STABILITY THROUGH SOUND MANAGEMENT

2014 GMA NETWORK, INC. ANNUAL REPORT


GMA

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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 the 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

For GMA Network, 2014 was a year characterized by steadfastly keeping on track and staying the course through sound management. Despite the gap in nationwide TV ratings between GMA and our nearest competitor, we were able to protect our long-standing advantage in the key areas of Luzon and Mega Manila. Revenue-wise, we didn't meet our targets for the year. But strategic spending and cost improvements held the drop in our net income at bay. The drop in both gross and net income was largely due to the absence of political ad revenues of P724 million in 2014. Hence, sustainability – by way of tempered innovations and controlled expenditures – was our banner call in 2014.

That is not to say that the world of broadcasting, both globally and domestically, was at a standstill. On the contrary, changes, revolutions and evolutions, were hitting the media ecosystem and nobody knows just yet how these occurrences will eventually play out. Definitely, though, the rules of the game are changing. The omnipresence of media owing to digitization, multi-screens and connected lifestyles is a challenge that we are figuring out how to meet for greater profitability.

While GMA-7 remained our dominant source of revenues, we continued to define other monetization models, leveraging on our other platforms, assets and resources. In our bid to be in synch with the fast-evolving media landscape, we continued to engage our audience beyond their television screens. In fact, our online platforms have registered an uptick in terms of audience engagement, as evidenced by pageviews and unique browser statistics. We have also had successful collaborations with a number of our advertisers in rolling out smart phone and other applications tailor-fit for specific audience demographics. Indeed, 2014 saw us pulling all stops to reach out to our increasingly connected, multi-tasking audience.

"In our bid to be in synch with the fast-evolving media landscape, we continued to engage our audience beyond their television screens."

Continued globalization and the sustained Filipino diaspora have allowed GMA to bring our brand to foreign shores, and our presence keeps getting stronger each year. The strong foundations built by both our International Operations and our syndication business unit make us more than prepared to face, head on, the impending ASEAN integration set in 2015.

Challenges, big and small, will remain as the broadcasting business gets more fiercely competitive each year. Complexities brought about by technology do nothing to simplify the environment. Nevertheless, these technology-driven innovations give us, the broadcast industry, more leverage and greater opportunities for bigger and better business. Fortunately, our experience has taught us to be more prepared to embrace the trials that come our way. Even so, we need and are counting on your continued and valuable support as we move forward.

Thank you to our stakeholders, shareholders, partners, and most specially our viewers for driving us to produce better programs and other products that carry our Kapuso brand.

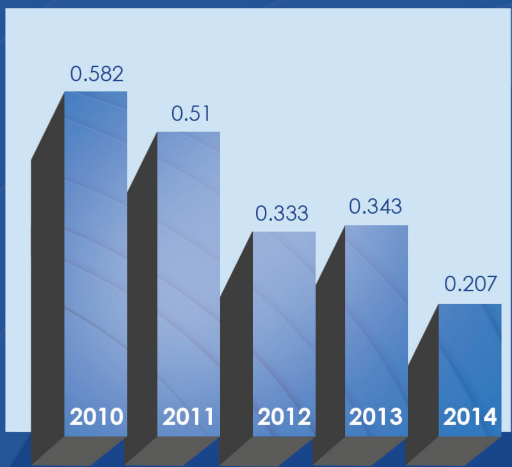
Maraming salamat sa inyong lahat, mga Kapuso.

FELIPE L. GOZON
Chairman and CEO

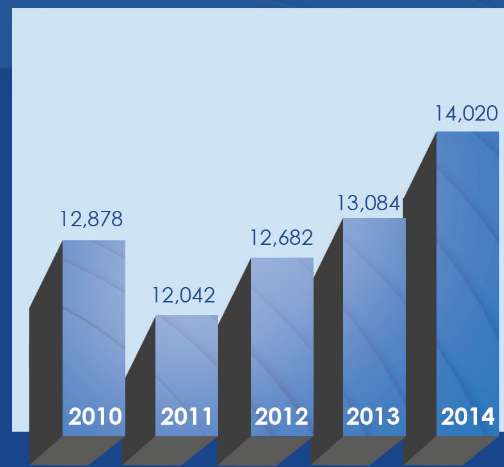
FINANCIAL HIGHLIGHTS

* Amounts in Million Pesos
** Amounts in Pesos
*** Amounts in Million Pesos and attributable to Equity holders of the Parent Company

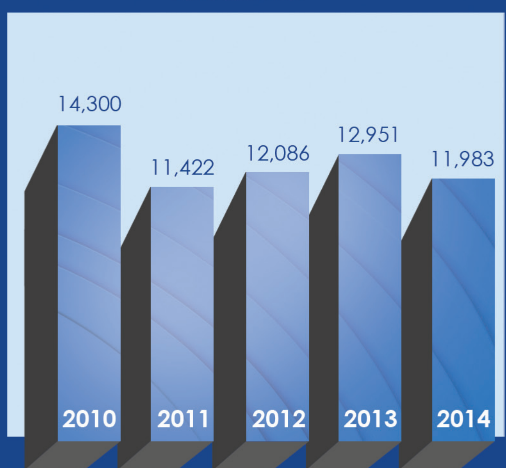
Earnings Per Share **



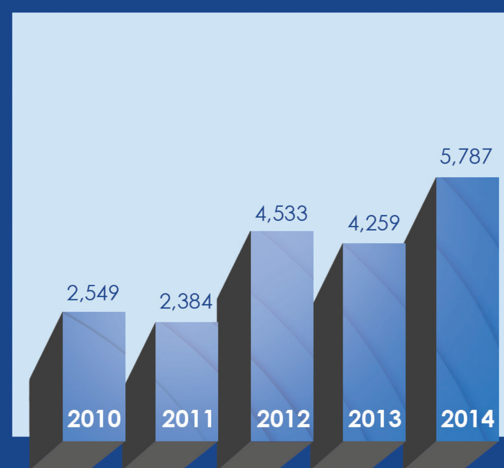
Total Assets*



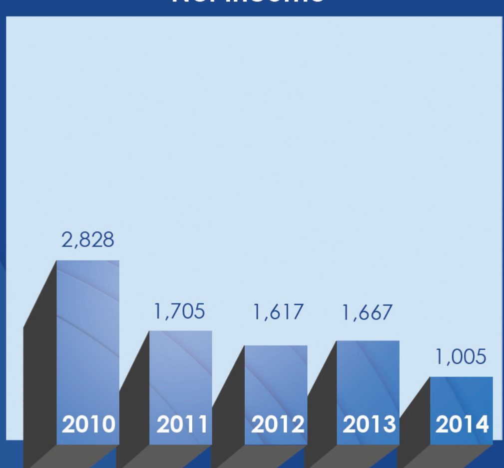
Revenues*



Total Liabilities*



Net Income***



Total Equity***

GILBERTO R. DUAVIT, JR.
President and COO

PRESIDENT'S MESSAGE

The year was one of challenges as we worked to solidify our core business and strengthen our presence and competitiveness in the digital space.

While our main channel GMA-7 remained ahead in the key TV markets of Mega Manila and Luzon as well as in certain time blocks throughout the week (based on data from AGB-Nielsen), our objective of regaining outright leadership in the National (NUTAM) ratings remained elusive due in great part to the ratings deficiencies of our Primetime programs on the weekdays and in select time slots on the weekends. These factors, aggravated by the absence of approximately P 724M in the previous year's election related revenues left our top line numbers short of target for the year, with our weekday Primetime utilization/spot loading levels accounting for the bulk of the shortfall.

Our second free-to-air Channel, GMA News TV (GNTV) continued to be the country's number 1 news channel; ranking 4th over-all behind only GMA-7, ABS-CBN-2, and ABC-5 in the AGB-Nielsen NUTAM ratings. While still a financial drag, GNTV's derivative, proprietary and 3rd party content is viewed as being central to our impending digital initiatives and continues to generate subscription revenue through its counterpart international channel. Gradually re-programmed in the course of the year, GNTV's programming costs were reduced with virtually no negative effect on its ratings. Taken in tandem with a top line improvement, the News Channel's operating loss contracted in the past year; a trend which continues into 2015.

The other segments of our business performed well throughout the year. Our flagship radio station, DZBB, took the lead in the Mega Manila (Nielsen) ratings in the AM band within the year just as DWLS-FM similarly gained in the ratings against its competitors in the FM band. Radio's financial results were also commendable despite the absence of the previous year's election related placements; registering a 6% growth in regular recurring revenues. Our program syndication business also posted growth in 2014, increasing volume sales in foreign markets that included Malaysia, Singapore, Cambodia, Vietnam and Myanmar, among others, providing a positive indication of the growing desirability of our content to foreign, non-ethnic Filipino audiences.

Our International business similarly posted growth despite the impending transition in our Middle East carriers and delays in the carriage and distribution of our International News Channel to audiences in the continental US; both of which we see being addressed within the coming year. These notwithstanding, incremental increases in our subscriber numbers resulted in 6% revenue growth in 2014. Discussions with additional carriers for our channels (GMA Pinoy TV, Life TV and News TV) continue, assuring us of even wider distribution coverage for our linear channel offerings throughout existing, conventional Pay-TV platforms in 2015.

A key area of potential growth for us that has remained untapped in the last couple of years is the production, release and syndication of feature films. Our re-entry into this business segment is currently in the works, with film project proposals and other related requirements due for presentation in the early months of the coming year.

The back-end efforts and re-alignments effected within the year intended to increase our presence in the digital space have started to bear fruit; with the number of unique visitors and pageviews of our proprietary digital assets, GMA News Online and gmanetwork.com growing in near geometric terms. The same can be said on social media - wherein our visibility and those of our talents and programs have increased substantially in the last 12 months. The ground work having been laid, we can expect these numbers to continue to grow in the coming year.

GMA Marketing and Productions, Inc. (GMPI), our sales and marketing subsidiary, together with GMA New Media, Inc. (GMA NMI), our new media subsidiary, have since developed the capability to successfully design and implement both applications and digital executions intended to enhance the benefits that can be derived from the growth in digital/online/mobile audiences. In tandem with other key Network operating groups, GMA NMI continues to work towards expanding our digital business and is envisioned to play a central, even larger role in the same moving forward.

All the technical upgrades as well as process changes programmed for either initiation or completion in 2014 went as scheduled. As of this writing, all of our rural transmitter sites have been commissioned, resulting in our enhanced ability to deliver GMA free-to-air programming to virtually every household in the country – both urban and rural. On the content production side, all GMA field and studio facilities will be High Definition capable by mid-year, with the last of the studio upgrades scheduled for within the 2nd quarter of 2015.

"Our Network continues to evolve itself to meet and anticipate changes in the competitive, borderless landscape and is now poised to achieve growth moving forward."

Central to our Content Management and Post Production upgrades are initiatives related to the distribution of our content assets on the digital platforms which include the augmentation of our systems capacities to complement and fully support our ability to shoot, post-produce, publish, push and archive content on either Standard and High Definition as may be desired. Incorporating process and work flow modifications, these initiatives will be fully implemented and operationalized by mid-2015 and will allow the full exploitation of our content, whether archive or current, on any conventional or digital distribution platform, here and abroad.

While our financial performance took a hit in 2014 despite our having managed costs to near flat levels, it can surely be said that the coming year is one to look forward to in all aspects of our business. As early as now our TV ratings and revenues have already started to show improvements, a trend we will aggressively work to continue and maintain.

On the digital platforms, agreements for the OTT (Over the Top) distribution of our programs have either been reached or are in various stages of negotiation – that will enable us to monetize our content assets through existing home or mobile devices both locally and internationally. This, without the need to develop a proprietary distribution or payment facility for on-line/broadband content distribution on a subscription, on-demand basis. Further to this, select programs will also be made available online on a sanctioned, free-access basis to allow us to leverage on the continuous growth in online/mobile viewing.

