Effect of Distribution to Holders of Equity Instruments.* The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*.

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

Future Changes in Accounting Policies

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

Effective in 2014

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

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

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments). The amendments are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendments clarify the meaning of "currently has a legally enforceable right to offset" 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.

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

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

Effective in 2015

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- PAS 40, *Investment Property*, becomes effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3.

Standard with No Mandatory Effectivity

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

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

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

Interpretation with Deferred Effective Date

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries, which are all incorporated in the Philippines, as at December 31, 2013 and 2012:

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

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

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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All significant intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation. Unrealized gains and losses are likewise eliminated.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately in the consolidated statement of income and within the equity section of the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company. This includes the equity interest in RGMA Network.

The Group does not have subsidiaries that have non-controlling interests that are material to the Group.

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 interests;
- Derecognizes the cumulative translation adjustments 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; and
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets and liabilities.

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

Additional Investments in Joint Venture (see Note 11)
On November 15, 2013, the Group, through GNMI, converted its cash advance to Philippine Entertainment Portal (PEP), a joint venture, amounting to ₱12.00 million into additional shares of stock in PEP.

In March 2012, the Group through GNMI, invested ₱10.00 million for its joint venture with Manila Jockey Club (MJC), Inc. called "Gamespan, Inc." (Gamespan). Gamespan has not yet started commercial operations as at December 31, 2013.

3. Summary of Significant Accounting Policies

Current and Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification.

An asset is current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle or within twelve (12) months after the statement of financial position date, when it is held primarily for the purpose of trading, or cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the statement of financial position date. All other assets are classified as noncurrent.

A liability is current when it is expected to be settled in normal operating cycle or due to be settled within twelve (12) months after the statement of financial position date, when it is held primarily for trading, or when there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the statement of financial position date. All other liabilities are classified as noncurrent.

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

Financial Assets

Initial Recognition and Measurement. Financial assets 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 appropriate, re-evaluates such designation at every reporting period.

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, short-term investments, trade and other receivables (excluding advances to suppliers), refundable deposits (included under "Other noncurrent assets" account in the consolidated statements of financial positions) and AFS financial assets.

As at December 31, 2013 and 2012, the Group does not have any financial asset at FVPL, HTM investments or derivatives designated as hedging instruments.

"Day 1 Difference". 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 Difference") 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" difference 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 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.

- AFS financial assets. AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as neither 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 under other 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.

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 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.

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

As at December 31, 2013 and 2012, 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 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 amortization is included as interest expense in profit or loss.

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

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

<u>Offsetting of Financial Instruments</u>

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.

<u>Determination of Fair Value</u>

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

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

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

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

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

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

The Group determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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

Program and Other Rights
Program and other rights with finite and infinite lives are stated at amortized cost less any impairment in value. The cost of programs and other rights with finite lives is amortized based on the manner and pattern of usage of the acquired rights and are fully amortized on the date of expiry. The cost of program and other rights with infinite lives is amortized on accelerated method based on the sum of the year's digit of ten (10) years with salvage value of 10% of the total cost. 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 paid in advance prior to the airing of the programs or episodes. These costs include talent fees of artists and production staff and other costs directly attributable to production of programs. These are charged to expense upon airing of the related program or episodes. Costs related to previously taped episodes determined not to be aired are charged to expense.

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

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

As at December 31, 2013 and 2012, the Group's tax credits are classified as current.

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

Investments and Advances

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

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

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 associate is shown on the face of the consolidated statements of comprehensive income as "Equity in net earnings (losses) of associates and joint ventures", 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 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 "Others - net" account in the consolidated statements of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment 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 investment 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. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangements. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group recognizes its interests in the joint ventures using the equity method. The financial statements of the joint ventures are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

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

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

<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 and amortization are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets
The carrying values of program and other rights, prepaid production costs, tax credits, investments and advances, property and equipment, investment properties 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 co-producers' share. The fair values of capitalizable exchange deals are included in airtime revenue and the related accounts. These transactions represent advertising time exchanged for program materials, merchandise or service.

Payments received before broadcast (pay before broadcast) are recognized as income on the dates the advertisements are aired. Prior to liquidation, these are net out against outstanding accounts receivable since a right of offset exists between the pay before broadcast balance and the regular accounts receivable with credit terms. These are reclassified to deferred liability under "Customers deposits" account when no right of offset exists.

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

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

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

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

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

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

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

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

Co-producers' Share

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

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

Borrowing Costs

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

Expenses

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

Pension and Other Employee Benefits

The Parent Company and one of its subsidiaries have funded, noncontributory defined benefit retirement plans covering permanent employees. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

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

Defined benefit costs comprise the following:

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

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

Net interest on the net defined benefit obligation or asset is the change during the period in the net defined benefit obligation or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit obligation or asset is recognized under “Other expense or income” in the consolidated statements of comprehensive income.

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

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

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

Termination Benefits. Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either an entity’s decision to terminate an employee’s employment before the normal retirement date or an employee’s decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

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

Leases

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

- where the deferred 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.

<u>Earnings Per Share</u>
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 (see Note 5). 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 judgments, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

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

Asset Classified as Held for Sale. 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 joint venture. 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.

  On March 19, 2013, GNMI and IPE extended until June 30, 2013 the exercise period of the option agreement.

As at December 31, 2013, the sale of investment in X-Play has not materialized. The Group reassessed the classification of investment in X-Play and reclassified it under "Other Noncurrent Assets" account in the Group's statement of financial position (see Note 15).

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

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

The carrying value of the investments in joint venture amounted to ₱16.64 million and ₱10.00 million as at December 31, 2013 and 2012, respectively (see Note 11).

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

Rental expense charged to operations amounted to ₱919.49 million, ₱787.88 million and ₱851.99 million in 2013, 2012 and 2011, respectively (see Note 27).

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

Revenue from tax credits recognized in profit or loss amounted to ₱44.80 million, ₱40.00 million and ₱67.20 million in 2013, 2012 and 2011, respectively (see Note 21).

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

Other employee benefits classified as current under "Trade payables and other current liabilities" account in the consolidated statements of financial position amounted to ₱17.26 million and ₱11.29 million as at December 31, 2013 and 2012, respectively, while other employee benefits classified as noncurrent amounted to ₱264.37 million and ₱242.66 million as at December 31, 2013 and 2012, respectively (see Note 26).

Estimates and Assumptions

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

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

Provision for doubtful accounts amounted to ₱0.85 million, ₱35.79 million and ₱24.63 million in 2013, 2012 and 2011, respectively (see Note 23). Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱3,521.43 million and ₱3,842.39 million as at December 31, 2013 and 2012, 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 generally more marketable in their initial airing as compared to the succeeding airings. In addition, estimation of the amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱565.36 million, ₱460.94 million and ₱317.52 million in 2013, 2012 and 2011, respectively (see Note 22). Program and other rights, net of accumulated impairment loss, amounted to ₱1,209.23 million and ₱1,189.14 million as at December 31, 2013 and 2012, 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 a decline of 20% or more below of the original cost of investment, and "prolonged" as period longer than twelve (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.

Provision for impairment loss amounted to ₱1.05 million each in 2013 and 2012 and nil in 2011 (see Note 23). The carrying value of AFS financial assets amounted to ₱135.55 million and ₱106.34 million as at December 31, 2013 and 2012, respectively (see Note 10).

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

The carrying value of materials and supplies inventory amounted to ₱58.58 million and ₱72.47 million as at December 31, 2013 and 2012, respectively (see Note 9). There were no provisions for inventory losses in 2013, 2012 and 2011.

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 2013 and 2012.

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 adjusted based on certain elements of comparison. The fair value amount would differ if the Group made different judgments and estimates or utilized a different basis for determining fair value.

Valuations from an independent appraiser are performed every five years to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The revalued amount of land amounted to ₱1,805.30 million, and ₱1,409.59 million as at December 31, 2013 and 2012 (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.

Provision for impairment loss on the advances to joint venture amounted to nil in 2013 and 2011 and ₱2.61 million in 2012 (see Notes 11 and 23).

The balance of nonfinancial assets as at December 31 follows:

	2013	2012 (As restated - see Note 2)
Property and equipment (see Note 12)	**₱3,589,651,781**	₱3,621,092,076
Investments and advances (see Note 11)	**139,463,938**	132,825,989
Tax credits (see Note 9)	**117,846,102**	118,795,762
Prepaid production costs (see Note 9)	**84,826,707**	181,683,840
Investment properties (see Note 14)	**60,532,209**	64,751,405
Software costs (see Note 15)	**37,654,045**	56,340,047
	₱4,029,974,782	₱4,175,489,119

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

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

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

Recognized deferred tax assets amounted to ₱513.65 million and ₱287.72 million as at December 31, 2013 and 2012, respectively, while unrecognized deferred tax assets amounted to ₱20.90 million and ₱16.84 million as at December 31, 2013 and 2012, respectively (see Note 28).

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 26 and include, among others, discount rate and salary increase rate. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

Pension liability amounted to ₱605.25 million and ₱406.94 million as at December 31, 2013 and 2012, respectively (see Note 26).

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 statements of comprehensive income. The fair value of financial assets and liabilities are enumerated in Note 31.

5. Segment Information

Business Segments

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

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

The Executive Committee, the chief operating decision maker, and Management monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net income or loss and is measured consistently with 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, Guam, Singapore, Hongkong and Japan), the Group ties up with cable providers to bring television programming outside the Philippines.

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

Noncurrent assets consisting 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.

