GEARING UP FOR THE FUTURE

2017 GMA NETWORK, INC. ANNUAL REPORT


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GMA
ENTERTAINMENT
Abel Estanislao
Aiai Delas Alas
Aicelle Santos

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CORPORATE **PURPOSE**

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

CORPORATE **VISION**

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

CORPORATE **VALUES**

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

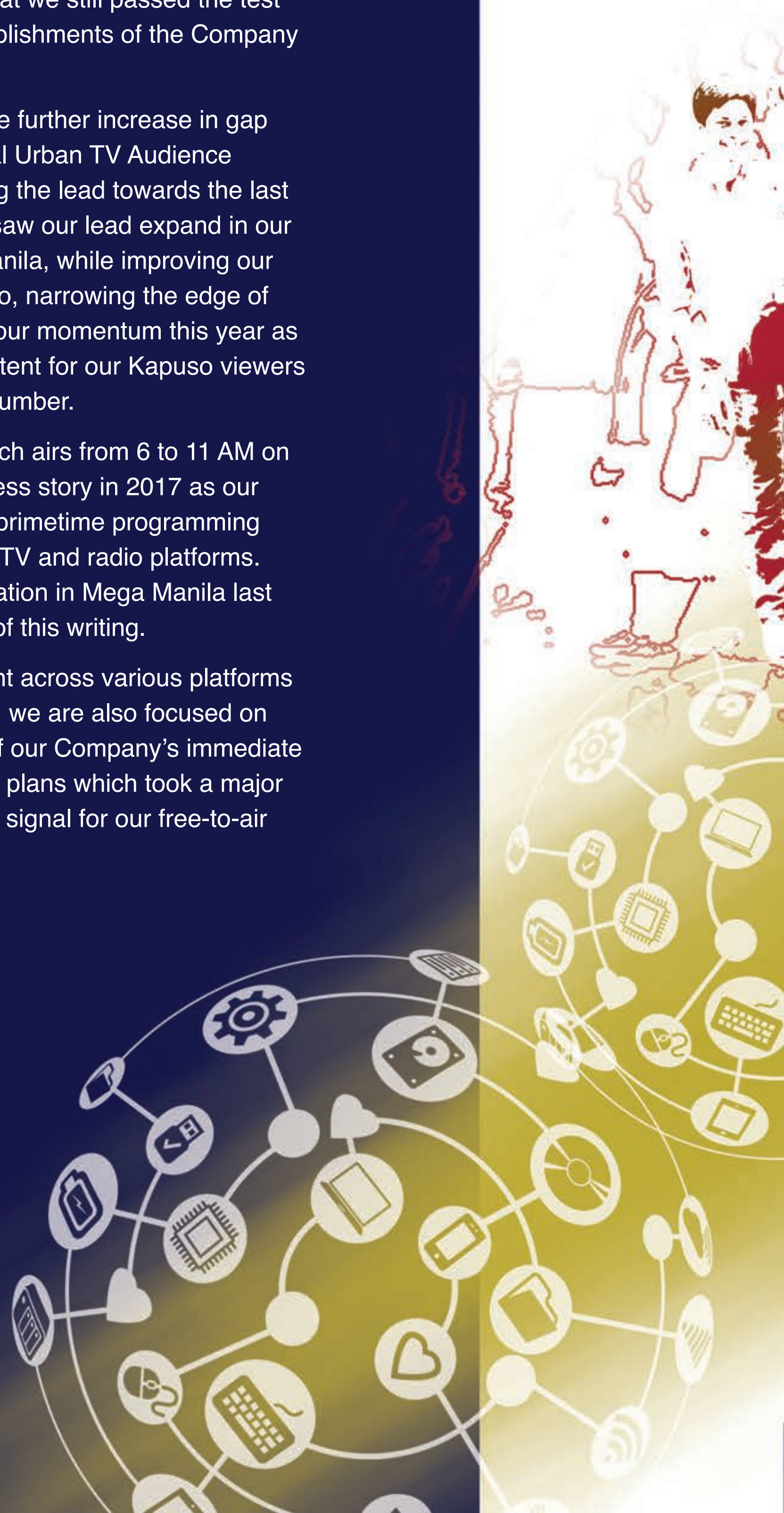
CHAIRMAN'S MESSAGE

2017 was both a challenging and rewarding year for GMA Network. Among the things that make us proud about our Company is our ability to meet challenges head on, particularly our determination to rise above any adversity. While 2016 was a very difficult year to duplicate in terms of our financial success, I would say that we still passed the test with flying colors given the numerous accomplishments of the Company in 2017.

Noteworthy among our achievements was the further increase in gap over our main competitor in NUTAM (National Urban TV Audience Measurement) ratings in 2017, after regaining the lead towards the last quarter of the previous year. In addition, we saw our lead expand in our bailiwick areas of Urban Luzon and Mega Manila, while improving our ratings performance in Visayas and Mindanao, narrowing the edge of competition. We are determined to maintain our momentum this year as we strive to produce better programming content for our Kapuso viewers worldwide who are continuously growing in number.