Unaffected by the FTA (Free to Air) signal quality issues in Mega Manila and Central Luzon that rationalizes its immediate adoption, our deployment of DTT (Digital Terrestrial TV) technology will instead form part of an innovative, differentiated product offering we see prospectively finalizing within the coming year. With most of the related ancillaries already in place, it should not take us much time from approval to bring the product to market.

Our Network continues to evolve itself to meet and anticipate changes in the competitive, borderless landscape and is now poised to achieve growth moving forward. Together with you, our valued stakeholders, we will continue to bring our company to even greater heights.

Maraming salamat sa inyong patuloy na suporta at tiwala, mga Kapuso.

GILBERTO R. DUAVIT, JR.
President & COO

OPERATIONAL HIGHLIGHTS

In 2014, GMA Network worked doubly hard to keep both its ratings and revenues up. In the absence of political ads, posting earnings and profit above target was tough. Maintaining competitiveness, on the other hand, was threatened with rising production costs. It was a challenging year, indeed, but the Network's management embraced the test.

Strategic spending and cost improvement fuelled the Network's engine and kept it running at full speed throughout the year. Managing costs spelled the difference between disaster and success, allowing the Company to invest its valuable resources in positioning the Network to keep a dominant spot in the changing media landscape.

Financials

GMA Network's consolidated revenues of P11.983 billion was down by 7% versus 2013.

Airtime revenues dropped 9% or P1.048 billion year-on-year. GMA's Channel 7 ended 2014 with a 10% decrease in revenues. On the other hand, recurring revenues for Radio and GMA News TV each recorded a 6% hike, while Regional TV's recurring revenues went up by 10%.

Total operating expenses was practically flat at P10.574 billion compared to 2013.

EBITDA (Earnings Before Interest, Taxes, Depreciation And Amortization) ended at P2.925 billion, 21% (P794 million) lower than the previous year.

GMA Network's consolidated net income in 2014 stood at P1.010 billion, down 40% or P665 million versus 2013.

Ratings

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

GMA Channel 7 lagged behind rival ABS-CBN Channel 2 in national urban (NUTAM) TV ratings in 2014, posting an average total day household audience share of 33% (down by 2.1 percentage points versus ABS-CBN's 35.1% average).

On the other hand, GMA kept its audience share leads in its bailiwick areas of Urban Luzon and Mega Manila, beating ABS-CBN by 5.1 % in Urban Luzon and 8.8 % in Mega Manila.

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

In radio, GMA's flagship station DZBB became number 1 in Mega Manila starting mid-2014.

Other Business Units

Revenues from other businesses totalled P1.304 billion, an improvement of 7% or P80 million compared to 2013.

- **International**
  GMA International recorded 10% climb in revenues over the previous year, on account of increased subscribers of GMA Pinoy TV, GMA Life TV and GMA News TV International.

- **GMA Worldwide**
  Distribution revenues for GMA Worldwide showed a 21% increase over a year ago, selling 2,052 hours of GMA programs and movies for telecast in Vietnam, Cambodia, Malaysia, Brunei, Myanmar, Singapore, Hawaii, Nigeria, etc.

- **GMA Films**
  GMA Films posted a 98% drop in net revenues with only two movies shown in 2014.

- **GMA New Media**
  GMA New Media (NMI) posted a 79% growth in online sales attributable to the strategic and aggressive use of social media, and to the enhancements that have made GMA's websites more intuitive, relevant and reader-friendly. YouTube earnings for NMI recorded a 46% growth, while revenues from PEP.ph and SPIN.ph increased by a combined 62%.

  NMI launched I M Ready's new landing page in October, allowing users of the mobile app access to the current weather, traffic, incidents and alerts all in one page. NMI's Techno-Creative Lab, Digify, meanwhile, commenced work for several initiatives of some prominent brands towards the end of 2014.

- **GMA Records**
  The self-titled album of Julie Anne San Jose released by GMA Records received a Diamond Record award (combined physical and digital sales exceeding 150,000 units) in the last quarter of 2014.

- **Alta Productions**
  Cumulative 2014 revenues for ALTA Productions grew 22% versus 2013 with audio dubbing services being the primary contributor to the revenues.

- **Script2010**
  Revenues for Script2010 went up by 15% versus 2013.

Indeed, sound and strategic management decisions led to numerous achievements for GMA Network in 2014, en route to another successful run during the year.

SUBSIDIARIES (100% Ownership)

GMA New Media, Inc. (NMI) - 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 and maintenance 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 & 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

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

CORPORATE CITIZENSHIP

Paying It Forward, The Kapuso Way

Commitment to CSR

CSR (corporate social responsibility) is ingrained in GMA Network's corporate DNA. Not only does the Kapuso Network "enrich the lives of the Filipinos" with its programming, the company also contributes to nation-building through its wide array of CSR initiatives (the major focus areas are education, volunteerism and environment; corporate philanthropy is extended through the GMA Kapuso Foundation and Kapwa Ko Mahal Ko).

Kapuso Ng Kalikasan initiatives

Commitment to efficiency drives the Network to do its part in making sure that Mother Earth is preserved for generations to come - after all, business success without due respect to the environment is one devoid of pride and integrity, and may not be sustained for long.

In 2014, one of GMA's banner programs under its environment platform, Kapuso Ng Kalikasan, was the Clean River Zone Biochar Community (CRZ). A collaboration with the Sagip Ilog Pilipinas Movement (SIPM), Philippine Biochar Association (PBiA) and the Philippine Mine Safety and Environment Association (PMSEA), this initiative undertook the clean up of the estero along Daang Tubo in Barangay UP Diliman Campus using bokashi balls (a Japanese technology using organic materials to clean up bodies of water). Through regular community clean-ups all throughout 2014 with the program partners and GMA GIVES (GMA's corps of employee volunteers), the estero has seen improvements in its Ph levels, color, BOD (biological oxygen demand), and COD (chemical oxygen demand) - as measured by a duly certified testing laboratory. The GMA GIVES also engaged the community's youngsters, with Kapuso artist Solenn Heussaff conducting lessons in watercolor painting and the Corporate Affairs team organizing a lesson on disaster awareness for pre-schoolers.

The Network also partnered with the Department of Environment and Natural Resources (DENR) and the Philippine Information Agency (PIA) for DENR's Climate Change Advocacy Campaign. PIA produced TV plugs featuring Kapuso stars like Kris Bernal, Louise delos Reyes, Julie Anne San Jose, Frencheska Farr and Mark Herras sharing specific actions or activities they do to show their concern for the environment. These plugs are set to be aired in 2015.

Education unlocks excellence

Excellence is a passion in the Kapuso community. The GMA Network Excellence Award, which is given to select outstanding Mass Communication and Electronics and Communication Engineering (ECE) graduates of the campuses of the University of the Philippines (Diliman, Cebu and Mindanao), Angeles University Foundation (AUF) and the Don Bosco Technical College (DBTC), is the Network's tool to further this trait among incoming media/communication practitioners.

The recipients of the GMA Network Excellence Award in 2014 were: Jose Aldrin Galang (ECE, DBTC), Ma. Angela Teresa Sebastian (Communication Research, UP Diliman), Iza Darlene Santok Cay (Journalism, UP Diliman), Isabel Patricia Soresca (Broadcast Communication, UP Diliman), Mary Heliane Fabian (AB Communication, AUF), Fila Guia G. Hidalgo (Communication Arts major in Media Arts, UP Mindanao) and Rejzl Anne A. Awit (AB Communication, UP Cebu). Each GMA Network Excellence Awardee received the GMA Excellence Award plaque and P10,000 cash prize.

In 2015, the GMA Network Excellence Award is set to go nationwide.

Aside from honoring exemplary students, GMA also provides full year scholarship grants to deserving graduating Mass Communication students of UP-CMC and AUF and ECE students of DBTC. The GMA Network scholars for school year 2014-2015 are Darlene Amabele Salunga (BA Mass Communication, AUF), Ian Nicholas Ratio (ECE, DBTC) and Marie Pauline Requesto (BA Broadcast Communication, UP Diliman).

For the third year in a row, GMA Network also supported Araw ng Pagbasa (Republic Act 10556), which promotes reading literacy. Kapuso artist Rafael Rosel read the story, Kapuso Mo, Atty Felipe L. Gozon (Vibal Publishing's children's book offering on the life of GMA Chairman and CEO Felipe L. Gozon) to the school children of Daang Tubo in UP Diliman.

Giving more because the Viewer Is Boss

Airtime is GMA's primary resource and the Network sees to it that this precious commodity benefits its bosses, the TV audience, in all ways possible. Aside from providing entertainment, news and public affairs programs, GMA airs select advocacy plugs – without charging for airtime (called Run of Station or ROS plugs). For 2014, information materials about Kiss Goodbye To Breast Cancer, National Teachers' Month, Integrity Month, Angel's Walk for Autism, Prudence Foundation's disaster awareness campaign with Manny Pacquiao, among others, saw screen time. In all, GMA Network aired 166 spots worth Php 34,454,190.00 while GMA News TV showed 274 spots totaling Php 14,127,050.00. Indeed, enriching the lives of Filipinos goes beyond entertainment and news and public affairs programs. The Kapuso viewer is given a wide array of information through these ROS plugs, too, making them informed citizens.

Truly, one in heart with the Filipino nation

GMA Network stays true to its commitment to be kindred spirits with each and every Filipino through its socio-civic arms, the GMA Kapuso Foundation (GMAKF) and Kapwa Ko Mahal Ko (KKMK).

The GMAKF provided assistance to a total of 616,099 individuals through its various services and programs in health, disaster, values formation and education. The Foundation also built four new classrooms and rehabilitated 11; a total of 172 row houses were also constructed. The total cost of rendering these services and programs in 2014 was Php179,602,038.17.

KKMK extended medical assistance to 880 walk-in patients while 592 patients were referred to various hospitals, diagnostic centers, other non-government organizations and medical foundations. Extending assistance to these Kapuso in need cost P1,127,552.85. With the support of a corporate partner, KKMK also organized 118 medical missions all over the country, giving medical assistance to 105,936 patients. These missions were implemented at a cost of P86,610.00.

Aside from extending Serbisyong Totoo through these two institutions, GMA Network also encourages its employees to touch the lives of those in need through blood donations. In 2014, the Network's annual nationwide bloodletting drive, the Kapuso Bloodletting Day, yielded 1,255 blood bags (equivalent to 562,300 CCs) that were turned over to the Philippine Red Cross. The Kapuso Bloodletting Day is held in February of every year, in celebration of the Kapuso Month.

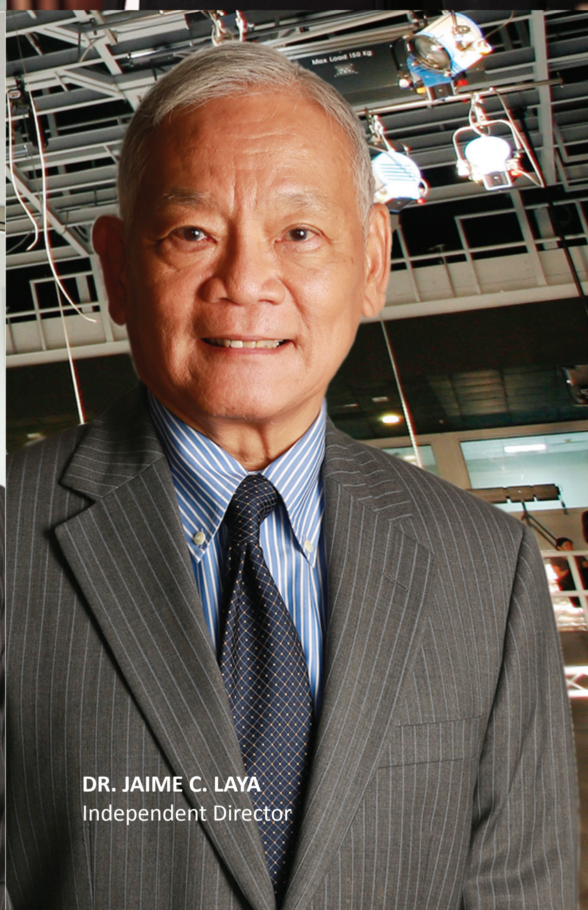
BOARD OF DIRECTORS

ANNA TERESA G. ABROGAR
Director

JUDITH D. VAZQUEZ
Director

LAURA J. WESTFALL
Director

CHIEF JUSTICE ARTEMIO V. PANGANIBAN
Independent Director



DR. JAIME C. LAYA
Independent Director

ROBERTO O. PAREL
Corporate Secretary

BOARD OF DIRECTORS

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

Atty Gozon is a Senior Partner at the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. Aside from GMA Network, Inc., he is also Chairman and CEO of GMA Marketing and Productions, Inc. and GMA New Media, Inc.; Chairman and President of FLG Management and Development Corp.; 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), Visionary Management CEO Award given by BizNews Asia (2013), Lifetime Achievement Award given by UP Preparatory High School Alumni (2014), Entrepreneurship Excellence Award and Best Broadcast CEO Award given by BizNews Asia (2014), The Rotary Golden Wheel Award for Corporate Media Management given by Rotary International District 3780 and Quezon City Government (2014), and Global Leadership Award for Excellence in Media Sector (first Filipino to win the award) given by The Leaders International together with the American Leadership Development Association in Kuala Lumpur, Malaysia (2015). He is also listed among Biz News Asia's Power 100 (2003 to 2010).