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

Business Segment Data

	Television and Radio Airtime			International Subscriptions			Other Businesses			Eliminations			Consolidated		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Net Revenues															
External sales	₱11,738,449,260	₱10,827,122,279	₱10,220,121,120	₱977,812,319	₱956,293,603	₱964,592,031	₱234,617,743	₱302,519,088	₱237,012,535	₱–	₱–	₱–	₱12,950,879,322	₱12,085,934,970	₱11,421,725,686
Inter-segment sales	–	–	–	–	–	–	761,156,750	909,768,842	738,422,987	(761,156,750)	(909,768,842)	(738,422,987)	–	–	–
	₱11,738,449,260	₱10,827,122,279	₱10,220,121,120	₱977,812,319	₱956,293,603	₱964,592,031	₱995,774,493	₱1,212,287,930	₱975,435,522	(₱761,156,750)	(₱909,768,842)	(₱738,422,987)	₱12,950,879,322	₱12,085,934,970	₱11,421,725,686
Results															
Segment results	₱1,816,913,584	₱1,763,346,005	₱1,742,645,085	₱531,126,610	₱513,773,226	₱383,801,150	₱37,512,277	₱5,035,728	₱40,501,206	₱–	₱–	₱–	₱2,385,552,471	₱2,282,154,959	₱2,166,947,441
Interest expenses and financing charges	(52,852,451)	(42,706,120)	(1,659,872)	–	–	–	(262,783)	(201,616)	(9,826,172)	–	–	–	(53,115,234)	(42,907,736)	(11,486,044)
Interest income from bank deposits and short-term investments	19,267,743	33,632,100	27,501,787	–	–	–	4,723,062	1,108,779	1,079,890	–	–	–	23,990,805	34,740,879	28,581,677
Net foreign currency exchange gains (losses)	(49,515,631)	(9,787,771)	(7,456,656)	17,340,273	(13,336,636)	1,404,234	854,376	(535,948)	280,313	–	–	–	(31,320,982)	(23,660,355)	(5,772,109)
Equity in net losses of joint ventures	–	–	–	–	–	–	(5,362,051)	–	–	–	–	–	(5,362,051)	–	–
Other income - net	66,633,028	67,569,107	54,130,092	–	–	–	928,016	(547,057)	2,724,060	–	(3,000,000)	–	67,561,044	64,022,050	56,854,152
Provision for income tax	(535,160,705)	(540,707,890)	(512,292,726)	(159,337,983)	(127,639,914)	–	(17,832,353)	(25,229,156)	(13,011,814)	–	–	–	(712,331,041)	(693,576,960)	(525,304,540)
Net income	₱1,265,285,568	₱1,271,345,431	₱1,302,867,710	₱389,128,900	₱372,796,676	₱385,205,384	₱20,560,544	(₱20,369,270)	₱21,747,483	₱–	(₱3,000,000)	₱–	₱1,674,975,012	₱1,620,772,837	₱1,709,820,577
Assets and Liabilities															
Segment assets	₱11,655,665,602	₱11,657,844,976	₱11,338,685,365	₱1,365,518,823	₱932,477,981	₱728,372,278	₱853,416,184	₱946,239,689	₱959,201,750	(₱933,803,088)	(₱989,205,551)	(₱1,084,083,821)	₱12,940,797,521	₱12,547,357,095	₱11,942,175,572
Investments in associates and interests in joint ventures - at equity	38,350,619	38,350,619	38,350,619	–	–	–	16,637,949	10,000,000	–	–	–	–	54,988,568	48,350,619	38,350,619
Deferred tax assets	–	–	–	–	–	–	88,150,862	86,575,385	61,918,628	–	–	–	88,150,862	86,575,385	61,918,628
Total assets	₱11,694,016,221	₱11,696,195,595	₱11,377,035,984	₱1,365,518,823	₱932,477,981	₱728,372,278	₱958,204,995	₱1,042,815,074	₱1,021,120,378	(₱933,803,088)	(₱989,205,551)	(₱1,084,083,821)	₱13,083,936,951	₱12,682,283,099	₱12,042,444,819
Segment liabilities	₱3,890,259,616	₱3,999,688,501	₱2,227,957,921	₱188,876,025	₱200,966,316	₱11,127,701	₱839,168,812	₱1,068,255,438	₱999,600,053	(₱701,020,698)	(₱880,309,046)	(₱987,280,378)	₱4,217,283,755	₱4,388,601,209	₱2,251,405,297
Deferred tax liabilities	41,580,015	144,250,390	132,605,086	–	–	–	–	–	–	–	–	–	41,580,015	144,250,390	132,605,086
Total liabilities	₱3,931,839,631	₱4,143,938,891	₱2,360,563,007	₱188,876,025	₱200,966,316	₱11,127,701	₱839,168,812	₱1,068,255,438	₱999,600,053	(₱701,020,698)	(₱880,309,046)	(₱987,280,378)	₱4,258,863,770	₱4,532,851,599	₱2,384,010,383
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	₱597,095,966	₱922,148,651	₱496,117,077	₱–	₱–	₱–	₱660,178	₱33,583,795	₱28,004,893	₱–	₱–	₱–	₱597,756,144	₱955,732,446	₱524,121,970
Property and equipment	670,584,702	956,155,200	883,305,571	–	9,830,044	7,175,550	2,067,525	10,053,374	12,729,494	–	–	–	672,652,227	976,038,618	903,210,615
Investment properties	1,846,519	–	664,163	–	–	–	–	–	2,151,000	–	–	–	1,846,519	–	2,815,163
Depreciation and amortization	722,578,955	1,079,790,144	845,948,317	–	6,455,694	2,810,477	579,215,465	12,428,482	13,238,001	–	–	–	1,301,794,420	1,098,674,320	861,996,795
Noncash expenses other than depreciation and amortization	–	–	–	–	11,761,460	1,581,249	–	–	–	–	(11,761,460)	(1,581,249)	–	–	–

Geographical Segment Data

	Local														
	Television and radio airtime			Other Businesses			International Subscriptions			Eliminations			Consolidated		
	2013	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
Net Revenues															
External sales	**₱11,553,967,967**	₱10,846,467,691	₱10,220,121,120	**₱423,388,069**	₱256,123,892	₱237,012,535	**₱973,523,286**	₱983,343,387	₱964,592,031	**₱–**	₱–	₱–	**₱12,950,879,322**	₱12,085,934,970	₱11,421,725,686
Inter-segment sales	**–**	–	–	**144,517,054**	904,105,069	738,422,987	**–**	–	–	**(144,517,054)**	(904,105,069)	(738,422,987)	**–**	–	–
Total net revenues	**₱11,553,967,967**	₱10,846,467,691	₱10,220,121,120	**₱567,905,123**	₱1,160,228,961	₱975,435,522	**₱973,523,286**	₱983,343,387	₱964,592,031	**(₱144,517,054)**	(₱904,105,069)	(₱738,422,987)	**₱12,950,879,322**	₱12,085,934,970	₱11,421,725,686
Results															
Segment results	**₱1,816,913,584**	₱1,763,346,005	₱1,742,645,085	**₱37,512,277**	₱5,035,728	₱40,501,206	**₱531,126,610**	₱513,773,226	₱383,801,150	**₱–**	₱–	₱–	**₱2,385,552,471**	₱2,282,154,959	₱2,166,947,441
Interest expenses and financing charges	**(52,852,451)**	(42,706,120)	(1,659,872)	**(262,783)**	(201,616)	(9,826,172)	**–**	–	–	**–**	–	–	**(53,115,234)**	(42,907,736)	(11,486,044)
Interest income from bank deposits and short-term investments	**19,267,743**	33,632,100	27,501,787	**4,723,062**	1,108,779	1,079,890	**–**	–	–	**–**	–	–	**23,990,805**	34,740,879	28,581,677
Net foreign currency exchange gains (losses)	**(49,515,631)**	(9,787,771)	(7,456,656)	**854,376**	(535,948)	280,313	**17,340,273**	(13,336,636)	1,404,234	**–**	–	–	**(31,320,982)**	(23,660,355)	(5,772,109)
Equity in net losses of joint ventures	**–**	–	–	**(5,362,051)**	–	–	**–**	–	–	**–**	–	–	**(5,362,051)**	–	–
Other income – net	**66,633,028**	67,569,107	54,130,092	**928,016**	(547,057)	2,724,060	**–**	–	–	**–**	(3,000,000)	–	**67,561,044**	64,022,050	56,854,152
Provision for income tax	**(535,160,705)**	(540,707,890)	(512,292,726)	**(17,832,353)**	(25,229,156)	(13,011,814)	**(159,337,983)**	(127,639,914)	–	**–**	–	–	**(712,331,041)**	(693,576,960)	(525,304,540)
Net income	**₱1,265,285,568**	₱1,271,345,431	₱1,302,867,710	**₱20,560,544**	(₱20,369,270)	₱21,747,483	**₱389,128,900**	₱372,796,676	₱385,205,384	**₱–**	(₱3,000,000)	₱–	**₱1,674,975,012**	₱1,620,772,837	₱1,709,820,577
Assets and Liabilities															
Segment assets	**₱11,655,665,602**	₱11,657,844,976	₱11,338,685,365	**₱853,416,184**	₱946,239,689	₱959,201,750	**₱1,365,518,823**	₱932,477,981	₱728,372,278	**(₱933,803,088)**	(₱989,205,551)	(₱1,084,083,821)	**₱12,940,797,521**	₱12,547,357,095	₱11,942,175,572
Investments in associates and interests in joint ventures - at equity	**38,350,619**	38,350,619	38,350,619	**16,637,949**	10,000,000	–	**–**	–	–	**–**	–	–	**54,988,568**	48,350,619	38,350,619
Deferred tax assets	**–**	–	–	**88,150,862**	86,575,385	61,918,628	**–**	–	–	**–**	–	–	**88,150,862**	86,575,385	61,918,628
Total assets	**₱11,694,016,221**	₱11,696,195,595	₱11,377,035,984	**₱958,204,995**	₱1,042,815,074	₱1,021,120,378	**₱1,365,518,823**	₱932,477,981	₱728,372,278	**(₱933,803,088)**	(₱989,205,551)	(₱1,084,083,821)	**₱13,083,936,951**	₱12,682,283,099	₱12,042,444,819
Segment liabilities	**₱3,890,259,616**	₱3,999,688,501	₱2,227,957,921	**₱839,168,812**	₱1,068,255,438	₱999,600,053	**₱188,876,025**	₱200,966,316	₱11,127,701	**(₱701,020,698)**	(₱880,309,046)	(₱987,280,378)	**₱4,217,283,755**	₱4,388,601,209	₱2,251,405,297
Deferred tax liabilities	**41,580,015**	144,250,390	132,605,086	**–**	–	–	**–**	–	–	**–**	–	–	**41,580,015**	144,250,390	132,605,086
Total liabilities	**₱3,931,839,631**	₱4,143,938,891	₱2,360,563,007	**₱839,168,812**	₱1,068,255,438	₱999,600,053	**₱188,876,025**	₱200,966,316	₱11,127,701	**(₱701,020,698)**	(₱880,309,046)	(₱987,280,378)	**₱4,258,863,770**	₱4,532,851,599	₱2,384,010,383
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	**₱597,095,966**	₱922,148,651	₱496,117,077	**₱660,178**	₱33,583,795	₱28,004,893	**₱–**	₱–	₱–	**₱–**	₱–	₱–	**₱597,756,144**	₱955,732,446	₱524,121,970
Property and equipment	**670,584,702**	956,155,200	883,305,571	**2,067,525**	10,053,374	12,729,494	**–**	9,830,044	7,175,550	**–**	–	–	**672,652,227**	976,038,618	903,210,615
Investment properties	**1,846,519**	–	664,163	**–**	–	2,151,000	**–**	–	–	**–**	–	–	**1,846,519**	–	2,815,163
Depreciation and amortization	**722,578,955**	1,079,790,144	845,948,317	**579,215,465**	12,428,482	13,238,001	**–**	6,455,694	2,810,477	**–**	–	–	**1,301,794,420**	1,098,674,320	861,996,795
Noncash expenses other than depreciation and amortization	**–**	–	–	**–**	–	–	**–**	11,761,460	1,581,249	**–**	(11,761,460)	(1,581,249)	**–**	–	–