On the other hand, Dobol B sa News TV, which airs from 6 to 11 AM on GMA News TV (GNTV), was likewise a success story in 2017 as our move to simultaneously air DZBB's morning primetime programming on GNTV proved to be beneficial to both our TV and radio platforms. DZBB once again became the leading AM station in Mega Manila last December and has held on to its ranking as of this writing.

Apart from continuously improving our content across various platforms and maintaining our credibility in the industry, we are also focused on rolling out our plans that will set the course of our Company's immediate future. First in the agenda are our digitization plans which took a major step forward after we launched our digital TV signal for our free-to-air



We are proud of our ability
to meet challenges head on,
particularly our determination
to rise above any adversity.

channels GMA and GMA News TV in Metro Manila and nearby provinces in Luzon late last year. By May of this year, our digital TV signal will also be made available in Cebu and Davao, as well as in other parts of Luzon.

To complement the launch of our digital TV signal, we are very excited to present our digital TV products which will have more inclusive and functional features than the ones currently available to the Filipino viewers. I am confident that these and the other projects we have in the pipeline that will cater to the varying needs of our global Kapuso audience will be completed and launched as scheduled.

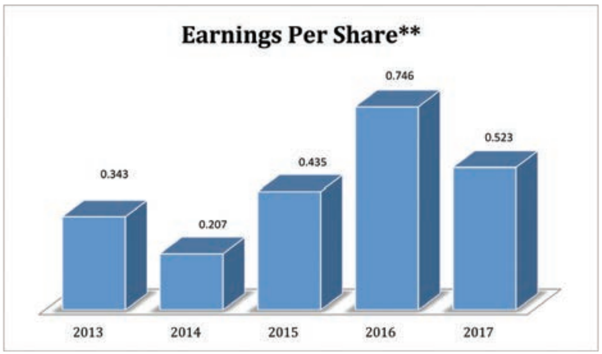
Lastly, we wish to thank all of you, our Kapuso viewers, for being with us through another challenging, yet fulfilling year for our Company. We trust that you will continue to support us as we move onward to 2018 and beyond. Our gratitude also goes to our shareholders, officers, employees, and talents for continuously working hard to keep your Kapuso Network on top year after year.

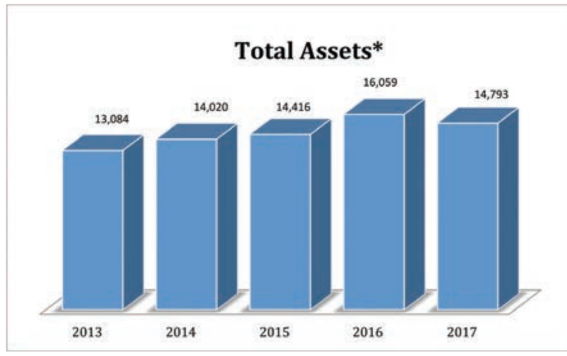
Maraming salamat sa inyong lahat, mga Kapuso.

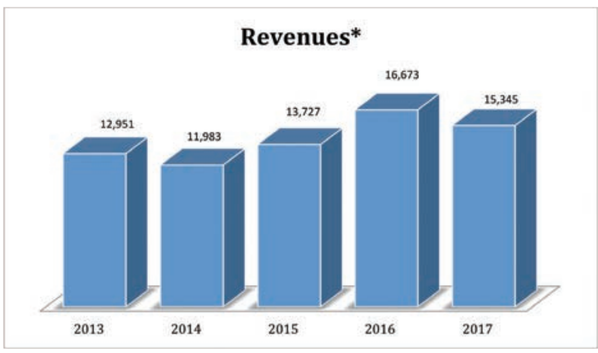
FELIPE L. GOZON
Chairman and CEO

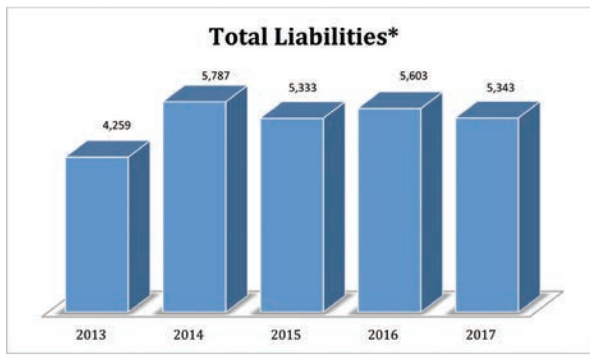
FINANCIAL HIGHLIGHTS

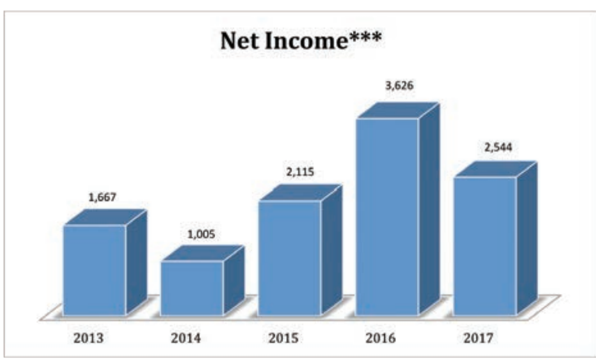
* Amounts in Million Pesos
** Amounts in Pesos
*** Amounts in Million Pesos and attributable to Equity holders of the Parent Company











As our viewer base incessantly evolves alongside the near limitless availability of content options, no efforts will be spared to ensure that we remain relevant to our consumers and customers in the years to come.