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

Gilberto R. Duavit, Jr., Filipino, 51 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network Films, Inc. and GMA Worldwide, Inc. and Vice Chairman of the Board of GMA Marketing and Productions, Inc. He also serves as President and CEO of GMA Holdings, Inc., Scenarios, Inc., RGMA Marketing and Productions, Inc., Film Experts, Inc., and Dual Management and Investments, Inc. He is the President and a Director of Group Management and Development, Inc.; President and Director of MediaMerge Corp., Citynet Network Marketing and Productions, Inc.; Director of RGMA Network, Inc., GMA New Media, Inc., Alta Productions Group, Inc., Optima Digital, Inc., and Mont-Aire Realty and Development Corp. He also serves as the President and a Trustee of GMA Kapuso Foundation, Inc., Trustee of Guronasyon Foundation, Inc. (formerly LEAF) and is a Trustee of the HERO Foundation.

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

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

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

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

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

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

Anna Teresa G. Abrogar, Filipino, 43 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 finished 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 and CEO of GMA Network, Inc. and the President of GMA Films, Inc. and GMA Worldwide, Inc. She is a Trustee of GMA Kapuso Foundation.

Judith D. Vazquez, Filipino, 52 years old, has been a Director of the Company since 1988. She is a member of the following special committees: Audit & Risk and Compensation & Remuneration. Moreover, she sits on the boards of the following GMA subsidiaries: RGMA, Inc., GMA New Media, Inc., GMA Worldwide, Inc., and GMA Films, Inc. She is a member of the Board of Trustees of the GMA Kapuso Foundation, Inc.

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

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

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

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

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

In October 2011, she was elected to the Board of Directors of ICANN – the Internet Corporation For Assigned Names and Numbers - governing body of the Global Internet. ICANN coordinates the 3 unique identifiers, which permit the Internet to function as a single infrastructure: Domain names, IP addresses and Port Assignments. Judith is the first Asian female elected to this august and powerful international body. She is 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, 47 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman – Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Majent Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines, Bronzeoak Clean Energy, Inc., and Museo Pambata.

BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

SENIOR EXECUTIVES

1. **ELVIS B. ANCHETA**, Senior Vice President, Engineering
2. **MIGUEL C. ENRIQUEZ**, Consultant for Radio Operations
3. **MARISSA L. FLORES**, Senior Vice President, News and Public Affairs
4. **RONALDO P. MASTRILI**, Senior Vice President, Finance and ICT
5. **LILYBETH G. RASONABLE**, Senior Vice President, Entertainment TV

FELIPE S. YALONG
Executive Vice President and CFO

HEADS OF SUBSIDIARIES

1. 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.
2. 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 Poductions, Inc. and MediaMerge Corp.
3. ANNA TERESA G. ABROGAR	President of GMA Worldwide, Inc. and GMA Network Films, Inc.
4. EDMUND A. ALCARAZ	President and COO, Alta Productions, Inc.
5. EDILBERTO I. GALLARES	President and COO, GMA New Media, Inc. and President, Digify, Inc.
6. LIZELLE G. MARALAG	President and COO, GMA Marketing and Productions, Inc.

FIRST
VICE PRESIDENTS

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2. REGIE C. BAUTISTA	Program Support
3. LUZ ANNALEE O. ESCUDERO	Regional TV and Expansion and Production Services
4. JOSE SEVERINO V. FUENTES	Content Management and On-air Systems
5. EDUARDO P. SANTOS	Internal Audit
6. MA. JESSICA A. SOHO	News Programs
7. SHEILA A. TAN	Research
8. IANESSA S. VALDELLON	News and Public Affairs

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   Program Management

2. **GERROME Y. APOLONA**
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3. **MARIVIN T. ARAYATA**
   Entertainment TV
   Head, Comedy/Game

4. **VICTORIA T. ARRADAZA**
   Supply and Asset Management

5. **ANGELA CARMELA J. CRUZ**
   Corporate Communications

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**
   International

10. **MA. REGINA A. MAGNO**
    Drama Productions

11. **MARY GRACE D. REYES**
    News Operations

12. **HORACIO G. SEVERINO**
    Professional Development

13. **PAUL HENDRIK P. TICZON**
    Post Production Operations

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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
Rachel Vitaliana B. Vergel De Dios, Administration
Celerina Asuncion R. Amores, Regional News

ENTERTAINMENT TV GROUP

Girly S. Lara, Senior AVP, Alternative Productions
Corazon P. De Jesus, Talk/Musical/Specials
Janine P. Nacar, Talk/Game/Reality
Cheryl C. Sy, Business Development 1-
Drama Productions

REGIONAL TV DEPARTMENT

Oliver Victor B. Amoroso, Regional Strategy,
Marketing Services and Business Development

PROGRAM SUPPORT DEPARTMENT

Leo P. Mata, Media & On-Air Continuity
Rafael Martin L. San Agustin Jr. , Digital Media
Hasmin A. Marable, Marketing Communications

PROGRAM ANALYSIS DIVISION

Jose Maria F. Bartolome, Consultant

RESEARCH DEPARTMENT

Venus E. Bartolabac, Senior AVP, National/Mega Manila
TV Programming & Qualitative Research
Ruth D. Lejarde, Channel Performance and
Regional TV Research

TALENT DEVELOPMENT & MANAGEMENT DEPARTMENT

Joseph Simoun S. Ferrer, Talent Imaging and
Marketing

GMA INTERNATIONAL DEPARTMENT

Maria Rosario C. Domingo, Programming

VIEWER DIRECTED MARKETING

Rossette Marie H. Roa, Senior AVP

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Virgilio L. Muzones, Consultant for Engineering Group
Amerigo L. Santos, Senior AVP, Regional Transmission
Operations and Concurrent Head, Broadcast
Engineering Services
Reynaldo B. Reyes, News Van Operations
Roberto B. Nacar, Technical Operations
System Support
Jeffry Q. Evangelista, Studio Operations
Lino R. Coloma III, Electronic Field Production

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Rolando G. Sanico Jr., Senior AVP, Subsidiaries
Financial Accounting and Systems
Ma. Lucille U. Dela Cruz, Treasury and
OIC, Account Management
Mercedes Macy T. Sueña, Financial
Management Systems
Farley D. Areola, Controllership

SUPPLY AND ASSET MANAGEMENT DEPARTMENT

Javier B. Laxina, Senior AVP, Asset Management

CORPORATE AFFAIRS DIVISION

Ma. Teresa L. Pacis

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

Marianita M. Torres, Human Resources Management


ody Awards
Peabody Awards
Peabody Awards

AWARDS

2013 George Foster Peabody Award

GMA Network's Coverage of Typhoon Yolanda (Haiyan) for entries from 2**4 Oras, 24 Oras Weekend, Saksi, State of the Nation with Jessica Soho and Kapuso Mo, Jessica Soho**

2014 New York Fest

Gold World Medal, Community Portraits Category - **Tunay na Buhay (Sanggol at Langaw)**
Silver World Medal, Children Youth Category - **Tropang Potchi "Talaandig Tribe"**
Silver World Medal, Community Service Program Category - **Reel Time's "Silang Wala sa Mapa"**
Silver World Medal, Community Portraits Category - **Brigada's "Gintong Krudo at Sipa ng Pag-asa"**
Bronze World Medal, Best Coverage of Breaking News Category - **News TV Quick Response Team' Zamboanga Crisis Coverage**
Bronze World Medal, Community Portraits Category - **Front Row's "Lusong Dunong"**
Bronze World Medal, Music Video Category - **"Dapat Tama"**
Finalist Certificate, Best News Reporter/Correspondent Category - **Jessica Soho (Kapuso Mo, Jessica Soho) for her "Photographs of Typhoon Pablo"**
Finalist Certificate, History and Society Category - I-**Witness' "Ganito Tayo Noong Martial Law"**

2014 CEO Excel Awards

Jessica Soho

2014 Asia Pacific Child Rights Awards

Winner - **Front Row (Ulilang Lubos)**
Finalists - **I-Witness (Black Manila), Reporter's Notebook (Burak at Pangarap); Motorcycle Diaries (Karapatan ng Bata), Reel Time (Gulong) and Reel Time (Dungkoy)**

2014 Japan Prize

Winner, Maeda Award - **Reel Time's Nibulaysir**
Finalist, Creative Frontier Category - **Titser**

2014 Asian Television Awards

Finalist, Best News Program – **Saksi (Typhoon Yolanda Coverage)**
Highly Commended, Best Actor in A Leading Role (My Husband's Lover) - **Dennis Trillo**
Finalist, Best News Program – **News TV Quick Response Team (Zamboanga Crisis)**
Nominated, Best Direction (My Husband's Lover) - **Dominic Zapata**

PEOPLE ASIA

Ms. Kara David – One of People Asia's Women of Style and Substance 2014

International Emmy Awards

Nominated, Best Telenovela Category - **My Husband's Lover**

US Int'l Film and Video Festival

One World Award
Social Issues Programs - **Brigada (Gintong Krudo)**

Best of Festival Award (Shortlisted)
Docudrama Programs - **Wagas (Cerebral Palsy)**

Gold Camera Award
Docudrama Programs - **Wagas (Cerebral Palsy)**
Social Issues Programs - **Brigada (Gintong Krudo)**

Silver Screen Award
TV News Category for Continuing News Stories - **State of the Nation with Jessica Soho's "Super Typhoon Yolanda Coverage"**
Current Affairs Category - **Reporter's Notebook (Bakas ng Trahedya)**
Documentary Programs - Health, Medical Category and Biography Category - **Reel Time (Silang Wala sa Mapa and Dungkoy)**
Social Issues Category - **Front Row (Ulilang Lubos)**

Certificate for Creative Excellence
Entertainment Program & Specials - **Picture! Picture!**

2014 NAMIC Excellence in Multicultural Marketing Awards

2nd Place, Print Category - **Manny Pacquiao T-Shirts Gift-With-Purchase**
2nd Place, Social Media Category - **Celebrity Shout out Promo**
3rd Place, Grassroots Category: **Balikbayan/Repatriate Box Promotion**

2014 Asia Rainbow TV Awards

Outstanding Inspirational Drama for 2014 - **Bayan Ko**
Finalist, Society and Culture category - **Camera Juan Spark Awards**
2 Golds and 1 Silver Best App, Best Use of Branded Content and Best Media Solution - **Integrated Media: Del Monte Kitchenomics**
Bronze for Best Media Solution - **GMPI's Asim Kilig for Knorr Sinigang**