6. Cash and Cash Equivalents

	2013	2012 (As restated - see Note 2)
Cash on hand and in banks	**₱1,465,684,717**	₱1,040,436,077
Short-term deposits	**283,946,479**	246,849,483
	₱1,749,631,196	₱1,287,285,560

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

Short-term investments amounting to ₱7.87 million and ₱8.54 million as at December 31, 2013 and 2012, respectively, with original maturities of more than three months to one year, are shown separately in the consolidated statements of financial position.

Interest income, net of final tax, earned from bank deposits and short term investments amounted to ₱23.99 million, ₱34.74 million and ₱28.58 million in 2013, 2012 and 2011, respectively.

7. Trade and Other Receivables

	2013	2012 (As restated - see Note 2)
Trade:		
Television and radio airtime	**₱2,669,278,916**	₱3,161,664,105
Subscriptions	**771,491,924**	618,236,636
Others	**146,927,889**	148,700,853
Nontrade:		
Advances to suppliers	**133,338,872**	91,846,350
Advances to officers and employees	**4,623,714**	30,288,652
Others	**69,747,905**	64,784,113
	3,795,409,220	4,115,520,709
Less allowance for doubtful accounts	**273,978,777**	273,130,772
	₱3,521,430,443	₱3,842,389,937

Trade Receivables

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

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

Television and radio airtime receivables are presented net of applicable payments received before broadcast amounting to ₱230.23 million and ₱168.58 million as at December 31, 2013 and 2012, respectively, since a right of offset exists between the advance payments and the regular outstanding trade receivables.

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

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

Nontrade Receivables

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

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

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

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

	2012 (As restated - see Note 2)		
	Television and Radio Airtime	Others	Total
Balance at beginning of year	₱234,640,484	₱3,656,669	₱238,297,153
Provision for the year (see Note 23)	35,232,086	553,121	35,785,207
Write-off	–	(951,588)	(951,588)
Balance at end of year	₱269,872,570	₱3,258,202	₱273,130,772

The allowance for doubtful accounts for television and radio airtime and other receivables in 2013 and 2012 are results of specific and collective impairment assessments performed by the Group as follows:

	2013	2012 (As restated - see Note 2)
Individually impaired	**₱260,570,950**	₱266,956,063
Collectively impaired	**13,407,827**	6,174,709
	₱273,978,777	₱273,130,772

As at December 31, 2013 and 2012, the aging analysis of receivables that were not impaired follows:

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

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

	2012 (As restated - see Note 2)				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade*	Total
Neither past due nor impaired	₱2,325,020,464	₱228,237,158	₱113,789,346	₱78,057,742	₱2,745,104,710
Past due but not impaired:					
1-30 days	200,283,481	43,541,678	8,368,681	5,612,936	257,806,776
31-60 days	276,000	212,194,922	4,075,532	3,246,372	219,792,826
61-90 days	153,605,708	35,811,981	570,133	284,441	190,272,263
91-180 days	104,585,378	41,492,804	4,336,073	257,793	150,672,048
181-365 days	59,854,871	53,020,637	5,989,073	289,441	119,154,022
Over 1 year	48,165,633	3,937,456	8,313,813	7,324,040	67,740,942
	₱2,891,791,535	₱618,236,636	₱145,442,651	₱95,072,765	₱3,750,543,587

**Excluding advances to suppliers amounting to ₱91.85 million as at December 31, 2012.*

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

The Group's unbilled receivables amounted to ₱27.28 million and ₱56.44 million as at December 31, 2013 and 2012, 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

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

	2012		
	Program and Film Rights	Story Format Rights	Total
Cost:			
Balance at beginning of year	₱661,208,475	₱71,491,936	₱732,700,411
Additions	919,516,659	563,325	920,079,984
Program and other rights usage (see Note 22)	(419,348,428)	(41,589,037)	(460,937,465)
Balance at end of year	1,161,376,706	30,466,224	1,191,842,930
Accumulated impairment in value - Balance at beginning and end of year	(2,702,260)	–	(2,702,260)
	₱1,158,674,446	₱30,466,224	₱1,189,140,670

No impairment losses on program and other rights were recognized in 2013, 2012 and 2011.

9. Prepaid Expenses and Other Current Assets

	2013	2012 (As restated - see Note 2)
Creditable withholding taxes	**₱150,711,335**	₱133,179,149
Input VAT	**148,282,430**	184,698,052
Tax credits	**117,846,102**	118,795,762
Prepaid production costs	**84,826,707**	181,683,840
Prepaid expenses	**74,805,709**	74,702,148
Materials and supplies inventory at cost	**58,577,911**	72,473,600
Others	**43,610**	43,610
	₱635,093,804	₱765,576,161

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

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

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

10. Available-for-Sale Financial Assets

	2013	2012
Investments in shares of stock:		
Unquoted	**₱130,662,548**	₱101,753,598
Quoted	**4,890,000**	4,590,000
	₱135,552,548	₱106,343,598

The fair value of unquoted shares is not reasonably determinable due to the unpredictable nature of future cash flows and lack of other suitable methods of arriving at its fair value.

The movements in this account are as follows:

	2013	2012
Cost:		
Balance at beginning of year	**₱107,397,148**	₱105,796,848
Additions	**31,502,800**	–
Net change in the fair value of AFS financial assets	**(1,240,300)**	1,600,300
Balance at end of the year	**137,659,648**	107,397,148
Allowance for decline in value:		
Balance at beginning of year	**1,053,550**	–
Impairment loss (see Note 23)	**1,053,550**	1,053,550
Balance at end of year	**2,107,100**	1,053,550
	₱135,552,548	₱106,343,598

In 2012, the Parent Company recognized 50% impairment loss of the cost of its unquoted AFS financial asset which ceased commercial operation. In 2013, the Parent Company recognized impairment loss for the remaining 50%. The impairment loss is included under "General and administrative expenses" in the consolidated statements of comprehensive income (see Note 23).

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

	2013	2012
Balance at beginning of year	**₱4,065,927**	₱2,752,687
Gain (loss) due to changes in fair market value of AFS financial assets	**(1,240,300)**	1,600,300
Tax effect of the changes in fair market values	**257,560**	(287,060)
	(982,740)	1,313,240
	₱3,083,187	₱4,065,927

The net unrealized gain on AFS financial assets are deferred and presented separately under the equity section of the consolidated statements of financial position. No portion of the net unrealized gain on AFS financial assets was transferred to profit in loss in 2013, 2012 and 2011.

11. Investments and Advances

Following are the details of this account in 2013 and 2012:

	2013	2012 (As restated - see Note 2)
Investment in associate and interests in joint ventures	**₱54,988,568**	₱48,350,619
Permanent advances to associates and joint ventures (see Note 20)	**84,475,370**	84,475,370
	₱139,463,938	₱132,825,989

The movements in the above amounts are as follows:

	2013	2012 (As restated - see Note 2)
Investment in an associate and interests in joint ventures		
Acquisition cost:		
Balance at beginning of year	**₱119,722,056**	₱109,722,056
Additions	**12,000,000**	10,000,000
Balance at end of year	**131,722,056**	119,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(71,371,437)**	(71,371,437)
Equity in net losses during the year	**(5,362,051)**	–
Balance at end of year	**(76,733,488)**	(71,371,437)
	54,988,568	48,350,619
Advances to an associate and joint ventures (see Note 20):		
Balance at beginning of year	**84,475,370**	87,085,657
Impairment loss (see Note 23)	**–**	(2,610,287)
Balance at end of year	**84,475,370**	84,475,370
Total investments and advances	**₱139,463,938**	₱132,825,989

In 2012, the Parent Company recognized a provision for impairment loss amounting to ₱2.61 million for the net carrying value of its advances to INQ7 Interactive, Inc. (INQ7). The recognized impairment loss is included under "General and administrative expenses" in the 2012 consolidated statement of comprehensive income (see Note 23).

The ownership interests in associate and joint ventures, which are all incorporated in the Philippines and are accounted for under the equity method, consist of the following as at December 31, 2013 and 2012:

	Principal Activities	Percentage of Ownership
Associate -		
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	49
Joint Ventures:		
INQ7	Internet Publishing	50
PEP	Internet Publishing	50
Gamespan	Betting Games	50

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

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

	2012 (As restated - see Note 2)		
	Investments	Advances (see Note 20)	Total
Associate -			
Mont-Aire	₱38,350,619	₱84,475,370	₱122,825,989
Joint venture -			
Gamespan	10,000,000	–	10,000,000
	₱48,350,619	₱84,475,370	₱132,825,989

PEP

On November 15, 2013, the Group, through GNMI, converted its cash advances to PEP amounting to ₱12.00 million to additional investment in joint venture. As a result, the Group recognized previous years' accumulated share in net losses amounting to ₱3.86 million and its share in net losses amounting to ₱0.31 million in 2013 (see Note 32).