PRESIDENT'S MESSAGE

The year proved to be both a gratifying and eventful one for us, with audiences gained and key initiatives underway. Driven primarily by growth in our regular, recurring trade advertising revenue, 2017 also closed with the company registering its highest earnings ever for a non-election year.

Our main channel (GMA-7) posted top line growth as it led the industry in (Nielsen) NUTAM full year ratings with an increased margin over our closest competitor. Maintaining our dominance in Mega Manila and Urban Luzon, we led across all day parts, including Primetime. Separately, our second FTA channel, GMA News TV (GNTV) continued to convincingly dominate its audience niche while delivering NUTAM ratings behind only those of GMA, ABS-CBN, and TV 5.

The Radio business also performed notably well with lead stations DZBB (AM) and DWLS-FM delivering increases in trade airtime sales and DZBB ending the year as the top AM station in Mega Manila. Regional TV, on the other hand, grew its local sales as our Northern Luzon local news program continued to lead its counterparts in ratings while the Visayas and Mindanao (local) newscasts gained traction and reduced the gap in viewership versus their main competitors.

The company's subscription and content licensing revenue also increased within the year on the back of subscriber growth posted by our international linear channels GMA Pinoy TV, GMA Life TV, and GMA News TV; as well as the climbing program syndication sales delivered by GMA Worldwide, Inc (GWI).

Another highlight of the year was the Network's performance in the digital space. Through the collaborative efforts of subsidiary GMA New Media, Inc., our News and Public Affairs, Sales and Marketing, and Entertainment Content Groups together with our Program Support and Post Production Departments – we closed the year with commendable gains across all relevant metrics – resulting in triple digit (digital) ad revenue growth which is expected to maintain an upward trajectory moving forward. GMANetwork.com grew by 12% in page views to breach the 2B page view mark, with our Entertainment site now contributing over half of the portal's page views. Unique browsers for our News site GMANews.TV grew by 8.6M (+7%) to 132M unique browsers while our Entertainment site grew by 7M (14%) to 58M. For social media, our corporate accounts have remained the fastest growing social media accounts among local Networks with Facebook followers growing by 5M (+47%) to end at 15.8M fans by December 2017, while our corporate Twitter and Instagram accounts remained ahead of competition. On YouTube, our subscribers grew by 2.2M (+222%) to 3.3M by the end of December with video views increasing by 2.9B (+240%) to 4.2B.

Complementing our growing presence in the digital space is the realized and prospective growth in local and international OTT-VOD (Video on Demand) subscription and advertising revenue. Starting with our partnerships with YouTube, iflix, HOOQ, and other OTT carriers abroad, we are presently in the process of finalizing additional OTT distribution agreements that will result in the greater availability of our programs via OTT-VOD worldwide.

By year's end, our GMA New Media, Inc. (NMI) developed digital product had been prototyped. Now finalized with a broader set of consumer-centric functionalities and device variants, we are very optimistic that the product will be very well received by the diverse set of potential end-users when brought to market next year.

Closing the period was the launching of our DTT (Digital Terrestrial TV) Transmitter network roll-out. Starting with the commissioning of our Mega Manila DTT facility, the digital broadcasts of both GMA-7 and GNTV can now be viewed via the digital TV sets and through any and all available digital signal converter devices – including generic or third party Digital TV set-up boxes within the greater Mega-Manila area (which covers Metro Manila and the provinces of Cavite, Rizal, Laguna, Batangas, Bulacan and Pampanga) including other areas in adjacent provinces. With the completion of Phase One, our digital broadcasts will reach 83% of all Urban Philippine TV households in various key areas of Luzon, Visayas, and Mindanao – by the end of the 1st Semester, 2018.

Our content is now accessible to our audiences, both locally and internationally, through all available mass distribution platforms. We will continue to expand this accessibility through available and proprietary means, partnerships, and enhanced internal and external synergies until these have been optimized and fully exploited.

In a content driven world, our greatest challenge continues to be growing our audiences on all platforms both here and abroad, by further establishing ourselves as a, if not the leader in the production of ethnographic-Filipino language content as well as the first, best source of local, Filipino News and Public Affairs programming. As our viewer base incessantly evolves alongside the near limitless availability of content options, no efforts will be spared to ensure that we remain relevant to our consumers and customers in the years to come.

Our many thanks to you, our highly valued stakeholders, partners, and Kapuso audience worldwide for your invaluable support in the past year. Your continued trust further inspires us to be even better.

GILBERTO R. DUAVIT, JR.
President and COO

OPERATIONAL HIGHLIGHTS

GMA Network cruised through a challenging, yet, very exciting year in 2017. Although it ended the period with lower consolidated revenues and net income due to the almost P1.5 billion revenue from political advocacies and advertisements in 2016, the Company still recorded its highest net income for a non-election year. Moreover, GMA sustained its leadership in nationwide urban TV ratings for the full year.