2014 Asia Image Apollo Awards

Best Cinematography Long Form - **Katipunan's Teresa Episode**
Nominee for Best Cinematography Long Form and nominee for Best Sound Design Long Form - **Katipunan's Trial Episode**

33rd International URTI Grand Prix for Author's Documentary

Finalist – **Front Row (Ulilang Lubos)**

Anvil Awards

Merit Honor (PR Programs in a Sustained Basis Category) - **News and Public Affairs' Dapat Tama**

Digital Filipino Web Awards 2014

Best Website in the Television Category - **GMA Network Portal (www.GMANetwork.com)**

Spark Awards 2014

Gold, Best App by a Media Owner- **Del Monte Kitchenomics**
Gold, Best Media Solution - TV/Online Video - **GMA Christmas Short Films**
Gold, Best Use of Branded Content by a Media Owner - **Del Monte Kitchenomics**
Silver, Best Media Solution - Integrated Media - **Del Monte Kitchenomics**
Bronze, Best Media Solution - TV/Online Video - **Knorr Sinigang Asim Kilig**
Bronze, Most Improved Offering by a Media Owner - **Kapuso Milyonaryo**
Bronze, Best Creative Team - **GMA Marketing and Productions, Inc.**

Araw Values Awards

Platinum, Branded Communications: Commitment to Truth, Honesty and Integrity **- Kapuso Mini Sine: Champion Gustin**
Gold, Advocacy Communications: Commitment to Truth, Honesty and Integrity **- Kapuso Mini Sine: Champion Gustin**
Silver, Advocacy Communications: Respect for Law & Authority & the Promotion of Self-Discipline – **Think Before You Click**
Bronze, Branded Communications: Respect and Care for Human Life, Dignity and Rights of All - **GMA Christmas Short Film: KFC Munting Sakripsiyo**
Bronze, Branded Communications: Reverence for Family Unit or Marrage or Responsible Parenthood - **GMA Christmas Short Film: KFC Memory Lane**
Bronze, Branded Communications: Reverence for Family Unit or Marrage or Responsible Parenthood - **GMA Christmas Short Film: Del Monte Love is Blind**
Bronze, Branded Communications: Commitment to Truth, Honesty and Integrity **- Tropang Potchi**
Bronze, Advocacy Communications: Reverence for Family Unit or Marrage or Responsible Parenthood - **GMA Christmas Short Films: KFC Memory Lane**
Bronze, Advocacy Communications: Reverence for Family Unit or Marrage or Responsible Parenthood - **GMA Christmas Short Films: Del Monte Love is Blind**
Bronze, Advocacy Communications: Love of Country & Respect for National Customs & Traditions - **Filipiknow (NPA CAMPAIGN)**

20th Communicator Awards

Silver Award, Program/News Documentary - **Home Away from Home**
Silver Award, Programs/News Documentary - **Proud to be Pinoy: Philippine Independence Day Celebration 2013**
Silver Award, Print Category - **GMA News TV International Info Kit**
Silver Award of Distinction, Integrated Campaign (Promotional/Branding) Category – **MyGMA-MyHD Campaign**

2014 Yahoo! Celebrity Awards

Female Kontrabida of the Year - **Jennylyn Mercado**
Celebrity Couple of the Year - **Jake Vargas & Bea Binene**
Song of the Year - **Bakit Ngayon? by Julie Anne San Jose**
Celebrity Family of the Year - **Padilla Family**

62nd FAMAS Award

Best Supporting Actor - **Pen Medina**
Best Supporting Actress - **Bela Padilla**
FAMAS Special Award (The German Moren Youth Achievement Award) - **Ken Chan, Hiro Peralta and Janine Gutierrez**

Philippine Movie Press Club (PMPC) Star Awards for Television

Best Drama Anthology - **Magpakailanman**
Best Comedy Actor - **Sef Cadayona for Bubble Gang**
Best Comedy Actress - **Rufa Mae Quinto for Bubble Gang**
Best Game Show - **Celebrity Bluff**
Best Children Show - **Tropang Potchi**
Best Children Show Host - **Isabel Frial, Kyle Danielle Ocampo, Lianne Valentino, Miggs Cuaderno, Miggy Jimenez, Nomer Limatog and Sabrina Man for Tropang Potchi**
Hall of Fame - **Bubble Gang for Best Gag Show**
Best Magazine Show - **I-Juander**
Best Magazine Show Hosts - **Susan Enriquez and Cesar Apolinario for I-Juander**
Best News Program - **State of the Nation with Jessica Soho**
Best Female Newscaster - **Jessica Soho for State of the Nation**
Best Travel Show - **Biyahe ni Drew**

Best Lifestyle Show - **Gandang Ricky Reyes**
Excellence in Broadcasting - **Mike Enriquez**
Best Public Service Program Host - **Vicky Morales for Wish Ko Lang**
Best Educational Program - **Born Impact**
Best Documentary Program - **I-Witness**
Best Documentary Program Hosts - **Sandra Aguinaldo, Kara David, Howie Severino and Jay Taruc for I-Witness**
Best Male Showbiz-Oriented Talk Show Host - **Ricky Lo for Startalk**

5th Golden Screen TV Awards

Outstanding Educational Program - **Tropang Potchi**
Outstanding Educational Program Host - **Miggy Jimenez, Nomer Limatog, MiggsCuaderno (Tropang Potchi)**
Outstanding Game/Talent Program - **Celebrity Bluff**
Outstanding Game/Talent Program Host - **Eugene Domingo**
Outstanding Gag Program - **Bubble Gang**
Outstanding Comedy Program - **Pepito Manaloto**
Outstanding Adapted Drama Program - **Temptation of Wife**
Outstanding Original Drama Program - **My Husband's Lover**
Outstanding Breakthrough Performance by an Actor - **Ruru Madrid (Dormitoryo)**
Outstanding Supporting Actor in a Gag or Comedy Show - **Sef Cadayona (Bubble Gang)**
Outstanding Supporting Actress in a Gag or Comedy Show - **Nova Villa (Pepito Manaloto)**
Outstanding Supporting Actor in a Drama Program - **Kevin Santos (My Husband's Lover)**
Outstanding Supporting Actress in a Drama Program - **Glydel Mercado (My Husband's Lover)**
Outstanding Performance by an Actor in a Gag or Comedy Program - **Michael V (Pepito Manaloto)**
Outstanding Performance by an Actor in a Drama Series - **Dennis Trillo (My Husband's Lover)**
Outstanding Performance by an Actress in a Drama Series - **Carla Abellana (My Husband's Lover)**
Outstanding News Program - State of the Nation: **Hagupit ng Bagyong Pablo**
Outstanding Documentary Program - **Reel Time: Salat**
Outstanding Variety Program - **Eat Bulaga (GMA 7)**
Outstanding Male Host in a Musical or Variety Program - **Allan K (Eat Bulaga/GMA 7)**
Outstanding Documentary Program Host - **Kara David (i-Witness: Rattan Sa Pusod ng Sierra Madre/GMA 7)**
Outstanding Natural History/Wildlife Program - **Born to be Wild: Big Fish: Open Season Finale (GMA 7)**
Outstanding Natural History/Wildlife Program Host - **Ferdinand Recio (Born to be Wild: Big Fish: Open Season Finale/GMA 7)**
Outstanding Magazine Program - **Kapuso Mo, Jessica Soho: Doodle, Psy in Manila, Fish**
Outstanding Magazine Program Host - **Jessica Soho (Kapuso Mo, Jessica Soho)**
Outstanding Public Service Program -**Wish Ko Lang: Ang Mundo ni Yvette**
Outstanding Public Service Program Host - **Vicky Morales (Wish Ko Lang: Ang Mundo ni Yvette)**

36th Catholic Mass Media Awards

Best Drama Series/Program - **Titser**
Best Public Service Program - **Reel Time's Silang Wala sa Mapa**
Best Special Event Coverage - **St. John Paul II: We Love You!**
Best News Program - **24 Oras Weekend**
Special Citation, Best TV Special - **Bantay Kaban ng Bayan**
Special Citation, Best News Program - **State of The Nation With Jessica Soho**
Special Citation, Best News Magazine - **Brigada**
Special Citation, Best Adult Education/Cultural Program - **Born To Be Wild "Born Biographies"**
Special Citation, Best Adult Education/Cultural Program - **I-Witness (Kara Team) "Isang Bote ng Binhi"**
Best Branded TV Ad - **Christmas Short Films "Munting Sakripisyo"**
Best Children and Youth Program - **Tropang Pochi and Binoy Henyo**
Best Comedy Program - **Pepito Manaloto**
Best Secular Song - **Pagbangon by Julie Ann San Jose**
Special Citation (Best Branded TV Ad) - **Christmas Short Films "Kahati ng Kahapon"**
Finalist, Best TV Branded Ad - **GMA Christmas Short Film: Iskolar**
Finalist, Best TV Branded Ad **- GMA Christmas Short Film: From Dubai with Love**
Best Actress (My Husband's Lover) - **Carla Abellana**
Best Comedy Game Show - **Celebrity Bluff**
Comedian of the Year - **Jose Manalo**
Favorite Actress - **Marian Rivera**
Best Story - **My Husband's Lover**
Best Actor (My Husband's Lover) - **Dennis Trillo**
Favorite Actor - **Tom Rodriguez**
Finalist (Best Talk Show) – **Bawal ang Pasaway kay Mareng Winnie**
Finalist (Best Drama Series) – **Wagas: Mga Kuwento ng Totoong Pag-ibig**
Finalist (Best Children and Youth Program) – **I Juander**
Finalist (Best TV Special) – **GMA News TV Special: Ako si Ninoy**

Gawad Sagisag Kultura ng Filipino (National Commission for Culture and the Arts Sub-Commission on Cultural Dissemination Philippine Cultural Education Program (PCEP) Department of Education)

Best Culture Based TV Reporter - **Tricia Zafra**
Best Culture Based TV Public Affairs Program Host - **Jessica Soho, Kapuso Mo, Jessica Soho**
Best Culture Based Documentation Host - **Kara David**
Best Culture Based TV Variety Show – **Eat Bulaga**
Best Culture Based TV Station - **GMA News TV**

2014 United Nation's Commission on Human Rights Refugee Film Festival

Official Selection to the 2014 United Nation's Refugee Film Festival in Thailand, Macau, Hong Kong and the Philippines - **Reel Time's Batang Halau**

Eton's Pillars of Hope Awards 2014 (Eton International School)

Winnie Monsod
Sandra Aguinaldo

ANAK TV Awards 2014

Anak TV Seal - **Ang Pinaka, Good News, I Juander, Idol sa Kusina, Taste Buddies, Aha!, Kapuso Mo, Jessica Soho, Pinoy MD, Wish Ko Lang, Born To Be Wild, Ang Pinaka, Good News, I Juander, Del Monte Kitchenomics, I-Bilib, Kap's Amazing Stories, Kusina Master, Pepito Manaloto, Picture! Picture!, Sarap Diva, Tropang Potchi, and Let's Fiesta**

Makabata Award - **Marian Rivera and Dingdong Dantes**

Mensa Philippines

Dr. Reynaldo Lesaca Achievement Award - **Micaela Papa**

Gawad Ulat of Department of Social Welfare and Development (DSWD):

Most Supportive Television Station - **GMA News TV**

Empowerment, Advocacy and Commitment to Excellence (PEACE)

PEACE Honoree - **GMA Network**

Commendation from the Senate:

Investigative Documentaries' host Malou Mangahas for winning the 2013 Metrobank Journalist of the Year Award

34th Rotary Club of Manila Journalism Awards

Outstanding Television Station of the Year - **GMA Network**

10th Tourism Awards

Television Tourism Category - **Felipe L. Gozon**

21st Ulirang Ama Award

Felipe L. Gozon

4th PMAP Makatao Awards for Media Excellence

Best TV Public Affairs Program - **Kapuso Mo, Jessica Soho**
Best TV Public Affairs Host - **Jessica Soho**
Best TV Newscaster for 2014 - **Mel Tiangco**

4th OFW GawadParangal– KAKAMMPI Kapisanan ng mga Kamag-anak at Migranteng Manggagawang Pilipino Inc.