Gamespan

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

As at December 31, 2013, the Company recognized share in the pre-operating expenses of Gamespan amounting to ₱1.19 million.

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

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

The table below shows the condensed financial information of Mont-Aire as at December 31, 2013 and 2012, respectively:

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

In 2013 and 2012, the Group has no share in the result of operations of Mont-Aire since it ceased commercial operation in 2009.

The Group's share in net income (loss)/total comprehensive income (loss) of the Group's joint ventures that are individually immaterial amounted to (₱1.50 million), (₱1.45 million) and ₱1.78 million in 2013, 2012 and 2011, respectively.

12. Property and Equipment at Cost

	2013				
	January 1	**Additions/ Depreciation** (see Notes 22 and 23)	**Disposals**	**Reclassifications**	**December 31**
Cost:					
Buildings, towers and improvements	**₱2,772,239,043**	**₱44,523,065**	**₱–**	**₱2,247,764**	**₱2,819,009,872**
Antenna and transmitter systems and broadcast equipment	**5,317,832,415**	**422,370,081**	**(4,849,146)**	**22,278,457**	**5,757,631,807**
Communication and mechanical equipment	**822,526,941**	**107,621,242**	**(4,467,868)**	**(1,467,354)**	**924,212,961**
Transportation equipment	**418,713,866**	**71,014,303**	**(16,984,439)**	**–**	**472,743,730**
Furniture, fixtures and equipment	**191,303,456**	**5,935,893**	**(7,406,477)**	**169,670**	**190,002,542**
	9,522,615,721	**651,464,584**	**(33,707,930)**	**23,228,537**	**10,163,600,912**
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	**1,207,772,932**	**135,238,724**	**–**	**–**	**1,343,011,656**
Antenna and transmitter systems and broadcast equipment	**3,902,638,948**	**379,807,870**	**(4,849,146)**	**–**	**4,277,597,672**
Communication and mechanical equipment	**626,626,802**	**98,680,935**	**(4,453,806)**	**–**	**720,853,931**
Transportation equipment	**213,532,494**	**77,881,288**	**(15,002,230)**	**–**	**276,411,552**
Furniture, fixtures and equipment	**158,229,348**	**10,469,929**	**(7,388,972)**	**71,803**	**161,382,108**
	6,108,800,524	**702,078,746**	**(31,694,154)**	**71,803**	**6,779,256,919**
Construction in progress and equipment for installation	**207,276,879**	**21,187,643**	**–**	**(23,156,734)**	**205,307,788**
	₱3,621,092,076	**(₱29,426,519)**	**(₱2,013,776)**	**₱–**	**₱3,589,651,781**

	2012 (As restated - see Note 2)				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,531,575,392	₱196,950,973	(₱689,501)	₱44,402,179	₱2,772,239,043
Antenna and transmitter systems and broadcast equipment	4,825,470,654	479,507,084	(2,369,505)	15,224,182	5,317,832,415
Communication and mechanical equipment	736,890,359	86,949,288	(1,642,729)	330,023	822,526,941
Transportation equipment	387,809,910	116,471,794	(83,626,523)	(1,941,315)	418,713,866
Furniture, fixtures and equipment	177,780,104	13,175,925	(1,012,132)	1,359,559	191,303,456
	8,659,526,419	893,055,064	(89,340,390)	59,374,628	9,522,615,721
Accumulated Depreciation and Amortization:					
Buildings, towers and improvements	1,081,171,096	127,291,335	(689,499)	–	1,207,772,932
Antenna and transmitter systems and broadcast equipment	3,587,194,729	317,778,912	(2,334,693)	–	3,902,638,948
Communication and mechanical equipment	545,866,956	82,335,375	(1,575,529)	–	626,626,802
Transportation equipment	227,125,143	68,414,681	(82,007,330)	–	213,532,494
Furniture, fixtures and equipment	148,219,123	10,904,308	(894,083)	–	158,229,348
	5,589,577,047	606,724,611	(87,501,134)	–	6,108,800,524
Construction in progress and equipment for installation	183,667,953	82,983,554	–	(59,374,628)	207,276,879
	₱3,253,617,325	₱369,314,007	(₱1,839,256)	₱–	₱3,621,092,076

The amount of depreciation expense includes amortization of previously capitalized borrowing costs amounting to ₱10.08 million each year. No borrowing costs were capitalized in 2013 and 2012.

The cost of fully depreciated assets still used by the Group amounted to ₱4,050.18 million and ₱4,200.30 million as at December 31, 2013 and 2012, respectively. The Group has no idle property and equipment as at December 31, 2013 and 2012.

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

As at December 31, 2013 and 2012, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

13. **Land at Revalued Amounts**

	2013	2012
Cost -		
Balance at beginning and end of year	**₱346,502,817**	₱346,502,817
Revaluation increment:		
Balance at beginning of year	**1,063,082,889**	1,063,082,889
Additions	**395,714,345**	–
Balance at end of year	**1,458,797,234**	1,063,082,889
	₱1,805,300,051	₱1,409,585,706

Land used in operations was last appraised on December 17, 2013 by an independent firm of appraisers, Crown Property Appraisal Corporation, and is valued in terms of its highest and best use.

As at December 31, 2013 and 2012, no land has been pledged as collateral or security for any of the Company's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

14. **Investment Properties**

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

	2012		
	Land and Improvements	Buildings and Improvements	Total
Cost -			
Balance at beginning and end of year	₱33,975,381	₱73,565,501	₱107,540,882
Accumulated depreciation:			
Balance at beginning of year	–	37,465,998	37,465,998
Depreciation during the year (see Note 23)	–	3,278,306	3,278,306
Balance at end of year	–	40,744,304	40,744,304
Accumulated impairment in value -			
Balance at beginning and end of year	–	2,045,173	2,045,173
	₱33,975,381	₱30,776,024	₱64,751,405

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

The fair market value of investment properties owned by the Group amounted to ₱133.67 million as at December 31, 2013, as determined by independent appraisers, Crown Property Appraisal Corporation, Philippine Appraisal Co. Inc. and Cuervo Appraisers, Inc.

The fair market value of investment properties owned by GMPI and Scenarios amounted to ₱21.09 million as at December 31, 2012, 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 is categorized under Level 3 of the fair value hierarchy and represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with International Valuation Standards.

While fair values of the majority of investment properties were not determined as at December 31, 2012, the Group's management believes that there were no conditions present in 2012 that would significantly reduce the fair value of the investment properties from that determined in 2005.

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

	2013	2012	2011
Rental income derived from investment properties	**₱2,942,417**	₱3,382,565	₱2,175,581
Direct operating expenses (including repairs and maintenance) from investment properties	**(3,647,263)**	(3,175,500)	(3,097,803)
	(₱704,846)	₱207,065	(₱922,222)

As at December 31, 2013 and 2012, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. **Other Noncurrent Assets**

	2013	2012
Software costs	**₱37,654,045**	₱56,340,047
Deferred input VAT	**31,901,813**	36,157,216
Investment in stocks	**26,432,472**	–
Guarantee deposits	**16,871,190**	16,769,795
Refundable deposits	**15,671,300**	16,092,343
Investment in artworks	**10,406,255**	10,406,255
Video rights and other noncurrent assets	**3,089,761**	5,980,342
	₱142,026,836	₱141,745,998

The movements in software costs follow:

	2013	2012
Cost:		
Balance at beginning of year	**₱222,169,322**	₱186,516,860
Additions	**12,309,842**	35,652,462
Balance at end of year	**234,479,164**	222,169,322
Accumulated amortization:		
Balance at beginning of year	**165,829,275**	138,095,337
Amortization during the year (see Note 23)	**30,995,844**	27,733,938
Balance at end of year	**196,825,119**	165,829,275
	₱37,654,045	₱56,340,047

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 interest and advances to joint venture amounted to ₱26.43 million.

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

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

16. Trade Payables and Other Current Liabilities

	2013	2012 (As restated - see Note 2)
Trade payables	**₱397,999,260**	₱382,190,859
Payable to government agencies	**513,380,680**	801,878,448
Customers' deposits	**447,112,904**	–
Accrued expenses:		
Production costs	**173,225,937**	139,610,404
Payroll and talent fees	**115,828,416**	136,879,445
Commission	**21,080,670**	17,930,573
Utilities and other expenses	**44,676,360**	56,349,148
Others	**68,137,281**	51,364,437
	₱1,781,441,508	₱1,586,203,314

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

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

Customers' deposits include unimplemented payments received before broadcast from customers who have no outstanding trade receivables from which advance payments can be offset. These deposits will be settled and implemented within the next financial year.

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

17. Short-term Loans

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

	2013	2012
Balance at beginning of year	**₱1,700,000,000**	₱–
Additions	**1,825,000,000**	3,200,000,000
Payments	**(2,500,000,000)**	(1,500,000,000)
Unrealized foreign exchange loss	**81,875,000**	–
Balance at end of year	**₱1,106,875,000**	₱1,700,000,000

The interest rate of the short-term loan ranges from 1.73% to 5.00% in 2013 and a fixed rate of 4.00% in 2012. Interest expense incurred related to the short-term loans amounted to ₱47.96 million, ₱37.63 million and ₱9.68 million in 2013, 2012 and 2011, respectively.

18. Obligations for Program and Other Rights

This account consists of:

	2013	2012
Current obligations for program rights	**₱141,096,456**	₱184,585,619
Noncurrent obligations for program rights	**33,330,130**	63,955,130
	₱174,426,586	₱248,540,749

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. The current portion of the obligations for program rights is noninterest-bearing and is generally payable in equal monthly or quarterly installments. The amounts presented in the consolidated statements of financial position as at December 31, 2013 and 2012 represent the nominal amounts of the obligations which are expected to be settled within the next 12 months.

The noncurrent portion of obligations for program rights is payable in four years and is presented at its present value using 4.03% discount rate in the consolidated statements of financial position as at December 31, 2013 and 2012.

19. **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 the acquired 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 dividends paid to common shares, the rate of which is adjusted proportionately by the Parent Company's BOD consequent to any stock split or stock dividend declaration affecting the common shares and preferred shares. Preferred shares are convertible at the option of the shareholders at the ratio of five preferred shares to one common share, based on par value.