The Network remained focused on producing and delivering superior content through its various platforms while maintaining its operational efficiencies which were vital to the Company's success in 2017.

In 2018, the Company is set to launch more trailblazing and innovative projects as it continues to march towards the industry's future.

Financials

GMA Network's consolidated revenues of P15.345 billion was down 8% versus 2016. Without the effect of political ads, GMA's recurring revenues went up by 1%.

Airtime revenues amounting to P13.609 billion in 2017 went down 10% or P1.523 billion versus the previous year. Core channel, GMA-7, posted the biggest drop in revenues with a decrease of 10%. Radio, on the other hand, fell short by 6% while sales for GMA News TV slipped by 9% year-on-year. Regional TV, however, bucked the trend, ending the year with total sales higher by less than 1% versus 2016. Without pol ads, Regional TV's recurring sales increased by 19%.

Total operating expenses of P11.809 billion went up by only 2% compared to 2016.

EBITDA (Earnings Before Interest, Taxes, Depreciation And Amortization) settled at P5.217 billion, lower by 23% than the previous year.

GMA Network's consolidated net income after tax in 2017 settled at P2.560 billion, down 30% or P1.087 billion versus 2016.

Ratings*

GMA Channel 7 led ABS-CBN Channel 2 in national urban (NUTAM) TV ratings in 2017, posting an average total day people audience share of 42.5 percent, up 5.7 percent points versus ABS-CBN's 36.8 percent average.

In addition, GMA likewise increased its advantage in the viewer-rich areas of Urban Luzon and Mega Manila in 2017, beating ABS-CBN in average people audience share by 17.8 percentage points and 25.2 percentage points, respectively.

The country's leading news channel GMA News TV, meanwhile, remained fourth overall, behind GMA, ABS-CBN, and TV-5.

Other Business Units

Revenues from international operations and other businesses totalled P1.736 billion, up 13% or P194 million compared to 2016.

International

International operations ended 2017 with revenues 9% higher than the previous year, propelled by the growth in subscription revenues.

GMA Worldwide

Sales for GMA Worldwide revealed an 18% increase over a year ago.

GMA New Media

GMA New Media posted a 34% growth in sales mainly from the increase in sponsorship and content provisioning.

GMA Records

Revenues for GMA Records recorded a 24% increase in 2017.