Outstanding Female Documentarist for I-Witness - **Sandra Aguinaldo**
Best TV Magazine Program Host for **Kapuso mo, Jessica Soho - Jessica Soho**
Outstanding Male Documentarist for I-Witness - **Howie Severino**
Outstanding Lifestyle Program Host for Power House - **Kara David**
Outstanding Online News for OFWs - **Pinoy Abroad Section of GMA News Online**

1st Quezon City LGBT Rainbow Awards (Sexual Orientation, Gender Identity and Gender Expression)

News and Public Affairs - Out & Proud

Entertainment – **Magpakailanman, Eat Bulaga, My Husband's Lover, and Dading**

Manuel L. Quezon Gawad Parangal Award (Quezon City)

Howie Severino

3rd PIRA Awards (Philippine Insurers and Reinsurers Association)

Recognized for their exceptional journalism in spite of dangerous conditions in covering the Yolanda tragedy - **Jiggy Manicad, Love Añover, and Micaela Papa**



6th National Statistics Month (NSM) Media Awards

GMA News and Public Affairs

2014 PHILIPPINE PSYCHIATRIC ASSOCIATION SISA MEDIA AWARDS

Outstanding TV Magazine Program - **Kapuso Mo, Jessica Soho**

VACC Awards (Volunteers Against Crime and Corruption)

Outstanding Radio Reporter - **Carlo Mateo**
Special Award for Community Service - **GMA 7**
Anti-Corruption Campaign Category as host of **Investigative Documentaries - Malou Mangahas**
Outstanding TV News Reporter - **Emil Sumangil**
Outstanding Radio Station for the Year - **DZBB**
Outstanding Radio Program - **Dobol A sa Dobol B**
Outstanding Radio Anchors - **Arnold Clavio and Ali Sotto**

Dangal ng Pasig

Dangal ng Pasig Awardee for Broadcast Media - **SVP for News and Public Affairs Marissa L. Flores**

1st SM S.U.P.E.R. (Salute to Unparalleled People, Endeavors and Resources) Awards

Jiggy Manicad and crew (Karim Lagoyo and Winston Lucas) **Micaela Papa and crew** (Arturo Serrano and Marlon Espiridion) **Love Añover and crew** (Ricson Bactat, Dennis Mariano and Suzette Pinpin)
Senior Correspondent **Joecel Huesca** and Video Journalist **Melvin Garvilles** of GMA Iloilo
Correspondent **Greggy Magdadaro** and Video Journalist **Teodorico Solon** of GMA Cebu

2nd Gawad Agong

Television Documentary - **I-Witness' Tarima (Jay Taruc Team)**

Federation of Associations of Private Schools and Administrators

Television Media category - **Jessica Soho, Malou Mangahas & Investigative Documentaries, Kara David & I-Witness**

Perfect Media Advocate for TV Network – **GMA 7**

Legacy Night: 150th Presence of the Daughters of Charity (Santa Isabel College)

Isabelans' Choice for the Cause Oriented TV Program Award - **Wish Ko Lang**
Isabelans' Choice for the Best Documentary Film Award - **I-Witness (Ambulansiyang de Paa)**

Santa Isabel College Manila Computer Studies Program Higher Education Department

Most Outstanding Social Media Advocate - **Howie Severino**
Best Innovative Campaign in Social Media - **GMA 7 (Think Before You Click)**

Provincial Government of Bulacan

Steve F. Dailisan - Gintong Kabataang Manggagawa

4th EdukCircle Film & Television Awards

Most Outstanding Journalist in Public Service - **Mel Tiangco**
Female News Anchor - **Jessica Soho**

School Press Advisers Movement (SPAM)

Award of Excellence in the Field of Broadcasting - **Jessica Soho**
Best in Documentary Reportage - **Kara David**

11th Lasallian Scholarum Awards

Outstanding Televised Feature Story on Youth and Education - **Reel Time, Alamat ni Dungkoy**
Outstanding Online Feature Story - **Make gov't accountable for climate change, commissioner tells youth (www.gmanetwork.com) by Anna Valmero**

FPI Bayabay Media Awards

Mike Enriquez
Mel Tiangco
Jessica Soho
Arnold Clavio

2nd CLASS Awards (City of Malabon University)

Most Outstanding Male News Presenter of the Year - **Mike Enriquez**
Most Outstanding Female News Presenter of the Year - **Jessica Soho**
Best TV News Program - **24 Oras**
Best Morning Show - **Unang Hirit**
Best Female Field Reporter of the Year - **Kara David**
Best Advocacy TV Program - **Wish Ko Lang**
Best TV Documentary Program - **I-Witness**
Best Investigative TV News Program – **Imbestigador**
Best TV Feature News Program - **Kapuso mo, Jessica Soho**
Most Popular TV Personality of the Year - **Marian Rivera**
Outstanding TV Network of the Year - **GMA 7**

Panata Awards

External Communications Programs, Brand Category - **Del Monte Kitchenomics Branded Content and Mobile App**
Finalist, External Communications Tools (TV) Brand Category - **Christmas Short Film Festival: Iskolar**

2014 COMGUILD

Most Outstanding Female News Presenter - **Jessica Soho**
Most Popular Television Personality - **Vic Sotto**
Best News Program - **24 Oras**
Best Female Field Reporter - **Kara David**

1st Gawad Duyan Awards

Gintong Duyan Award - **GMA Network**
Himay Salaysay Award - **I-Witness: Tawid Eskwela**
Himay-Salaysay Award - **Reporter's Notebook Hikahos na Musmos**
Hiblang Huwaran Award - **Sid Lucero as Katipunan's Andres Bonifacio**
Hiblang Taliwas Award - **Pen Medina as Bayan Ko's Governor Antonio Rubio**
Hiblang Huwaran Award - **Rocco Nacino as Bayan Ko's Mayor Joseph Santiago**
Lingap Lahi Award - **Katipunan**
Talastas-Katuturan Award - **Bawal Ang Pasaway Kay Mareng Winnie**
Himay-Ulat Award - **State of the Nation Jessica Soho**
Tanglaw ng Tahanan Award - **Pepito Manaloto**
Natatanging Dulang Komediya Award - **Pepito Manaloto**
Gintong Kolong Kolong Award - **Teen Gen**

2nd Kagitingan Awards for Television (Bataan Peninsula State University)

10 Pinakamagiting na Programang Pantelebisyon

Kapuso Mo, Jessica Soho
I-Witness
Reporter's Notebook
Pepito Manaloto
Eat Bulaga
AHA!
Reel Time
Powerhouse

UmalohokJuan Awards (Lyceum of the Philippines University - Manila)

Best News Program - **24 Oras**
Best Public Affairs Program - **Kapuso Mo, Jessica Soho**
Best TV Male Personality - **Vic Sotto**
Best Entertainment Program - **Eat Bulaga**
Best TV Station - **GMA 7**

Gawad Lualhati (University of the East – Manila)

Broadcast Journalist of the Year - **Jessica Soho**
Best Documentary Host of the Year - **Kara David**
Inspiring Artist of the Year - **Julie Anne San Jose**
Excellence Performance for Movie - **Eugene Domingo**

1st Gawad Bagani sa Komunikasyon (University of the East – Caloocan)

Radio - **Mike Enriquez**
Television - **Jessica Soho**

12th Gawad Tanglaw

Best AM Station - **DZBB**
Best News Program - **State of the Nation with Jessica Soho**
Best Public Service Program - **Wish Ko Lang**
Best Documentary Program - **I-Witness**
Best Magazine Show - **Kapuso Mo, Jessica Soho**
Best Drama Anthology - **Magpakailanman**
Best Performances by an Actress - **Jean Garcia for Hinagpis ng isang Ina (Magpakailanman)**
Best Ensemble Performance (TV Series) - **My Husband's Lover Dennis Trillo, Tom Rodriguez, Carla Abellana, Chanda Romero, Roi Vinzon and Kuh Ledesma**
Best News Program - **State of the Nation with Jessica Soho**

TELEVISION SPECIAL AWARDS
Developmental Communication Award for Comprehensive Reportage on Yolanda Tragedy - **Love Anover**
Bata (Bibo, Aktibo at Talentadong Anak ng Sining) - **Ryzza Mae Dizon of the Ryzza Mae Show**
Gawad Tanglaw sa Sining ng Telebisyon - **Nova Villa**

5th Northwest Samar State University Students' Choice Awards for Radio and Television

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

8th Hildegarde Awards for Women in Media and Communication (St. Scholastica's College Manila)

Outstanding Achievement in Broadcast Media Television - **"Bayan Ko" and "Titser"**

10th USTv Students' Choice Awards (University of Santo Tomas)

Student Leaders' Choice of TV Program - **I-Witness**
Student Leaders' Choice of TV Personality - **Jessica Soho**
Students' Choice of Comedy Program - **Bubble Gang**
Student Leaders' Choice of Network Foundation - **GMA Kapuso Foundation (Citation)**
Students' Choice of Magazine Program Host - **Jessica Soho (Kapuso Mo, Jessica Soho)**
Students' Choice of Male/Female News Host - **Jessica Soho (State of the Nation)**
Students' Choice of Magazine Program - **Kapuso Mo, Jessica Soho**
Outstanding Thomasian Media Personalities - **Sandra Aguinaldo and Arnold Clavio**

Paragala: 1st Central Luzon Media Awards (Holy Angel University)

Best Game Show Host - **Eugene Domingo (Celebrity Bluff)**
Best Gag Show - **Bubble Gang**
Best News Program - **24 Oras**
Best Male News Presenter - **Mike Enriquez**
Best Female News Presenter - **Jessica Soho**
Best Investigative Program - **Imbestigador**
Best Magazine Show - **Kapuso Mo, Jessica Soho**
Best Magazine Show Host - **Jessica Soho**
Best Morning Show - **Unang Hirit**
Morning Show Host - **Arnold Clavio**
Best Documentary Program - **I-Witness**

1st Mabini Media Awards (Polytechnic University of the Philippines)

Best Television Female News Program Anchor - **Jessica Soho (State of the Nation)**
Best Television Magazine Program Host - **Jessica Soho (Kapuso Mo, Jessica Soho)**
Best Television Magazine Program - **Kapuso Mo, Jessica Soho**
Best Television Public Affairs Program Host - **Mel Tiangco (Powerhouse)**
Best Television Comedy Program - **Bubble Gang**
Best Televsion Public Service Program - **Wish Ko Lang**
Best Television Male News Program Reporter - **Jay Taruc**
Best Television Documentary Program - **I-Witness**

6th Ani ng Dangal Awards

Excellence as a Documentary Program - **GMA News TV's Reel Time**

Gandingan 2014: The 8th UPLB Isko't Iska's Broadcast Choice Awards (University of the Philippines Los Baños)

Highly Commendable TV Station - **GMA Network**
Best Magazine Program Host - **Jessica Soho (Kapuso Mo, Jessica Soho)**
Best Magazine Program - **Kapuso Mo, Jessica Soho**
Best Investigative Program Hosts - **Jiggy Manicad and Maki Pulido**
Best Investigative Program - **Reporter's Notebook**
Best Development-Oriented Children's Program Host - **Drew Arellano**
Best Public Service Program - **Wish Ko Lang**
Best Public Service Program Host - **Vicky Morales (Wish Ko Lang)**
Best Women-Oriented Program Host - **Malou Mangahas**
Best Documentary - **I-Witness "Tawid Eskwela"**
Best Documentarist - **Kara David (I-Witness)**
Special Citation for Best Morning Show Hosts - **UH Hosts led by Arnold Clavio**
Special Citation for Best Morning Show - **Unang Hirit**
Best Youth-Oriented Program Hosts - **Susan Enriquez and Cesar Apolinario (I-Juander)**
Best Women-Oriented Program - **Investigative Documentaries**
Special Citation for Gandingan ng Kalikasan - **Nielsen Donato and Ferdz Recio**
Special Citation for Best Environmental Program - **Born to Be Wild**
Best News Anchor - **Jessica Soho for State of the Nation with Jessica Soho**

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

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

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

Board of Directors

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

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

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

The Board comprises the following members:

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

Board Performance

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

Director's Name	Regular and Special Meetings	
	Present	Absent
Felipe L. Gozon	6	0
Gilberto R. Duavit,Jr.	6	0
Joel Marcelo G. Jimenez	6	0
Felipe S. Yalong	6	0
Anna Teresa G. Abrogar	6	0
Judith D. Vazquez	3	3
Laura J. Westfall	5	1
Artemio V. Panganiban	6	0
Jaime C. Laya	6	0

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

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

Board Remuneration

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

* Mr. Michael John R. Duavit was elected to the GMA Network Board during a special meeting held last March 30, 2015. He replaced Ms. Judith D. Vazquez.