Preferred shares enjoy priority over common shares in the distribution of assets of the Parent Company in the event of dissolution and liquidation, at such rates, terms and conditions as the BOD may determine. Each preferred share is entitled to one vote and shall have the same voting rights as the common shares.

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

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

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

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2013 and 2012, representing the cost of shares held in treasury amounting to ₱28.48 million in 2013 and 2012 and underlying shares of the acquired PDRs amounting to ₱5.79 million in 2013 and 2012.

Consolidated retained earnings include undeclared retained earnings of subsidiaries amounting to ₱100.08 million and ₱58.82 million as at December 31, 2013 and 2012, respectively. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in Securities Regulation Code Rule 68, As Amended (2011), amounted to ₱1,343.61 million and ₱932.19 million as at December 31, 2013 and 2012, respectively.

The BOD of the Parent Company approved the declaration of the following cash dividends in 2013, 2012 and 2011:

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2013	**March 4, 2013**	**April 17, 2013**	**₱0.25**	**₱1,215,049,609**
2012	March 28, 2012	April 16, 2012	₱0.40	₱1,944,079,375
	August 1, 2012	August 22, 2012	0.26	1,264,794,293
				₱3,208,873,668
2011	March 11, 2011	April 8, 2011	₱0.45	₱2,187,089,297

20. Related Party Disclosures

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

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

Related Party	Category	Year	Amount/ Volume of Transactions	Receivables (Payables)	Terms	Conditions
Associate -						
Mont-Aire	Noninterest-bearing advances (see Note 11)	**2013**	**₱–**	**₱84,475,370**	Noninterest-bearing	Unsecured; not impaired
		2012	–	84,475,370		
Common stockholders -						
GMA Kapuso Foundation Inc.	Noninterest-bearing advances (see Note 7)	**2013**	–	**562,901**	Noninterest-bearing	Unsecured; not impaired
		2012	–	692,749		
	Donations	**2013**	**112,170**	–	Noninterest-bearing	Unsecured
		2012	93,045	–		
Other related party -						
Belo, Gozon, Elma Law	Legal, consulting and retainers' fees (see Note 16)	**2013**	**10,110,391**	–	Noninterest-bearing	Unsecured
		2012	4,468,800	(865,200)		

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

Compensation of Key Management Personnel

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

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Salaries and other long-term benefits	**₱294,044,757**	₱279,432,700	₱252,819,439
Pension benefits	**40,322,398**	39,191,038	29,357,229
	₱334,367,155	₱318,623,738	₱282,176,668

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱59.10 million and ₱408.77 million in 2013, respectively, and ₱63.56 million and ₱496.56 million in 2012, respectively (see Note 26).

21. Net Revenues

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Television and radio airtime	**₱11,740,503,370**	₱10,883,125,479	₱10,251,823,784
Subscription income (see Note 27)	**977,812,319**	956,293,603	964,592,031
Production and others	**244,342,288**	269,751,753	237,012,535
	12,962,657,977	12,109,170,835	11,453,428,350
Co-producers' shares	**(11,778,655)**	(23,235,865)	(31,702,664)
	₱12,950,879,322	₱12,085,934,970	₱11,421,725,686

22. Production Costs

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Talent fees and production personnel costs (see Note 24)	**₱3,102,519,989**	₱2,809,269,723	₱2,829,684,664
Rental (see Note 27)	**819,150,879**	690,288,940	763,296,407
Tapes, sets and production supplies	**575,808,346**	481,758,193	572,365,965
Program and other rights usage (see Note 8)	**565,357,691**	460,937,465	317,520,415
Facilities and production services	**368,904,457**	408,466,261	258,316,605
Depreciation and amortization (see Note 12)	**287,553,835**	253,603,510	224,202,422
Transportation and communication	**237,086,508**	180,819,400	201,652,535
	₱5,956,381,705	₱5,285,143,492	₱5,167,039,013

23. General and Administrative Expenses

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Personnel costs (see Note 24)	**₱2,136,684,981**	₱2,170,180,871	₱1,799,029,069
Depreciation and amortization (see Notes 12 and 14)	**417,887,050**	356,399,407	294,562,339
Advertising	**393,148,883**	394,319,329	425,348,586
Communication, light and water	**300,090,593**	303,969,254	272,158,216
Repairs and maintenance	**207,641,209**	128,273,715	150,706,204
Professional fees	**150,975,509**	144,272,766	143,586,063
Research and surveys	**145,899,290**	133,792,810	112,664,696
Marketing expense	**140,909,480**	146,057,392	156,772,434
Taxes and licenses	**140,703,017**	143,642,174	213,408,781
Sales incentives	**120,864,969**	120,043,176	101,227,612
Rental (see Note 27)	**100,339,414**	97,590,300	88,690,343
Transportation and travel	**80,977,911**	68,951,374	68,961,416
Security services	**76,193,077**	69,005,838	59,086,311
Amortization of software costs (see Note 15)	**30,995,844**	27,733,938	25,711,619
Materials and supplies	**24,094,187**	25,238,126	21,830,577
Insurance	**21,218,563**	22,294,801	21,872,912
Janitorial services	**16,616,542**	15,101,036	13,141,708
Entertainment, amusement and recreation	**13,728,404**	15,421,953	15,830,530
Freight and handling	**12,095,311**	11,952,700	–
Dues and subscriptions	**10,646,983**	10,114,917	11,080,015
Provisions for impairment loss on:			
AFS financial assets (see Note 10)	**1,053,550**	1,053,550	–
Advances to joint venture (see Note 11)	**–**	2,610,287	–
Provision for doubtful accounts (see Note 7)	**848,005**	35,785,207	24,628,057
Others	**65,332,374**	74,831,598	67,341,744
	₱4,608,945,146	₱4,518,636,519	₱4,087,639,232

24. Personnel Costs

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Talent fees	**₱2,971,320,857**	₱2,633,735,276	₱2,660,734,083
Salaries and wages	**1,553,164,989**	1,488,095,414	1,331,911,392
Employee benefits and allowances	**544,233,809**	678,675,231	449,151,011
Pension expense (see Note 26)	**116,158,183**	120,401,310	90,741,183
Sick and vacation leaves expense	**54,327,132**	58,543,363	96,176,064
	₱5,239,204,970	₱4,979,450,594	₱4,628,713,733

The above amounts were distributed as follows:

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Production costs (see Note 22)	**₱3,102,519,989**	₱2,809,269,723	₱2,829,684,664
General and administrative expenses (see Note 23)	**2,136,684,981**	2,170,180,871	1,799,029,069
	₱5,239,204,970	₱4,979,450,594	₱4,628,713,733

25. **Others** - Net

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Dividends	**₱22,130,300**	₱1,394,334	₱41,729
Tax refund of GMA Pinoy TV	**19,161,027**	19,246,077	14,781,093
Gain on sale of property and equipment	**11,243,730**	29,045,447	16,040,347
Commissions	**6,293,587**	2,725,549	4,011,520
Rental income (see Note 27)	**4,845,450**	5,467,117	3,815,060
Income from mall shows	**2,908,221**	2,546,799	2,443,521
Loss on asset written off (see Note 14)	**(2,703,576)**	–	–
Merchandising license fees and others	**1,657,906**	2,954,088	6,781,724
Sales of DVDs and integrated receiver-decoders	**1,279,078**	1,014,342	1,196,179
Reversal of impairment loss on investment properties	**–**	–	4,990,219
Others	**745,321**	(371,703)	2,752,760
	₱67,561,044	₱64,022,050	₱56,854,152

26. **Pension and Other Long-term Employee Benefits**

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

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

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

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Current service cost	**₱91,017,025**	₱88,811,863	₱68,071,621
Net interest cost	**25,141,158**	31,589,447	22,669,562
	₱116,158,183	₱120,401,310	₱90,741,183

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

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Present value of defined benefit obligation	**₱1,226,966,160**	₱1,095,667,012	₱936,792,631
Fair value of plan assets	**621,718,108**	688,722,578	526,360,186
Net pension liability	**₱605,248,052**	₱406,944,434	₱410,432,445

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

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Balance at beginning of year	**₱1,095,667,012**	₱936,792,631	₱853,633,834
Current service cost	**91,017,025**	88,811,863	68,071,621
Interest cost	**67,222,108**	56,078,675	61,537,114
Benefits paid	**(26,939,985)**	(83,587,138)	(46,449,938)
Remeasurement losses (gains):			
Changes in financial assumptions	**–**	192,265,386	–
Changes in demographic assumptions	**–**	(287,109,775)	–
Experience adjustment	**–**	192,355,370	–
Balance at end of year	**₱1,226,966,160**	₱1,095,607,012	₱936,792,631

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

	2013	2012 (As restated - see Note 2)	2011 (As restated - see Note 2)
Balance at beginning of year	**₱688,722,578**	₱526,360,186	₱615,635,552
Contribution during the year	**3,578,687**	–	3,508,621
Interest income	**42,080,950**	24,489,228	38,867,552
Benefits paid	**(26,519,787)**	(71,179,478)	(39,182,501)
Remeasurement gain (loss) - return on plan assets	**(86,144,320)**	209,052,642	(92,469,038)
Balance at end of year	**₱621,718,108**	₱688,722,578	₱526,360,186

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

The funds are managed and supervised by a trustee bank for the benefits of the members. However, the general administration of the funds is vested in a Retirement Committee.

The following table presents the carrying amounts and estimated fair values of the plan assets:

	2013		2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Cash and cash equivalents	**₱32,124,185**	**₱32,124,185**	₱9,468,890	₱9,468,890
Equity instruments (see Note 20):				
GMA PDRs	**408,774,170**	**408,774,170**	496,564,008	496,564,008
GMA Network, Inc.	**59,100,395**	**59,100,395**	63,562,320	63,562,320
Debt instruments -				
Government securities	**109,318,953**	**109,318,953**	112,204,354	112,204,354
Others	**12,400,405**	**12,400,405**	6,923,006	6,923,006
	₱621,718,108	**₱621,718,108**	₱688,722,578	₱688,722,578

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.
- Investments in equity instruments consist of unsecured and not impaired investments on the listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value in these investments amounted to a gain of ₱157.36 million and ₱162.14 million in 2013 and 2012, respectively.
- Investments in debt instruments bear interest ranging from 6.13% to 9.13% and have maturities from February 2015 to October 2037.
- Others consist of loans and receivables which are collectible within the next twelve (12) months.