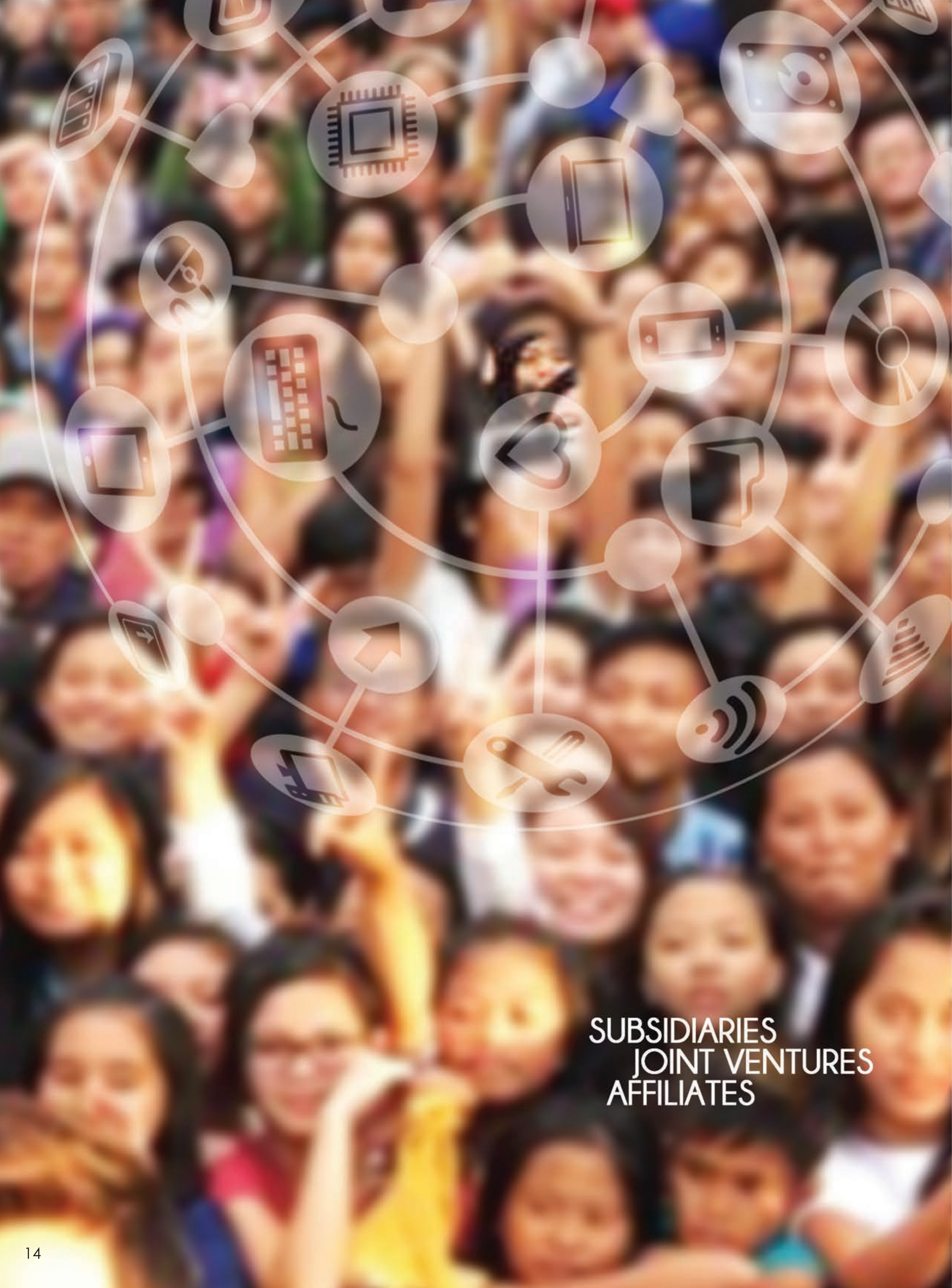
Alta Productions

ALTA Productions posted revenues higher by 4% versus 2016.

Script2010

Script2010 posted a 2% decline in revenues in 2017.

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



SUBSIDIARIES JOINT VENTURES AFFILIATES

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
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

AFFILIATES (49% Ownership)

Mont-Aire Realty and Development Corp.**** - Real estate
RGMA Network, Inc. - Radio broadcasting and management

Notes:

*	Not operational
**	Indirectly owned through Citynet Network Marketing and Productions, Inc.
***	Indirectly owned through GMA New Media, Inc.
****	49% owned by GMA Network, Inc.

CORPORATE CITIZENSHIP

Fulfilling our purpose through CSR

For many years, GMA Network has integrated corporate social responsibility (CSR) with its business practices, conducting a wide array of activities in fulfilment of its mandate of providing Serbisyong Totoo and its purpose “to enrich the lives of Filipinos everywhere”.

GMA Network Excellence Award

GMA Network fosters excellence among future broadcast media professionals through the GMA Network Excellence Award (GNEA) – a nationwide search that recognizes outstanding graduating students of communication and technology-based courses with excellent track records in leadership and socio-civic activities.

The following stood out as the best and brightest among the thirty-six (36) candidates from various universities/colleges nationwide, each winning P50,000.00 and a special plaque:

- Lorraine Mitzi Alonso Ambrad – Magna Cum Laude, Bachelor of Arts in Communication, University of San Jose Recoletos Cebu

- Rangel De Guzman Daroya – Summa Cum Laude, BS Electronics and Communications Engineering, University of the Philippines – Diliman

The other finalists per category were:

Technology

- **Williard Joshua D. Jose** – Summa Cum Laude, BS Electronics and Communications Engineering, UP Diliman
- **Christopher Ivan Vizcarra** – Magna Cum Laude, BS Computer Science, UP Diliman
- **Francis Christopher Paolo R. Prado** – Cum Laude, BS Computer Science, University of Santo Tomas

Communication

- **John Resty B. Santos** – Magna Cum Laude, Bachelor of Arts in Communication, UE Caloocan
- **Ma. Niña Pamela R. Castro** – Cum Laude, BA Journalism, UP Diliman
- **Leandro Anton M. Castro** – Cum Laude, BA Journalism, UP Diliman
- **Kevin M. Pangilinan** – Cum Laude, BA Communication Research, UP Diliman

National Teachers' Month

GMA has been a staunch supporter of the National Teachers' Month (NTM) organized by Metrobank Foundation. In 2017, GMA produced a video dubbed, "Panalangin para sa mga Guro" which featured select Kapuso artists. GMA also treated thirty (30) teachers to a special Kapuso experience via a tour of the Network's state-of-the arts studios and by watching live GMA's weekend variety show, Sunday Pinasaya.

Araw ng Pagbasa

In support of the Araw ng Pagbasa (Republic Act 10556), which promotes reading literacy, a GMA Artist Center talent visited Quirino Elementary School in Quezon City and read a book about the life story of GMA Chairman and CEO Felipe L. Gozon to the school children.

Public Service Announcements

GMA airs public service announcements from select organizations free of charge (called Run of Station or ROS plugs) for the benefit of the Kapuso audience. In 2017, ROS plugs totalled 400.32 minutes, equivalent to P161.2 million worth of airtime.