2.5%, one percent (1%) shall be distributed equally among the members of the Board of Directors, while the remaining one and a half percent (1.5%) shall be distributed equally among the members of the Executive Committee.

Committees and Meetings of the Board of Directors

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

Executive Committee

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

Nomination Committee

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

Compensation and Remuneration Committee

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

Audit and Risk Management Committee

Audit

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

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

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

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

Risk Management

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

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

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

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

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

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

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

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

Management

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

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

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

Employee Relations

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

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

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

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

Prompt Disclosures and Timely Reporting

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

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

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

FINANCIAL STATEMENTS

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2014 and 2013

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2014

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

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

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

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

Revenues

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

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

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

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

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

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

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

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

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

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

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

Expenses

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

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

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

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

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

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

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

EBITDA

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

Net Income

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

Balance Sheet Accounts

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

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

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

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

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

Operating Activities

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

Investing Activities

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

Financing Activities

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2013

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

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

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

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

Revenues

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

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

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

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

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

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

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

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

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

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

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

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

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

Expenses

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

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

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

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

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

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

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

EBITDA

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

Net Income

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

Balance Sheet Accounts

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

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

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

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

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

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

Operating Activities

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

Investing Activities

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

Financing Activities

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

March 30, 2015

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

Audit and Risk Management Committee Report

Report of the Audit and Risk Management Committee to the Board of Directors
For the Year Ended 31 December 2014

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-audit related services provided by SGV;
- We have reviewed the reports of the internal auditors and regulatory agencies, where applicable, ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues; and
- We have reviewed and discussed the adequacy of the GMA Group's enterprise-wide risk management process, including the nature of significant risk exposures, the related risk mitigation efforts and initiatives. This activity was reviewed in the context that management is primarily responsible for the risk management process.

Based on the reviews and discussions undertaken, and subject to the limitations on roles and responsibilities referred to above, the Audit 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, 2014 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 2015 based on the review of the performance and qualifications.

March 30, 2015

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

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.
GMA Network Center
Timog Avenue corner EDSA
Quezon City

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751303, January 5, 2015, Makati City

March 30, 2015

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

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

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

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

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

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

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

Basis of Preparation

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

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All significant intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation. Unrealized gains and losses are likewise eliminated.

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

NCI represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to holders of the Parent Company. NCI represents the equity interest in RGMA Network, Inc. (RGMA Network).

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

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

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

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

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Income and Statements of Comprehensive Income

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

Summarized Statements of Financial Position

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

Summarized Cash Flow Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective in 2015

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

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

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

Effective after 2015

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

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

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

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

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

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

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

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

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

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

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

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

Annual Improvements to PFRSs

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

- Annual Improvements to PFRS (2010-2012 Cycle)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Annual Improvements to PFRS (2011-2013 Cycle)

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

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

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

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

- Annual Improvements to PFRSs (2012-2014 cycle)

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

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

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

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

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

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

Deferred Effectivity

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

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

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

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3. Summary of Significant Accounting and Financial Reporting Policies

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

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

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

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The effective interest amortization is included in interest income in profit or loss. The losses arising from impairment are recognized under "General and administrative expenses" account in the consolidated statements of comprehensive income. Loans and receivables are included in current assets if maturity is within twelve months from the reporting date. Otherwise, these are classified as noncurrent assets.

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

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

Classification of Financial Instruments Between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

Derecognition of Financial Assets and Liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

Impairment of Financial Assets
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated. Objective evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or

principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments and Advances

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

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

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

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. An investment in associate is accounted for using the equity method from the date when it becomes an associate. On acquisition of the investment, any difference between the cost of the investment and the investor's share in the net fair value of the associate's identifiable assets, liabilities and contingent liabilities is accounted for as follows:

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

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

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

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

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

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

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

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

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

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

Land is measured at fair value less accumulated impairment losses, if any, recognized after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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

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

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

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

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

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

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

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

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

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

Investment in Artworks

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

Software Costs

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

Impairment of Nonfinancial Assets

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

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

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

Equity

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

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

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

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

Dividends on Common Shares of the Parent Company

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

Revenues

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Co-producers' Share</u>
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.

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

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

Pension and Other Employee Benefits
The Parent Company and GMPI have funded, noncontributory defined benefit retirement plans covering permanent employees. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

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

Defined benefit costs comprise the following:

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

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

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

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

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

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

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

Leases

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

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

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

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

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

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

Foreign Currency-denominated Transactions

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

<u>Taxes</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Earnings Per Share (EPS)

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

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

Segment Reporting

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Contingencies

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

Events after Reporting Period

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

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

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

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

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

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

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

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

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

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

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

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

Revenue from tax credits recognized in profit or loss amounted to ₱80.00 million, ₱44.80 million and ₱40.00 million in 2014, 2013 and 2012, respectively (see Note 21).

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

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

Estimates and Assumptions

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

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

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

Amortization of Program and Other Rights. The Group estimates the amortization of program and other rights with finite lives using straight line method up to the date of expiry, which is the manner and pattern of usage of the acquired rights. The Group estimates the amortization of program and other rights with infinite lives using accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. The Group estimates that programs are generally more marketable in their initial airing as compared to the succeeding airings. In addition, estimation of the amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

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

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

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

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

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

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in 2014 and 2013.

Total depreciation and amortization expense for the years ended December 31, 2014, 2013 and 2012 amounted to ₱776.53 million, ₱705.44 million, and ₱610.00 million, respectively (see Notes 12, 14, 22 and 23).

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

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

The revalued amount of land amounted to ₱1,799.71 million and ₱1,805.30 million as at December 31, 2014 and 2013, respectively (see Note 13).

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

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

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

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

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

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

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

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

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

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

Recognized deferred tax assets amounted to ₱589.54 million and ₱513.65 million as at December 31, 2014 and 2013, respectively, while unrecognized deferred tax assets amounted to ₱28.03 million and ₱20.73 million as at December 31, 2014 and 2013, respectively (see Note 28).

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

Pension liability amounted to ₱1,161.28 million and ₱605.25 million as at December 31, 2014 and 2013, respectively (see Note 26).

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

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

5. Segment Information

Business Segments

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

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

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

Geographical Segments

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

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

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

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

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

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

Business Segment Data

	Television and Radio Airtime			International Subscriptions			Other Businesses			Eliminations			Consolidated		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Net Revenues															
External sales	₱10,676,626,531	₱11,738,449,260	₱10,827,122,279	₱1,075,797,836	₱977,812,319	₱956,293,603	₱230,463,979	₱234,617,743	₱302,519,088	₱–	₱–	₱–	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970
Inter-segment sales	–	–	–	–	–	–	772,809,560	761,156,750	909,768,842	(772,809,560)	(761,156,750)	(909,768,842)	–	–	–
	₱10,676,626,531	₱11,738,449,260	₱10,827,122,279	₱1,075,797,836	₱977,812,319	₱956,293,603	₱1,003,273,539	₱995,774,493	₱1,212,287,930	(₱772,809,560)	(₱761,156,750)	(₱909,768,842)	₱11,982,888,346	₱12,950,879,322	₱12,085,934,970
Results															
Segment results	₱583,750,944	₱1,816,913,584	₱1,763,346,005	₱827,781,275	₱531,126,610	₱513,773,226	(₱2,396,729)	₱37,512,277	₱5,035,728	₱–	₱–	₱–	₱1,409,135,490	₱2,385,552,471	₱2,282,154,959
Interest expenses and financing charges	(36,131,142)	(52,852,451)	(42,706,120)	–	–	–	(224,651)	(262,783)	(201,616)	–	–	–	(36,355,793)	(53,115,234)	(42,907,736)
Interest income from bank deposits and short-term investments	14,771,847	19,267,743	33,632,100	–	–	–	869,095	4,723,062	1,108,779	–	–	–	15,640,942	23,990,805	34,740,879
Net foreign currency exchange gains (losses)	(12,944,998)	(49,515,631)	(9,787,771)	–	17,340,273	(13,336,636)	(27,274)	854,376	(535,948)	–	–	–	(12,972,272)	(31,320,982)	(23,660,355)
Equity in net earnings (losses) of joint ventures	–	–	–	–	–	–	5,338,761	(5,362,051)	–	–	–	–	5,338,761	(5,362,051)	–
Other income - net	91,827,366	66,633,028	67,569,107	–	–	–	164,839,581	928,016	(547,057)	(180,000,000)	–	(3,000,000)	76,666,947	67,561,044	64,022,050
Provision for income tax	(192,377,804)	(535,160,705)	(540,707,890)	(248,334,382)	(159,337,983)	(127,639,914)	(52,222,645)	(17,832,353)	(25,229,156)	45,000,000	–	–	(447,934,831)	(712,331,041)	(693,576,960)
Net income	₱448,896,213	₱1,265,285,568	₱1,271,345,431	₱579,446,893	₱389,128,900	₱372,796,676	₱116,176,138	₱20,560,544	(₱20,369,270)	(₱135,000,000)	₱–	(₱3,000,000)	₱1,009,519,244	₱1,674,975,012	₱1,620,772,837
Assets and Liabilities															
Segment assets	₱12,109,164,612	₱11,655,665,602	₱11,657,844,976	₱1,804,517,475	₱1,365,518,823	₱932,477,981	₱942,507,866	₱853,416,184	₱946,239,689	(₱1,043,512,233)	(₱933,803,088)	(₱989,205,551)	₱13,812,677,720	₱12,940,797,521	₱12,547,357,095
Investment in an associate and interests in joint ventures - at equity	38,350,619	38,350,619	38,350,619	–	–	–	21,976,710	16,637,949	10,000,000	–	–	–	60,327,329	54,988,568	48,350,619
Deferred income tax assets	–	–	–	–	–	–	147,400,799	88,150,862	86,575,385	–	–	–	147,400,799	88,150,862	86,575,385
Total assets	₱12,147,515,231	₱11,694,016,221	₱11,696,195,595	₱1,804,517,475	₱1,365,518,823	₱932,477,981	₱1,111,885,375	₱958,204,995	₱1,042,815,074	(₱1,043,512,233)	(₱933,803,088)	(₱989,205,551)	₱14,020,405,848	₱13,083,936,951	₱12,682,283,099
Segment liabilities	₱5,261,372,401	₱3,890,259,616	₱3,999,688,501	₱292,609,818	₱188,876,025	₱200,966,316	₱926,552,875	₱839,168,812	₱1,068,255,438	(₱713,020,721)	(₱701,020,698)	(₱880,309,046)	₱5,767,514,373	₱4,217,283,755	₱4,388,601,209
Deferred income tax liabilities	19,696,301	41,580,015	144,250,390	–	–	–	–	–	–	–	–	–	19,696,301	41,580,015	144,250,390
Total liabilities	₱5,281,068,702	₱3,931,839,631	₱4,143,938,891	₱292,609,818	₱188,876,025	₱200,966,316	₱926,552,875	₱839,168,812	₱1,068,255,438	(₱713,020,721)	(₱701,020,698)	(₱880,309,046)	₱5,787,210,674	₱4,258,863,770	₱4,532,851,599
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	₱802,911,694	₱582,863,041	₱868,716,048	₱6,536,842	₱14,232,925	₱53,432,603	₱1,319,760	₱660,178	₱33,583,795	(₱150,000,000)	₱–	₱–	₱660,768,296	₱597,756,144	₱955,732,446
Property and equipment	561,411,874	656,219,043	956,155,200	1,452,393	14,365,659	9,830,044	1,032,224	2,067,525	10,053,374	–	–	–	563,896,491	672,652,227	976,038,618
Investment properties	3,299,279	1,846,519	–	–	–	–	–	–	–	–	–	–	3,299,279	1,846,519	–
Depreciation and amortization	1,425,864,346	1,282,171,980	1,079,790,144	6,473,949	5,764,666	6,455,694	14,237,327	13,857,774	12,428,482	–	–	–	1,446,575,622	1,301,794,420	1,098,674,320
Noncash expenses other than depreciation and amortization	–	–	–	–	–	11,761,460	–	–	–	–	–	(11,761,460)	–	–	–