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

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

The plan assets consist of 75.26%, 81.33% and 80.65% investments in equity instruments as at December 31, 2013, 2012 and 2011, respectively. The plan assets are primarily exposed to financial risks such as liquidity risk and price risk.

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

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

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

The Group does not expect to contribute to the plan in 2014.

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

	2013	2012	2011
Discount rate	**6-7%**	6-7%	6-11%
Expected rate of salary increase	**4.00%**	4.00%	6.00%
Turn-over rates:			
19-24 years old	**10.44%**	10.44%	10.44%
25-29 years old	**6.95%**	6.95%	6.95%
30-34 years old	**3.87%**	3.87%	3.87%
35-39 years old	**2.55%**	2.55%	2.55%
40-44 years old	**2.18%**	2.18%	2.18%
≥45 years old	**2.75%**	2.75%	2.75%

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

		Increase (Decrease) in Defined Benefit Obligation	
	Increase (Decrease) in Basis Points	**2013**	2012
Discount rate	50	**(₱69,078,195)**	(₱62,567,130)
	(50)	**63,311,454**	68,589,919
Future salary increases	50	**67,115,049**	65,027,063
	(50)	**(61,961,791)**	(59,952,009)

The Group performed an Asset-Liability Matching Study (ALM) annually. The principal technique of the Group's ALM in order to minimize the portfolio liquidation risk is to ensure that the expected return on assets will be sufficient to support the desired level of funding arising from the defined benefit plans. The Group's current investment strategy consists of 75% equity instruments, 18% debt instrument, 5% cash and cash equivalents and 2% loans and receivables.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2013:

Year	**2013**	2012
Less than one year	**₱49,613,321**	₱138,161,607
More than 1 year to 3 years	**206,832,446**	206,605,654
More than 3 years to 7 years	**953,524,310**	559,743,487
More than 7 years to 15 years	**1,384,008,046**	1,452,008,824
More than 15 years to 20 years	**2,577,809,201**	2,043,861,533
More than 20 years	**13,406,113,484**	14,528,671,837

Other Employee Benefits
Other long-term employee benefits consist of accumulated employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱264.37 million and ₱242.66 million as at December 31, 2013 and 2012, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees account" under trade and other current liabilities amounted to ₱17.26 million and ₱11.29 million as at December 31, 2013 and 2012, respectively.

27. Agreements

Lease Agreements

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

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

Total rental expense amounted to ₱919.49 million, ₱787.88 million and ₱851.99 million in 2013, 2012 and 2011, respectively (see Notes 22 and 23).

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

	2013	2012
	(In Millions)	
Within one year	**₱144.37**	₱131.24
After one year but not more than five years	**737.01**	670.01
More than five years	**91.54**	302.91
	₱972.92	₱1,104.16

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and portion of land in regional stations. Total rental income amounted to ₱4.85 million, ₱5.47 million and ₱3.82 million in 2013, 2012 and 2011, respectively (see Note 25).

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

Total subscription income amounted to ₱977.81 million, ₱956.29 million and ₱964.59 million in 2013, 2012 and 2011, respectively (see Note 21).

28. **Income Taxes**

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

	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
Current income taxes:			
RCIT	**₱909,190,340**	₱740,211,754	₱564,038,727
MCIT	**–**	–	62,386
	909,190,340	740,211,754	564,101,113
Deferred tax benefit	**(196,859,299)**	(46,634,794)	(38,796,573)
	₱712,331,041	₱693,576,960	₱525,304,540

Income Tax

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

	2013	2012	2011
Statutory income tax rate	**30.00%**	30.00%	30.00%
Additions (deductions) in income tax rate resulting from:			
Interest income already subjected to final tax	**(0.23)**	(0.23)	(0.38)
Nondeductible interest expense	**0.08**	0.07	–
Income tax holiday	**–**	(1.14)	(6.82)
Nonclaimable foreign tax credit	**–**	0.21	0.94
Impairment loss on investment	**–**	0.04	–
Others - net	**–**	1.02	(0.24)
Effective income tax rates	**29.85%**	29.97%	23.50%

Deferred Income Taxes

The components of the Parent Company's net deferred tax liabilities are as follows:

	2013	2012
Deferred tax assets:		
Customers' deposits	**₱134,133,871**	₱–
Pension liability	**99,760,249**	50,145,102
Allowance for doubtful accounts	**80,961,771**	80,961,771
Other long-term employee benefits	**71,206,198**	61,712,292
Accrued rent	**18,759,170**	7,710,807
Unrealized foreign exchange loss	**13,946,337**	585,432
	418,767,596	201,115,404
Deferred tax liabilities:		
Revaluation increment in land	**(437,639,170)**	(318,924,867)
Unamortized capitalized borrowing costs	**(21,162,020)**	(24,185,166)
Discounting of noncurrent obligation for program and other rights	**(1,268,511)**	(1,713,790)
Revaluation of AFS financial assets	**(277,910)**	(541,971)
	(460,347,611)	(345,365,794)
	(₱41,580,015)	(₱144,250,390)

The components of the net deferred tax assets of the subsidiaries are as follows:

	2013	2012 (As restated - Note 2)
Deferred tax assets:		
Pension liability	**₱81,314,345**	₱71,537,627
Other employee benefits	**13,115,956**	14,261,498
Allowance for doubtful accounts	**454,152**	600,465
Unrealized foreign exchange loss	**–**	57,970
MCIT	**–**	149,325
	94,884,453	86,606,885
Deferred tax liabilities:		
Unrealized foreign exchange gain	**(6,695,590)**	–
Revaluation of AFS financial assets	**(38,001)**	(31,500)
	(6,733,591)	(31,500)
	₱88,150,862	₱86,575,385

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

	2013	2012 (As restated - Note 2)
Revaluation increment in land	**(₱437,639,170)**	(₱318,924,867)
Pension liability - remeasurement (gain) loss on retirement plan	**10,694,180**	(15,149,116)
Revaluation of AFS financial assets	**(315,911)**	(573,471)
	(₱427,260,901)	(₱334,647,454)

The components of the subsidiaries' deductible temporary differences and carryforward benefits of NOLCO and MCIT, for which no deferred tax assets have been recognized in the Group's statements of financial position, are as follows:

	2013	2012
NOLCO	**₱64,028,510**	₱51,960,840
Allowance for doubtful accounts	**2,592,367**	1,256,653
Pension liability	**1,666,073**	1,335,337
MCIT	**248,420**	154,354
Other long-term employee benefits	**555,473**	700,307
Unrealized foreign exchange loss	**–**	362,663
	₱69,090,843	₱55,770,154

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱20.90 million and ₱16.84 million as at December 31, 2013 and 2012, respectively.

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

As at December 31, 2013, the Group's MCIT and NOLCO are as follows:

Date Paid/Incurred	Carry forward Benefit Up To	MCIT	NOLCO
December 31, 2011	December 31, 2014	₱90,195	₱1,701,880
December 31, 2012	December 31, 2015	–	46,554,740
December 31, 2013	December 31, 2016	158,225	15,771,890
		₱248,420	₱64,028,510

The movements in MCIT and NOLCO in 2013 are as follow:

	MCIT	NOLCO
Balance at beginning of year	₱303,679	₱51,960,840
Additions	158,225	15,771,890
Expirations	(213,484)	(3,704,220)
	₱248,420	₱64,028,510

<u>Board of Investments (BOI) Regulation</u>

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

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

The total tax incentives availed of in 2012 and 2011 amounted to ₱26.49 million and ₱153.21 million, respectively.

29. EPS Computation

The computation of basic and diluted EPS follows:

	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
Net income attributable to equity holders of the Parent Company (a)	**₱1,666,949,855**	₱1,616,888,633	₱1,704,619,533
Less attributable to preferred shareholders	**514,435,885**	498,986,536	526,061,090
Net income attributable to common equity holders of the Parent Company (b)	**₱1,152,513,970**	₱1,117,902,097	₱1,178,558,443
Common shares issued at the beginning of year (see Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (see Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)

(Forward)

	2013	2012 (As restated - Note 2)	2011 (As restated - Note 2)
Underlying shares on acquired PDRs (see Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱0.343**	₱0.333	₱0.351
Diluted EPS (a/d)	**₱0.343**	₱0.333	₱0.351

30. Financial Risk Management Objectives and Policies

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

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

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

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

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

	2013				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱1,465,684,717**	**₱283,946,479**	**₱–**	**₱–**	**₱1,749,631,196**
Short-term investments	–	–	**7,874,002**	–	**7,874,002**
Trade receivables:					
Television and radio airtime	**668,189,101**	**1,731,217,245**	**269,872,570**	–	**2,669,278,916**
Subscriptions	**198,032,453**	**573,459,471**	–	–	**771,491,924**
Others	–	**106,138,117**	**9,939,620**	**30,850,152**	**146,927,889**
Nontrade receivables:					
Advances to officers and employees	**200**	**4,623,514**	–	–	**4,623,714**
Others	**26,626,245**	**43,121,660**	–	–	**69,747,905**
Refundable deposits (under "Other non-current assets")	–	–	–	**15,671,300**	**15,671,300**
	2,358,532,716	**2,742,506,486**	**287,686,192**	**46,521,452**	**5,435,246,846**
AFS financial assets	–	–	–	**135,552,548**	**135,552,548**
	₱2,358,532,716	**₱2,742,506,486**	**₱287,686,192**	**₱182,074,000**	**₱5,570,799,394**
Trade payables and other current liabilities*	**₱438,449,654**	**₱342,875,920**	**₱39,622,350**	**₱–**	**₱820,947,924**
Short-term loans	–	**1,113,257,979**	–	–	**1,113,257,979**
Obligations for program and other rights	–	**141,096,456**	–	**33,330,130**	**174,426,586**
Dividends payable	**8,868,629**	–	–	–	**8,868,629**
Other long-term employee benefits	–	–	–	**264,368,057**	**264,368,057**
	₱447,318,283	**₱1,597,230,355**	**₱39,622,350**	**₱297,698,187**	**₱2,381,869,175**