- GMA Channel 7 – 89.25 minutes (P88,626,481.92)
- GMA News TV – 266.50 minutes (P64,691,856.00)
- DWLS – 33.67 minutes (P4,968,000.00)
- DZBB – 10.90 minutes (P2,909,500.00)

Volunteerism

GMA's corps of employee volunteers, GMA G.I.V.E.S. (Guide, Interact, Volunteer, Educate, Serve), participated in various meaningful volunteer activities in 2017:

- Officers, employees, talents of GMA and its subsidiaries, and the general public donated 1,638 blood bags to the Philippine Red Cross during the nationwide Kapuso Bloodletting Day in February.
- In partnership with Maynilad through its Plant for Life: The Growing Project, GMA G.I.V.E.S. participated in two tree planting activities in Muntinlupa and around the Ipo Watershed in Norzagaray, Bulacan.
- GMA G.I.V.E.S. donated cash to GMA Kapuso Foundation's Rebuild Marawi project during the Salu-Salo Together, the quarterly gathering of volunteers for bonding and learning.
- A Christmas outreach activity was organized at V. Luna General Hospital in Quezon City to pay homage to our nation's heroes – soldiers who fought during the Marawi siege. Food, gift packs, and Noche Buena packages were distributed to the soldiers and their families.

Philanthropy

At the heart of GMA's philanthropic work are its two socio-civic arms, GMA Kapuso Foundation (GMAKF) and Kapwa Ko Mahal Ko (KKMK).

GMA Kapuso Foundation (GMAKF) served a total of 368,204 individuals in 2017 through its Health (11,986 individuals), Disaster Relief (190,128 individuals), Education (86,826 individuals), and Values Formation programs (79,264 individuals). Part of GMAKF beneficiaries are students currently use the classrooms constructed and rehabilitated under the Kapuso School Development (KSD) project. Also included are the residents of Barangay Iraya in Buhi, Camarines Sur where GMAKF constructed a 30-meter long steel and concrete hanging bridge under its Kapuso Tulay Para sa Kaunlaran project.

KKMK, on the other hand, extended medical assistance to 901 walk-in patients while 423 patients were referred to various hospitals, diagnostic centers, other non-government organizations, and medical foundations. In partnership with SM Foundation, KKMK also organized 83 medical missions, providing medical assistance to 78,417 patients.

BOARD OF DIRECTORS

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

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

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

Atty. Gozon is a recipient of several awards for his achievements in law, media, public service, and business, including the prestigious Chief Justice Special Award given by the Chief Justice of the Philippines (1991), Presidential Award of Merit given by the Philippine Bar Association (1990 & 1993), CEO of the Year given by Uno Magazine (2004), Master Entrepreneur – Philippines (2004) by Ernst and Young, Outstanding Citizen of Malabon Award for Legal and Business Management by the 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.


Felipe L. Gozon

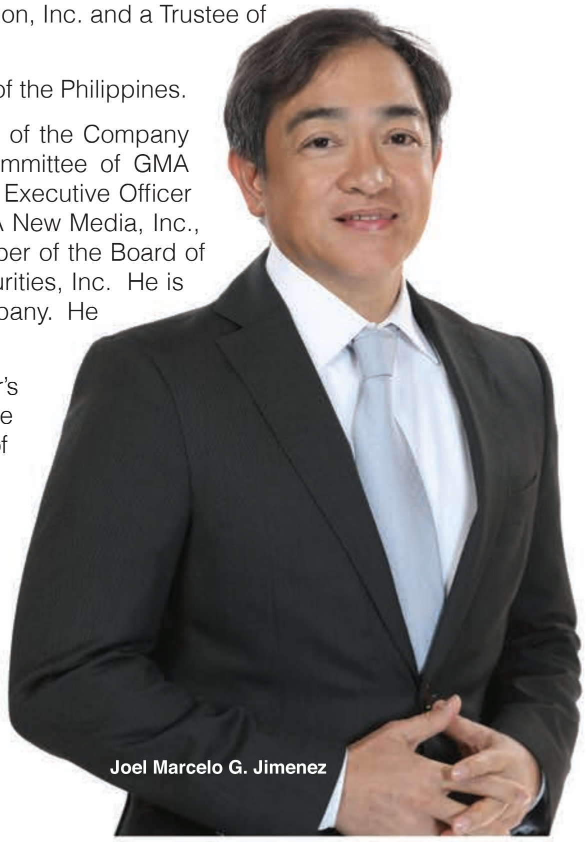
Gilberto R. Duavit, Jr., Filipino, 54 years old, is the President and Chief Operating Officer of the Network. He has been a Director of the Company since 1999 and is currently the Chairman of the Network's Executive Committee. Aside from GMA Network, Inc., he is the Chairman of the Board of GMA Network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

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

Joel Marcelo G. Jimenez, Filipino, 54 years old, has been a Director of the Company since 2002. He is currently the Vice Chairman of the Executive Committee of GMA Network, Inc., President and CEO of Menarco Holdings, and the Chief Executive Officer of Alta Productions, Inc. He is a Director of RGMA Network, Inc., GMA New Media, Inc., Scenarios, Inc., and GMA Worldwide, Inc., besides also being a member of the Board of Directors of Malayan Savings and Mortgage Bank, and Unicapital Securities, Inc. He is also a Director of Nuvoland Philippines, a real-estate development company. He is a Trustee of GMA Kapuso Foundation, Inc.