Geographical Segment Data

	Local														
	Television and radio airtime			Other Businesses			International Subscriptions			Eliminations			Consolidated		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012	**2014**	2013	2012
Net Revenues															
External sales	**₱10,676,626,531**	₱11,738,449,260	₱10,827,122,279	**₱230,463,979**	₱234,617,743	₱302,519,088	**₱1,075,797,836**	₱977,812,319	₱956,293,603	**₱–**	₱–	₱–	**₱11,982,888,346**	₱12,950,879,322	₱12,085,934,970
Inter-segment sales	**–**	–	–	**772,809,560**	761,156,750	909,768,842	**–**	–	–	**(772,809,560)**	(761,156,750)	(909,768,842)	**–**	–	–
Total net revenues	**₱10,676,626,531**	₱11,738,449,260	₱10,827,122,279	**₱1,003,273,539**	₱995,774,493	₱1,212,287,930	**₱1,075,797,836**	₱977,812,319	₱956,293,603	**(₱772,809,560)**	(₱761,156,750)	(₱909,768,842)	**₱11,982,888,346**	₱12,950,879,322	₱12,085,934,970
Results															
Segment results	**₱583,750,944**	₱1,816,913,584	₱1,763,346,005	**(₱2,396,729)**	₱37,512,277	₱5,035,728	**₱827,781,275**	₱531,126,610	₱513,773,226	**₱–**	₱–	₱–	**₱1,409,135,490**	₱2,385,552,471	₱2,282,154,959
Interest expenses and financing charges	**(36,131,142)**	(52,852,451)	(42,706,120)	**(224,651)**	(262,783)	(201,616)	**–**	–	–	**–**	–	–	**(36,355,793)**	(53,115,234)	(42,907,736)
Interest income from bank deposits and short-term investments	**14,771,847**	19,267,743	33,632,100	**869,095**	4,723,062	1,108,779	**–**	–	–	**–**	–	–	**15,640,942**	23,990,805	34,740,879
Net foreign currency exchange gains (losses)	**(12,944,998)**	(49,515,631)	(9,787,771)	**(27,274)**	854,376	(535,948)	**–**	17,340,273	(13,336,636)	**–**	–	–	**(12,972,272)**	(31,320,982)	(23,660,355)
Equity in net earnings (losses) of joint ventures	**–**	–	–	**5,338,761**	(5,362,051)	–	**–**	–	–	**–**	–	–	**5,338,761**	(5,362,051)	–
Other income - net	**91,827,366**	66,633,028	67,569,107	**164,839,581**	928,016	(547,057)	**–**	–	–	**(180,000,000)**	–	(3,000,000)	**76,666,947**	67,561,044	64,022,050
Provision for income tax	**(192,377,804)**	(535,160,705)	(540,707,890)	**(52,222,645)**	(17,832,353)	(25,229,156)	**(248,334,382)**	(159,337,983)	(127,639,914)	**45,000,000**	–	–	**(447,934,831)**	(712,331,041)	(693,576,960)
Net income	**₱448,896,213**	₱1,265,285,568	₱1,271,345,431	**₱116,176,138**	₱20,560,544	(₱20,369,270)	**₱579,446,893**	₱389,128,900	₱372,796,676	**(₱135,000,000)**	₱–	(₱3,000,000)	**₱1,009,519,244**	₱1,674,975,012	₱1,620,772,837
Assets and Liabilities															
Segment assets	**₱12,109,164,612**	₱11,655,665,602	₱11,657,844,976	**₱942,507,866**	₱853,416,184	₱946,239,689	**₱1,804,517,475**	₱1,365,518,823	₱932,477,981	**(₱1,043,512,233)**	(₱933,803,088)	(₱989,205,551)	**₱13,812,677,720**	₱12,940,797,521	₱12,547,357,095
Investment in an associate and interests in joint ventures - at equity	**38,350,619**	38,350,619	38,350,619	**21,976,710**	16,637,949	10,000,000	**–**	–	–	**–**	–	–	**60,327,329**	54,988,568	48,350,619
Deferred income tax assets	**–**	–	–	**147,400,799**	88,150,862	86,575,385	**–**	–	–	**–**	–	–	**147,400,799**	88,150,862	86,575,385
Total assets	**₱12,147,515,231**	₱11,694,016,221	₱11,696,195,595	**₱1,111,885,375**	₱958,204,995	₱1,042,815,074	**₱1,804,517,475**	₱1,365,518,823	₱932,477,981	**(₱1,043,512,233)**	(₱933,803,088)	(₱989,205,551)	**₱14,020,405,848**	₱13,083,936,951	₱12,682,283,099
Segment liabilities	**₱5,261,372,401**	₱3,890,259,616	₱3,999,688,501	**₱926,552,875**	₱839,168,812	₱1,068,255,438	**₱292,609,818**	₱188,876,025	₱200,966,316	**(₱713,020,721)**	(₱701,020,698)	(₱880,309,046)	**₱5,767,514,373**	₱4,217,283,755	₱4,388,601,209
Deferred income tax liabilities	**19,696,301**	41,580,015	144,250,390	**–**	–	–	**–**	–	–	**–**	–	–	**19,696,301**	41,580,015	144,250,390
Total liabilities	**₱5,281,068,702**	₱3,931,839,631	₱4,143,938,891	**₱926,552,875**	₱839,168,812	₱1,068,255,438	**₱292,609,818**	₱188,876,025	₱200,966,316	**(₱713,020,721)**	(₱701,020,698)	(₱880,309,046)	**₱5,787,210,674**	₱4,258,863,770	₱4,532,851,599
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	**₱802,911,694**	₱582,863,041	₱868,716,048	**₱1,319,760**	₱660,178	₱33,583,795	**₱6,536,842**	₱14,232,925	₱53,432,603	**(₱150,000,000)**	₱–	₱–	**₱660,768,296**	₱597,756,144	₱955,732,446
Property and equipment	**561,411,874**	656,219,043	956,155,200	**1,032,224**	2,067,525	10,053,374	**1,452,393**	14,365,659	9,830,044	**–**	–	–	**563,896,491**	672,652,227	976,038,618
Investment properties	**3,299,279**	1,846,519	–	**–**	–	–	**–**	–	–	**–**	–	–	**3,299,279**	1,846,519	–
Depreciation and amortization	**1,425,864,346**	1,282,171,980	1,079,790,144	**14,237,327**	13,857,774	12,428,482	**6,473,949**	5,764,666	6,455,694	**–**	–	–	**1,446,575,622**	1,301,794,420	1,098,674,320
Noncash expenses other than depreciation and amortization	**–**	–	–	**–**	–	–	**–**	–	11,761,460	**–**	–	(11,761,460)	**–**	–	–

6. Cash and Cash Equivalents

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

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

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

7. Trade and Other Receivables

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

Trade Receivables

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

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

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

Offsetting of Financial Assets and Liabilities

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

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

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

Nontrade Receivables

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8. Program and Other Rights

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

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

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

9. Prepaid Expenses and Other Current Assets

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

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

Prepaid production represents costs paid in advance prior to the airing of the programs or episodes. The Group expects to air the related programs or episodes within the next financial year.Prepaid expenses include prepayments for rentals, insurance and other expenses.

10. **Available-for-Sale Financial Assets**

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

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

The movements in this account are as follows:

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

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

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

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

11. **Investments and Advances**

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

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

The movements in the above amounts are as follows:

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

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

	Principal Activities	Percentage of Ownership	
Associate -		Direct	Indirect
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	49	–
Joint Ventures:			
INQ7 Interactive, Inc. (INQ7)	Internet Publishing	50	–
Philippine Entertainment Portal (PEP)*	Internet Publishing	–	50
Gamespan, Inc. (Gamespan)*	Betting Games	–	50

**Indirect investment through GNMI.*

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

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

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

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

PEP

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

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

Gamespan

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

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

INQ7

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

Mont-aire

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

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

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

12. Property and Equipment at Cost

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

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

(Forward)

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

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

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

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

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

13. Land at Revalued Amounts

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

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

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

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

As at December 31, 2014 and 2013, no land has been pledged as collateral or security for any of the Group's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

14. Investment Properties

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

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

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

Certain properties were provided with allowance for impairment in prior years. Management believes that the carrying values after impairment approximate its recoverable values.

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

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

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

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

As at December 31, 2014 and 2013, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. Other Noncurrent Assets

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

The movements in software costs follow:

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

X-Play

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

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

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

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

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

16. **Trade Payables and Other Current Liabilities**

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

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

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

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

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

17. **Short-term Loans**

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

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

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

18. **Obligations for Program and Other Rights**

This account consists of:

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

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

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

19. **Equity**

a. Capital Stock

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

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

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

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

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

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

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

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

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2014 and 2013, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively, in 2014 and 2013.

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

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

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

20. Related Party Disclosures

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

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

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

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

Compensation of Key Management Personnel

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

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

Equity Investments of the Retirement Fund

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

21. Net Revenues

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

Television and radio airtime include tax credits earned from airing of government commercials and advertisements amounting to ₱80.00 million, ₱44.80 million and ₱40.00 million in 2014, 2013 and 2012, respectively.

22. **Production Costs**

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

23. **General and Administrative Expenses**

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

24. **Personnel Costs**

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

The above amounts were distributed as follows:

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

25. **Others - Net**

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

26. **Pension and Other Employee Benefits**

Pension Benefits
The Group operates non-contributory defined benefit retirement plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

The plan assets consist of the following:

- Cash and cash equivalents consist of regular savings and time deposits.

- Investments in equity instruments consist of unsecured and not impaired investments on the listed shares of GMA Network, Inc. and GMA PDRs (see Note 20). Changes in the fair market value in these investments amounted to a gain of ₱63.91 million and ₱157.36 million in 2014 and 2013, respectively.

- Investments in debt instruments bear interest ranging from 3.15% to 7.89% and have maturities from February 2015 to October 2037.

- Others consist of loans and receivables which are collectible within the next twelve months.

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

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

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

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

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

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

The Group expects to contribute ₱120.00 million to the defined benefit pension plan in 2015.

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

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

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

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

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

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

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

<u>Other Employee Benefits</u>
Other long-term employee benefits consist of accumulated employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱259.01 million and ₱264.37 million as at December 31, 2014 and 2013, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included under "Trade and other

current liabilities" account amounted to ₱18.14 million and ₱17.26 million as at December 31, 2014 and 2013, respectively (see Note 16).

27. Agreements

Lease Agreements

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

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

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

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

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

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

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

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

28. **Income Taxes**

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

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

Income Tax

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

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

Deferred Income Taxes

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

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

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

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

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

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

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

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱28.03 million and ₱20.73 million as at December 31, 2014 and 2013, respectively.