**Excluding payable to government agencies and customers' deposit which are not considered as financial liabilities.*

	2012 (As restated - Note 2)				
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents	₱1,040,436,078	₱246,849,482	₱–	₱–	₱1,287,285,560
Short-term investments			8,538,142	–	8,538,142
Trade receivables:					
Television and radio airtime	366,211,590	2,525,579,945	269,872,570	–	3,161,664,105
Subscriptions	134,262,878	483,973,758	–	–	618,236,636
Others	22,107,758	126,593,095	–	–	148,700,853
Nontrade receivables:					
Advances to officers and employees	298,005	29,990,647	–	–	30,288,652
Others	7,857,710	56,926,403	–	–	64,784,113
Refundable deposits (under "Other noncurrent assets")	–	–	–	16,092,343	16,092,343
	1,571,174,019	3,469,913,330	278,410,712	16,092,343	5,335,590,404
AFS financial assets	–	–	–	106,343,598	106,343,598
	₱1,571,174,019	₱3,469,913,330	₱278,410,712	₱122,435,941	₱5,441,934,002

		2012 (As restated - Note 2)			
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Trade payables and other current liabilities*	₱456,709,602	₱199,056,168	₱128,559,096	₱–	₱784,324,866
Short-term loans	–	1,710,333,333	–	–	1,710,333,333
Obligations for program and other rights	–	124,996,401	59,589,218	63,955,130	248,540,749
Dividends payable	7,648,097	–	–	–	7,648,097
Other long-term employee benefits	–	–	–	242,656,177	242,656,177
	₱464,357,699	₱2,034,385,902	₱188,148,314	₱306,611,307	₱2,993,503,222

**Excluding payable to government agencies which is not considered as a 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 are as follows:

	2013		2012	
Assets				
Cash and cash equivalents	**$11,899,486**	**₱528,337,179**	$7,712,351	₱316,592,009
Trade receivables	**17,960,926**	**797,465,114**	16,365,000	671,783,250
	$29,860,412	**₱1,325,802,293**	$24,077,351	₱988,375,259
Liabilities				
Trade payables	**$305,416**	**₱13,560,471**	$1,441,304	₱59,165,529
Short-term loans	**24,929,617**	**1,106,875,000**	–	–
Obligations for program and other rights	**1,467,993**	**65,178,889**	1,192,276	48,942,930
	$26,703,026	**₱1,185,614,360**	$2,633,580	₱108,108,459

In translating the foreign currency-denominated monetary assets and liabilities into Philippine peso amounts, the exchange rate used were ₱44.40 and ₱41.05 to US$1.00, the Philippine peso to U.S. dollar exchange rate as at December 31, 2013 and 2012, respectively.

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

	Appreciation (Depreciation) of ₱	Effect on Income before Income Tax
2013	**0.50**	**(₱0.39 million)**
	(0.50)	**0.39 million**
2012	0.50	(2.68 million)
	(0.50)	2.68 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 2013	2012
Cash and cash equivalents	50	**₱21.56 million**	₱15.96 million
	(50)	**(21.56 million)**	(15.96 million)
Short-term loans	50	**(13.84 million)**	(21.25 million)
	(50)	**13.84 million**	21.25 million

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

The table below shows the maximum exposure to credit risk for the components of the consolidated financial position as at December 31:

	2013	2012 (As restated - Note 2)
Loans and receivables		
Cash and cash equivalents*	**₱1,725,190,148**	₱1,276,466,238
Short-term investments	**7,874,002**	8,538,142
Trade receivables:		
Television and radio airtime	**2,399,406,346**	2,891,791,535
Subscriptions	**771,491,924**	618,236,636
Others	**142,821,682**	145,442,651
Nontrade receivables:		
Advances to officers and employees	**4,623,714**	30,288,652
Others	**69,747,905**	64,784,113
Refundable deposits (under "Other non-current assets")	**15,671,300**	16,092,343
	5,136,827,021	5,051,640,310
AFS financial assets	**135,552,548**	106,343,598
	₱5,272,379,569	₱5,157,983,908

**Excluding cash on hand amounting to ₱24.44 million and ₱10.82 million as at December 31, 2013 and 2012, respectively.*

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, 2013 and 2012, the credit quality of the Group's financial assets is as follows:

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

**Excluding cash on hand amounting to ₱24.44 million as at December 31, 2013.*

	2012 (As restated - Note 2)			
	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Impaired	Total
Loans and receivables:				
Cash and cash equivalents*	₱1,276,466,238	₱–	₱–	₱1,276,466,238
Short-term investments	8,538,142	–	–	8,538,142
Trade receivables:				
Television and other receivables	269,872,570	2,055,147,894	566,771,071	2,891,791,535
Subscriptions	228,237,158	–	389,999,478	618,236,636
Others	–	113,789,346	31,653,305	145,442,651
Nontrade receivables:				
Advances to officers and employees	–	29,264,842	1,023,810	30,288,652
Others	–	48,792,900	15,991,213	64,784,113
Refundable deposits (under "Other non-current assets")	16,092,343	–	–	16,092,343
	1,799,206,451	2,246,994,982	1,005,438,877	5,051,640,310
AFS financial assets	106,343,598	–	–	106,343,598
	₱1,905,550,049	₱2,246,994,982	₱1,005,438,877	₱5,157,983,908

**Excluding cash on hand amounting to ₱10.82 million as at December 31, 2012.*

Capital Management

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

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

The Parent Company is not subject to externally imposed capital requirements.

No changes were made in the objectives, policies or processes for the three years ended December 31, 2013, 2012 and 2011.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. Interest-bearing loan includes all short-term and long-term loans. The Group's interest-bearing loans amounted to ₱1,106.87 million and ₱1,700.00 million as at December 31, 2013 and 2012, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2013 and 2012 amounted to ₱8,870.43 million and ₱8,202.81 million, respectively.

31. Fair Value Measurement

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

	2013			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Loans and receivables -				
Refundable deposits (under "Other noncurrent assets)	**₱15,671,300**	**₱–**	**₱–**	**₱14,885,845**
Investment properties	**60,532,209**	**–**	**–**	**133,666,200**
	₱76,203,509	**₱–**	**₱–**	**₱148,552,045**
Liabilities				
Other financial liabilities:				
Noncurrent portion of obligation for program and other rights	**₱33,330,130**	**₱–**	**₱–**	**₱34,663,247**
Other long-term employee benefits	**264,368,057**	**–**	**–**	**237,353,993**
	₱297,698,187	**₱–**	**₱–**	**₱272,017,240**

		2012		
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Loans and receivables -				
Refundable deposits (under "Other noncurrent assets)	₱16,092,343	₱–	₱–	₱15,589,855
Investment properties	64,751,405	–	–	123,220,145
	₱80,843,748	₱–	₱–	₱138,810,000
Liabilities				
Other financial liabilities:				
Noncurrent obligation for program and other rights	₱63,955,130	₱–	₱–	₱82,709,118
Other long-term employee benefits	242,656,177	–	–	216,260,349
	₱306,611,307	₱–	₱–	₱298,969,467

The following financial instruments have carrying values that approximate fair values due to the relatively short-term maturity except for AFS financial assets and land at revalued amounts which are carried at fair value:

	2013	2012
Financial Assets		
Loans and receivables:		
Cash and cash equivalents	**₱1,725,190,148**	₱1,276,466,238
Short-term investments	**7,874,002**	8,538,142
Trade receivables:		
Television and radio airtime	**2,399,406,346**	2,891,791,535
Subscriptions	**771,491,924**	618,236,636
Others	**142,821,682**	145,442,651
Nontrade receivables:		
Advances to officers and employees	**4,623,714**	30,288,652
Others	**69,747,905**	64,784,112
	5,121,155,721	5,035,547,966
AFS financial assets	**135,552,548**	106,343,598
Land at revalued amounts	**1,805,300,051**	1,409,585,706
	₱7,062,008,320	₱6,551,477,270
Financial Liabilities		
Other financial liabilities:		
Trade payables and other current liabilities*	**₱820,947,924**	₱784,324,866
Short-term loans	**1,106,875,000**	1,700,000,000
Current portion of obligations for program and other rights	**141,096,790**	184,585,619
Dividends payable	**8,868,629**	7,648,097
	₱2,077,788,343	₱2,676,558,582

**Excluding payable to government agencies and customers' deposits which are not considered as financial liabilities.*

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

Cash and Cash Equivalents, Short-term Investments and Trade and Nontrade Receivables
The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables are the approximate fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits
The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 0.73% to 2.13% in 2013 and 0.20% to 5.3% in 2012.

AFS Financial Assets
These are investments in quoted and unquoted shares of stock. The fair value of quoted shares is based on quoted market prices. For unquoted shares, the carrying amounts (cost less allowance for impairment losses) approximate fair values due to unpredictable nature of future cash flows and lack of other suitable methods for arriving at reliable fair value.

Investment Properties
The valuation for investment properties was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Estimated price per square meter based on this approach and unobservable input ranges from ₱900 to ₱118,945.

Land at Revalued Amount
The valuation for land was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Estimated price per square meter based on this approach and unobservable input ranges from ₱200 to ₱50,000.

Significant increases (decreases) in estimated price per square meter would result in a significantly higher (lower) fair value of the properties.

Trade Payables and Other Current Liabilities, Short-term Loans, Current Portion of Obligations for Program and Other Rights and Dividends Payable
The carrying values of trade payables and other current liabilities, short-term loans, current portion of obligations for program and other rights and dividends payable are the approximate fair values due to the relatively short-term maturity of these financial instruments.

Noncurrent Portion of Obligations for Program and Other Rights
The fair value of noncurrent portion of obligation for program and other rights is based on the present value of the future cash flows. Discount rates used is 2.10% in 2013.

Other Long-term Employee Benefits
The fair value of other long-term employee benefits is based on the present value of the future cash flows. Discount rates used ranges from 0.73% to 5.13% in 2013 and 2012, respectively.

There were no transfer between levels of fair value measurement in 2013 and 2012.

32. Other Matters

Non-cash transactions

Non-cash investing activity for the year ended December 31, 2013 consists of increase in investment in PEP of ₱12.00 million which was paid through conversion of advances of GNMI to PEP (see Note 11).