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

Felipe S. Yalong, Filipino, 61 years old, is the Executive Vice President and Chief Financial Officer of GMA Network, Inc. He is also the Head of the Corporate Services Group of the Network. He has been a Director of the Company since 2002. Aside from GMA Network, Inc., he also serves as Director and Corporate Treasurer of GMA Holdings, Inc., Scenarios, Inc., and GMA Network Films, Inc.; Director of Unicapital, Inc., and Majalco Finance and Investments, Inc.; Corporate Treasurer of RGMA Network, Inc., MediaMerge Corp.; Executive Vice President of RGMA Marketing and Productions, Inc.; and Corporate Treasurer of the Board of Trustees of GMA Kapuso Foundation, Inc..



Joel Marcelo G. Jimenez

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

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

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

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

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

Anna Teresa M. Gozon

Felipe S. Yalong

Gilberto R. Duavit, Jr.

BOARD OF DIRECTORS

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

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

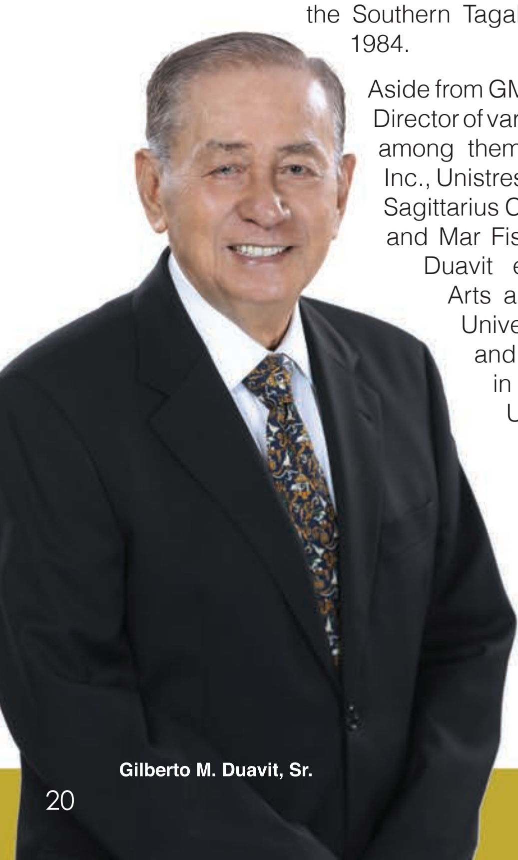
He is currently the Chairman and Chief Executive Officer of Group Management and Development, Inc. and the Chairman of Guronasyon Foundation, Inc., an organization which recognizes remarkable teachers in the province of Rizal.

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

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

Atty. Duavit was a delegate to the 1971 Constitutional Convention, representing the 2nd district of Rizal, and became President of the Philippine Constitutional Association or PHILCONSA (1970). He served as Executive Director of the National Youth and Sports Development Foundation of the Philippines (1978), and as Senior Deputy Minister of the Ministry of Youth and Sports Development (1974-1978). He was also a member of the Batasang Pambasa, representing the Southern Tagalog Region from 1978 to 1984.

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



Gilberto M. Duavit, Sr.

Laura J. Westfall, Filipino, 50 years old, has been a Director of the Company since 2000. She held the following positions in the Company — Senior Vice President of Corporate and Strategic Planning and Senior Vice President for Finance. In addition, she has served as Chairperson and President of GMA New Media. Prior to joining the Company, she worked for BDO Seidman – Los Angeles, an international audit and management consulting firm. She currently holds various positions in the Menarco Group of Companies and serves as Board Member of Coffee Bean and Tea Leaf Philippines and Museo Pambata.

Laura J. Westfall

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

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

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

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

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

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

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

Roberto Rafael V. Lucila, Filipino, 61 years old, was elected as Corporate Secretary of the Company on March 27, 2017. He is a co-managing partner/senior partner of the Law Firm of Belo Gozon Elma Parel Asuncion & Lucila. . He currently sits as director in the Philippine affiliates of certain European and American companies in the Philippines namely, eMerchant Asia Inc., eMerchant Pay Asia Inc., Evonik (Philippines) Inc., Time-Life International (Phil.) Inc. and MeteoGroup Philippines Inc.. He is the Chairman and President of Lucilex, Inc. and the President of Assetlex Development Corporation, Inc., Merchant Asia Inc., and eMerchant Pay Asia Inc.. He is a Court of Appeals Mediator and serves as a Trainor for the Court of Appeals Mediation Training Program. He is presently a lecturer for Constitutional Law at the University of the Philippines, College of Law and the University of Asia and the Pacific, School of Law and Government. He is a member of the Board of Regents of the Bicol University.

He was also a lecturer at the University of the Philippines College of Business Administration, San Sebastian College Institute of Law and Lyceum College of Law as well as in local and international conferences such as the Integrated Bar of the Philippines (IBP) National Convention in 2010, Avenue Global Investor Conference in 2005, and The Law Association for Asia and the Pacific (LAWASIA) Conference in 1997. He was OIC for the Legal Department of GMA Network, Inc. from 2001 to 2004 and Office of the President of Express Telecommunications, Inc. in 1998. He represented the Avenue Asia Capital Group and Avenue Capital Group as member of the Board of Directors of Citra Metro Manila Tollway Corporation (CMMTC) from 2004 thru 2012.