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

As at December 31, 2014, the Group's MCIT and NOLCO are as follows:

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

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

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

Board of Investments (BOI) Regulation

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

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

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

29. EPS Computation

The computation of basic and diluted EPS follows:

	2014	2013	2012
Net income attributable to equity holders of the Parent Company (a)	**₱1,004,651,016**	₱1,666,949,855	₱1,616,888,633
Less attributable to preferred shareholders	**310,044,440**	514,435,885	498,986,536
Net income attributable to common equity holders of the Parent Company (b)	**₱694,606,576**	₱1,152,513,970	₱1,117,902,097
Common shares issued at the beginning of year (Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱0.207**	₱0.343	₱0.333
Diluted EPS (a/d)	**₱0.207**	₱0.343	₱0.333

30. Financial Risk Management Objectives and Policies

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

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

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

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

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

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

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

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

(Forward)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The credit quality of financial assets is managed by the Group using high grade and standard grade as internal credit ratings.

- *High Grade.* Pertains to a counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes prime financial institutions and companies and top 20 advertisers in terms of volume of sales, who consistently pay on or before the maturity date and related parties.

- *Standard Grade.* Pertains to a counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Group. The delays may be due to cut-off differences. This includes customers outside the top 20 advertisers in terms of volume of sales, who consistently pay on maturity date and officers and employees.

As at December 31, 2014 and 2013, the credit quality of the Group's financial assets is as follows:

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

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

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

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

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

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

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

No changes were made in the objectives, policies or processes for the three years ended December 31, 2014, 2013 and 2012.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱2,222.96 million and ₱1,106.87 million as at December 31, 2014 and 2013, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2014 and 2013 amounted to ₱8,190.47 million and ₱8,788.42 million, respectively.

31. Fair Value Measurement

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

	2014			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Loans and receivables -				
Refundable deposits*	**₱19,913,347**	**₱–**	**₱–**	**₱18,144,416**
AFS financial assets	**5,009,000**	**6,840,000**	**–**	**–**
Investment properties	**58,811,306**	**–**	**–**	**135,390,479**
Land at revalued amount	**346,502,817**	**–**	**–**	**1,453,210,041**
	₱430,236,470	**₱6,840,000**	**₱–**	**₱1,606,744,936**
Liability				
Other financial liability -				
Noncurrent portion of obligation for program and other rights	**₱5,193,223**	**₱–**	**₱–**	**₱6,526,340**

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

		2013		
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Loans and receivables -				
Refundable deposits*	₱15,671,300	₱–	₱–	₱14,885,845
AFS financial assets	2,708,000	4,890,000	–	–
Investment properties	60,532,209	–	–	133,666,200
	₱78,911,509	₱4,890,000	₱–	₱148,552,045
Liability				
Other financial liability -				
Noncurrent portion of obligation for program and other rights	₱33,330,130	₱–	₱–	₱34,663,247

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

During the years ended December 31, 2014 and 2013, there were no transfers between levels of fair value measurement. There are no financial instruments classified under levels 1 and 2.

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

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

Refundable Deposits
The fair value of refundable deposits is based on the present value of the future discounted cash flows. Discount rates used range from 3.64% to 4.83% in 2014 and 0.73% to 2.13% in 2013.

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

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

Land at Revalued Amount
The valuation for land was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the

subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱50,000.

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

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

Noncurrent Portion of Obligations for Program and Other Rights
The fair value of noncurrent portion of obligation for program and other rights is based on the present value of the future cash flows. Discount rates used is 4.03% in 2014 and 2.10% in 2013.

32. Other Matters

Non-cash transactions
Noncash investing activity for the year ended December 31, 2013 consists of increase in investment in PEP of ₱12.00 million which was settled through conversion of advances of GNMI to PEP (see Note 11). Moreover, noncash transaction under investing activities pertains to the revaluation of land credited to the "Revaluation increment on land - net of tax" account under equity. Details of the revaluation of land are further discussed in Note 13.

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

Events after Reporting Period
On March 30, 2015, the BOD approved the Parent Company's declaration and distribution of cash dividends amounting to ₱0.25 per share totaling ₱1,216.15 milion to all stockholders of record as at April 24, 2015 and will be paid on May 19, 2015.

DIRECTORY

TELEVISION

LUZON

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

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

TV-5 San Nicolas, Ilocos Norte (GMA)
Brgy. San Lorenzo, San Nicolas, Ilocos Norte
0916-6715439

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

TV-48 Bantay, Ilocos Sur (GMA)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

TV-40 Bantay, Ilocos Sur (GMA)
Mt. Caniao, Bantay, Ilocos Sur
0915-8632841

TV-7 Basco, Batanes (GMA)
Brgy. Kayvaluganan, Basco, Batanes
0915-6127197

TV-13 Aparri, Cagayan (GMA)
Hi-Class Bldg. De Rivera St., Aparri, Cagayan
0915-6130530

TV-7 Tugegarao, Cagayan (GMA)
No. 91 Mabini St., Tuguegarao City
0915-6127263

TV-27 Tugegarao, Cagayan (GNTV)
No. 91 Mabini St., Tuguegarao City
0915-6127263

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

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

TV-10 Olongapo (GMA)
Upper Mabayuhan, Olongapo City
0915-6127265

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

TV-28 Tarlac City (GNTV)
Exclusively His Bldg. located at F. Tanedo St.
corner Espinosa St., Tarlac City
0915-2700185

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

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

TV-44 Jalajala, Rizal (GMA)
Mt. Landing, Jalajala, Rizal
0915-8632874

TV-13 San Jose, Occidental Mindoro (GMA)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

TV-26 San Jose, Occidental Mindoro (GMA)
Bonifacio St., San Jose, Occidental Mindoro
0915-6127199

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

TV-8 Coron, Palawan (GMA)
Tapias Hill, Coron, Palawan
0915-6127178

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

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

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

TV-12 Legazpi, Albay (GMA)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

TV-27 Legazpi, Albay (GNTV)
Mt. Bariw, Estanza, Legazpi City
0915-8632867

TV-8 Daet, Camarines Norte (GMA)
Purok 2, Brgy. Mancruz, Daet, Camarines Norte
0915-2700056

TV-7 Naga, Camarines Sur (GMA)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-28 Naga , Camarines Sur (GNTV)
Brgy. Concepcion Pequeña, Naga City
0915-4417071

TV-13 Virac, Catanduanes (GMA)
Brgy. Sto. Niño, Virac, Catanduanes
0915-612717

TV-7 Masbate (GMA)
Brgy. Pinamurbuhan, Mobo, Masbate
0915-6127175

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

TV-2 Juban, Sorsogon (GMA)
Mt. Bintacan, Brgy. Maalo, Juban, Sorsogon
0915-2700192

TV-7 Abra (GMA)
Brgy. Lusuac, Peñarrubia, Abra
0915-6130512

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

TV-22 Benguet (GNTV)
Mt. Sto. Tomas, Tuba, Benguet
0915-4417080

TV-5 Mountain Province (GMA)
Mt Amuyao, Barlig. Mountain Province
0915-2700124

VISAYAS

TV-2 Kalibo, Aklan (GMA)
New Busuanga, Numancia, Aklan
0915-6127216

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

TV-5 Roxas City, Capiz (GMA)
Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-27 Roxas City, Capiz (GNTV)
Brgy. Milibili, Roxas City, Capiz
0915-6127217

TV-6 Jordan, Guimaras (GMA)
Bo. Tamburong, Jordan, Guimaras
0915-4417084

TV-28 Iloilo (GNTV)
Alta Tierra Subdivision, Jaro, Iloilo
0915-4417084

VISAYAS

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

TV-48 Bacolod (GNTV)
Security Bank Bldg., Rizal St. cor. Locsin St., Bacolod City
0915-8632864

TV-30 Murcia, Negros Occidental (GMA)
Mt. Kanlandog, Brgy. Canlandog,
Murcia, Negros Occidental
0915-2700132

TV-10 Sipalay (GMA)
Sipalay Municipal Building, Sipalay, Negros Occidental
0915-6127219

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

TV-7 Cebu (GMA)
Bonbon, Cebu City
0915-441707

TV-27 Cebu (GNTV)
Bonbon, Cebu City
0915-441707

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

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

TV-8 Borongan (GMA)
Poblacion, Borongan, Eastern Samar
0915-6127177

TV-12 Ormoc, Leyte (GMA)
Brgy. Alta Vista, Ormoc City
0915-6127213

TV-10 Tacloban (GMA)
Basper, Tigbao, Tacloban City
0915-6127208

TV-26 Tacloban (GMA)
Basper, Tigbao, Tacloban City
0915-6127208

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

MINDANAO

TV-4 Dipolog (GMA)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-26 Dipolog (GNTV)
Linabo Peak, Dipolog City, Zamboanga Del Norte
0915-6127247

TV-3 Pagadian (GMA)
Mt. Palpalan, Pagadian City
0915-6127245

TV-26 Pagadian (GNTV)
Mt. Palpalan, Pagadian City
0915-6127245

TV-9 Zamboanga (GMA)
Brgy. Cabatangan, Zamboanga City
0915-8632870

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

TV-12 Mt. Kitanglad, Bukidnon (GMA)
Mt. Kitanglad, Bukidnon
0915-8632863

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

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

TV-11 Iligan City (GMA)
Brgy. Del Carmen, Iligan City
0915-6131202

TV-35 Cagayan de Oro (GMA)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
915-8632875

TV-43 Cagayan de Oro (GNTV)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-5 Davao (GMA)
Shrine Hills, Matina, Davao City
0915-4417082

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

TV-12 Cotabato (GMA)
Regional Government Center, Cotabato City
0915-6131170

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

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

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

TV-10 Surigao (GMA)
Lipata Hills, Surigao City
0915-6131227

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

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

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

RADIO STATIONS

LUZON

METRO MANILA
AM – **DZBB (594 khz.)** 50kW
FM – **DWLS (97.1 mhz.)** 25kW
GMA Complex, EDSA cor. Timog Ave.,
Diliman, Quezon City

BAGUIO
FM – **DWRA (92.7 mhz.)** 5kW
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

LEGAZPI
FM – **DWCW (96.3 mhz.)** 10kW
3rd level A. Bichara Silverseen 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.)** 5kW 4/F DMG Bldg., Penafrancia St. Naga City, Camarines Sur

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

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

VISAYAS

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

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

ILOILO
AM – **DYSI (1323 khz.)** 5kW
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.)** 5kW
2/F Marel Reality Bldg., Pabayo corner Hayes St.
Cagayan de Oro City, Misamis Oriental

ILIGAN
FM **(DZBB Relay)** 1kW
3/F Kimberly Bldg., A Bonifacio cor. I. Emillia Ave.,
Iligan City, Lanao del Norte

DAVAO
AM – **DXGM (1125 khz.)** 10k
FM – **DXRV (103.5)** 10k
GMA Network Complez, Shrine Hills, Matina Davao City

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

SUBSIDIARIES

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

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

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

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

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

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

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

Gamespan, Inc.
Celadon Tower I, Sta. Cruz, Manila
Tel: 631-2892
Telefax: 928-4553
Chairman: **Alfonso R. Reyno, Jr.**
President and CEO: **Edilberto I. Gallares, Jr.**

SOCIO-CIVIC ORGANIZATIONS

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

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

AUDITOR

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

LEGAL COUNSEL

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15th and 16th Floors, Sagittarius Condominiums, 111 H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 816-3716 to 19
Fax: 817-0696 ● 812-0008

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

BANK REFERENCES

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

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

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

Bank of the Philippine Islands
BPI Bldg.
Ayala Avenue corner Paseo de Roxas
Makati City

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,
Makati City

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

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

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

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

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

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

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

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

Robinsons Bank
JSB Bldg.
Tomas Morato corner Scout Delgado
Quezon City

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

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

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

SHAREHOLDER SERVICES

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

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

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

Trading symbol

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

GMA NETWORK, INC.
GMA Network Center
EDSA cor. Timog Avenue, Diliman, Quezon City
Trunkline: (02) 9827777
www.gmanetwork.com

STABILITY THROUGH SOUND MANAGEMENT

2014 GMA NETWORK, INC. ANNUAL REPORT