This also consists of the increase in AFS financial assets amounting to ₱22.13 million which is attributable to the dividends declared by Unicapital to the Parent Company.

Events after Reporting Period

On April 2, 2014, the BOD approved the Parent Company's declaration and distribution of cash dividends amounting to ₱0.27 per share totaling ₱1,312.25 million to all stockholders of record as at April 24, 2014 and will be paid on May 19, 2014.


pifanio de los Santos Ave
EDSA
EDSA
EDSA
EDSA
EDSA
EDSA
EDSA
Timog Ave
Timog Ave
Pan Left

DIRECTORY

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
0916-6715439

TV-27 Ilocos Norte (UHF)
Brgy. San Lorenzo, San Nicolas,
Ilocos Norte
0916-6715439

TV-5 Ilocos Sur
Mt. Caniao, Bantay
Ilocos Sur
0915-8632841

TV-10 Benguet
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

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

TV-10 Olongapo
Upper Mabayuhan, Olongapo City
0915-6127265

TV-26 Olongapo (UHF)
Upper Mabayuhan, Olongapo City
0915-6127265

TV-12 Batangas
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-26 Batangas (UHF)
Mt. Banoy, Bo. Talumpok East, Batangas City
0915-8632860

TV-7 Naga
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-28 Naga (UHF)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-12 Legaspi
Mt. Bariw, Estanza, Legaspi City
0915-8632867

TV-27 Legaspi (UHF)
Mt. Bariw, Estanza, Legaspi City
0915-8632867

TV-12 Puerto Princesa, Palawan
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0915-6127185

TV-27 Puerto Princesa, Palawan (UHF)
Mitra Rd., Brgy. Sta. Monica,
Puerto Princesa, Palawan
0915-6127185

TV-6 Brooke's Point, Palawan
Poblacion, Brooke's Point, Palawan
0915-6127181

TV-7 Masbate
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-27 Masbate (UHF)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

TV-13 Catanduanes
Brgy. Sto. Niño, Virac, Catanduanes
0915-6127174

TV-13 Occ. Mindoro
Bonifacio St., San Jose,
Occidental Mindoro
0915-6127199

TV-26 Occ. Mindoro
Bonifacio St., San Jose,
Occidental Mindoro
0915-6127199

TV-5 Aurora
Purok 3, Brgy. Buhangin, Baler, Aurora
0915-6127194

TV-7 Abra
Brgy. Lusuac, Peñarrubia, Abra
0915-6130512

TV-13 Aparri, Cagayan
Hi-Class Bldg., De Rivera St., Poblacion,
Aparri, Cagayan
0915-6130530

TV-7 Tuguegarao, Cagayan
Phil. Lumber Bldg., Washington St.,
Tuguegarao, Cagayan
0915-6127263

TV-8 Coron, Palawan
Tapias Hill, Coron, Palawan
0915-6127178

TV-7 Batanes
Brgy. Kayvaluganan, Basco, Batanes
0915-6127197

TV-7 Romblon
Triple Peak, Sta. Maria, Tablas, Romblon
0915-6127225

TV-7 Isabela
Heritage Commercial Complex
Maharlika Hi-way, Brgy. Malvar
Santiago City, Isabela
0915-2700063

TV-5 Mountain Province
Mt Amuyao, Barlig. Mt. Province
0915-4416450

TV-44 Jalajala
Mt. Landing, Jalajala, Rizal
0915-8632874

VISAYAS

TV-7 Cebu
Bonbon, Cebu City
0915-4417075

TV-27 Cebu (UHF)
Bonbon, Cebu City
0915-4417075

TV-6 Iloilo
Bo. Tamburong, Jordan, Guimaras
0916-4417084

TV-28 Iloilo (UHF)
Alta Tierra Subdivision, Jaro, Iloilo
0916-4417084

TV-11 Bohol
Banat-I Hills, Brgy. Bool, Tagbilaran City
0915-6127214

TV-10 Tacloban
Basper, Tigbao, Tacloban City
0915-6127208

TV-12 Ormoc, Leyte
Barrio Patag, Brgy. Alta Vista, Ormoc City
0915-6127213

TV-8 Borongan
Poblacion, Borongan, Eastern Samar
0915-6127177

TV-5 Roxas City
Brgy. Malibili, Roxas City, Capiz
0915-6127217

TV-27 Roxas City (UHF)
Brgy. Malibili, Roxas City, Capiz
0915-6127217

TV-5 Dumaguete
Barrio Looc, Sibulan
Negros Oriental
0915-6131185

TV-28 Dumaguete (UHF)
Barrio Looc, Sibulan
Negros Oriental
0915-6131185

TV-10 Sipalay
Sipalay Municipal Building,
Sipalay, Negros Occidental
0915-6127219

TV-5 Calbayog City
Purok 2 San Mateo St. Brgy. Matobato,
Calbayog City, Western Samar
0915-6127176

TV-2 Kalibo
New Busuanga, Numancia, Aklan
0915-6127216

TV-27 Kalibo (UHF)
New Busuanga, Numancia, Aklan
0915-6127216

TV-13 Bacolod
Security Bank Bldg., Rizal St.
cor. Locsin St., Bacolod City
0915-8632864

MINDANAO

TV-5 Davao
Shrine Hills, Matina, Davao City
0915-4417082

TV-27 Davao (UHF)
Shrine Hills, Matina, Davao City
0915-4417082

TV-12 Mt. Kitanglad
Mt. Kitanglad, Bukidnon
0915-8632863

TV-12 Cagayan De Oro
Malasag Heights, Brgy. Cugman,
Cagayan de Oro City
0915-8632875

TV-35 Cagayan de Oro (UHF)
Malasag Heights, Brgy. Cugman,
Cagayan de Oro City
0915-8632875

TV-8 General Santos
Nuñez St., Brgy. San Isidro,
General Santos City
0915-8632871

TV-26 Gen. Santos (UHF)
Nuñez St., Brgy. San Isidro,
General Santos City
0915-8632871

TV-12 Cotabato
Regional Government Center
Cotabato City
0915-6131170

TV-27 Cotabato (UHF)
Regional Government Center, Cotabato City
0915-6131170

TV-9 Zamboanga
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-21 Zamboanga (UHF)
Brgy. Cabatangan, Zamboanga City
0915-8632870

TV-5 Ozamis
Bo. Malaubang, Ozamis City
Misamis Occidental
0915-6127220

TV-22 Ozamis (UHF)
Bo. Malaubang, Ozamis City
Misamis Occidental
0915-6127220

TV-4 Dipolog
Linabo Peak, Brgy. Owaon, Dapitan City
Zamboanga Del Norte
0915-6127247

TV-26 Dipolog (UHF)
Linabo Peak, Brgy. Owaon, Dapitan City
Zamboanga Del Norte
0915-6127247

TV-10 Surigao
Lipata Hills, Surigao City
0915-6131227

TV-27 Surigao (UHF)
Lipata Hills, Surigao City
0915-6131227

TV-12 Jolo, Sulu
Ynawat Bldg., Hadji Butu St., Jolo, Sulu
0915-6131182

TV-2 Tandag, Surigao del Sur
Capitol Hill, Brgy. Telaje, Tandag,
Surigao del Sur
0915-6127248

TV-3 Pagadian
Mt. Palpalan, Pagadian City
0915-6127245

TV-3 Pagadian
Mt. Palpalan, Pagadian City
0915-6127245

TV-11 Iligan
3/F Kimberly Bldg., A. Bonifacio
cor. Isidoro Emilia Ave., Tibanga
Hi-Way, Iligan City
0915-6131202

TV-7 Butuan
SJT Bldg., Montilla Blvd., Butuan City
(085) 342-9571 / 342-7073

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
GMA Complex, Diversion Road (Roxas Ave.) beside
Mother Seton Hospital, Naga City

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
3/F San Jose Bldg., 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
GMA Shrine Hills, Matina 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**

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.**

GMA Worldwide (Philippines), Inc.
10/F GMA Network Center, EDSA corner 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**

Script2010, Inc. (Formerly Capitalex Holdings, Inc.)
GMA Complex, EDSA corner 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 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.**

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. Alcaraz**

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 local 1308
927-6268
Fax: 927-6210
Chairman: **Felipe L. Gozon**
President: **Gilberto R. Duavit, Jr.**

Digify, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 857-4627
Telefax: 928-4553
Chairman: **Felipe L. Gozon**
President: **Edilberto I. Gallares, Jr.**

AFFILIATES

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

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

JOINT VENTURES

INQ7 Interactive, Inc.
9/F Rufino Building
Ayala Avenue corner 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

Gamespan, Inc.
Celadon Tower I, Sta. Cruz, Manila
Tel: 631-2892
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Chairman: **Alfonso R. Reyno, Jr.**
President and CEO: **Edilberto I. Gallares, Jr.**

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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

Bank of the Philippine Islands
BPI Head Office Building,
Ayala Avenue cor. Paseo de Roxas, Makati City
Tel: 845 5531 / 845 5979

Chinatrust (Phils.) Commercial Bank
Tower One and Exchange Plaza,
Ayala Triangle, 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,
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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,
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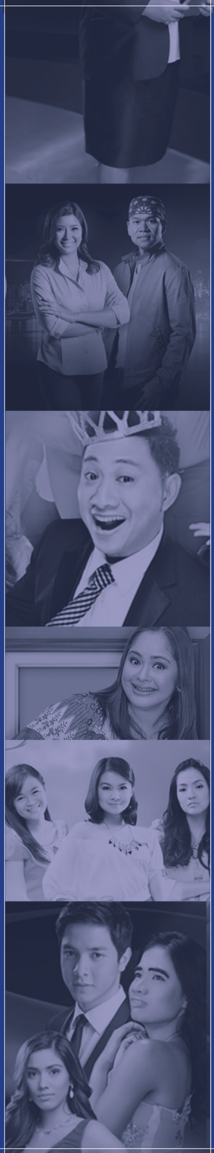
Stock Trading Information
GMA Network, Inc. is listed in the Philippine Stock Exchange.

Trading symbol

GMA7 – Common Shares
GMAP – Philippine Deposit Receipts (PDRs)



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