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

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

Jaime C. Laya

Chief Justice Artemio V. Panganiban

Roberto Rafael V. Lucila

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6 **RONALDO P. MASTRILI**
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7 **MIGUEL C. ENRIQUEZ**
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Managing Director

RGMA MARKETING & PRODUCTIONS, INC. (GMA RECORDS)

RENE A. SALTA
Managing Director

AWARDS

2017 New York Festivals' International TV & Films Awards
- Gold World Medal - Reporter's Notebook: Pasan-Pasang Pangarap (Community Portraits)
- Gold World Medal - Front Row: Bata sa Bintana (Human Concerns)
- Gold World Medal - Reel Time: Maling Akala (National/ International Affairs)

Finalist Certificates
- Kapuso Mo, Jessica Soho: Gintong Medalya (Community Portraits)
- Investigative Documentaries: PAAralan (Community Portraits)
- Someone to Watch Over Me

Anvil Awards
Silver Anvil Award – 2015 GMAKF Annual Report

2017 Reader's Digest Trusted Brands Award
- Platinum Award - GMA Network
- Most Trusted News Presenter - Jessica Soho
- Most Trusted Radio Presenter - Mike Enriquez
- Most Trusted Entertainment/ Variety Presenter - Ryan Agoncillo
- Most Trusted Sports Personality - Manny Pacquiao

Apollo Awards
- Best Visual Effects – Encantadia
- Nominee, Best Directing (Long Form) – Reel Time: Isinulat sa Tubig

2017 Asia Pacific Child Rights Awards
- Finalist – Reel Time: Pagkatapos ng Unos
- Finalist – Reporter's Notebook: Pasan-pasang Pangarap

2017 Seoul International Drama Awards
Asian Star Prize – Gabby Concepcion (Ika-6 Na Utos)

UP College of Mass Communications' 1ST Glory Awards
Awardee, Broadcast Journalism Category – Marissa L. Flores

Rotary Club of Manila
- Radio Male Broadcaster of the Year – Orly Trinidad
- Television Female Reporter of the Year – Marisol Abdurahman

2017 NAMIC Awards (National Association for Multi-Ethnicity In Communications):
- Marketing Tactics, Diversity Awareness, 1st place - "Becoming Pinoy: Reggie Lee"
- Marketing Tactics, Social Media, 1st place - "Social Media Take-Over: Alden Richards"
- Marketing Tactics, Television, 1st place - "Becoming Pinoy: Sameera Aguilar"

US International Film and Video Festivals
- Gold Camera and Best of Festival Nominee for Documentary – I-Witness: Busal (Public Affairs Programs)
- Silver Screen – Front Row: Mga Barya ni Lola Maria (Biography)
- Silver Screen – Front Row: Bata sa Bintana (Health, Medical)
- Silver Screen – I-Witness: Body Collector (Current Affairs)
- Silver Screen – Motorcycle Diaries: Lason sa Paraiso (Environment, Ecology)
- Silver Screen – Reel Time: Maling Akala (Political, Government)
- Certificate for Creative Excellence – Reporter's Notebook: Pasan-Pasang Pangarap (Public Affairs Programs)
- Certificate for Creative Excellence – Alamat: Ang Bakunawa at ang Pitong Buwan (Children's Programming)
- Certificate for Creative Excellence – Brigada: Abo at Tubig (Magazine Format)
- Certificate for Creative Excellence – Reel Time: Isinulat sa Tubig (Social Issues)
- Silver Screen – Children's Category - iBilib
- Certificate for Creative Excellence – Cooking Category - Idol sa Kusina

2017 Japan Prize
- Finalist, Lifelong Learning Category – Reel Time: Maling Akala
- Finalist, Primary Category – Front Row: Bata sa Overpass

2017 Spark Awards
- Gold for Best Programme Promotion – Biyahe ni Drew Feature with Native Ads for Sapporo City
- Bronze for Best in Media Solution for TV/Online Video – Biyahe Ni Drew Feature with Native Ads for Sapporo City

Mob-Ex Awards 2017

News Online Eleksyon 2016 Bronze for Best App – Community Service - The GMA News Online Mobile App

Gawad Filipino Awards – Media People's Choice Award 2017
- Best TV Newscast - 24 Oras
- Best TV Host for Entertainment and Lifestyle – Cata Tibayan
- Best Female News and Public Affairs Host - Susan Enriquez
- Best TV Magazine Show Host – Jessica Soho (Kapuso Mo, Jessica Soho)

Gawad Amerika Awards
- Most Outstanding Filipina Actress – Sunshine Dizon

7TH OFW Gawad Parangal
- Best Field Reporter – Marisol Abdurahman
- Most Popular Love Team – Sanya Lopez & Rocco Nacino
- Best Actor – Gabby Concepcion (Ika-6 na Utos)
- Best Actress – Sunshine Dizon (Ika-6 na Utos)
- Best Actress – Kris Bernal (Impostora)
- Best Supporting Actress – Ryza Cenon (Ika-6 na Utos)
- Best Comedian – Super Tekla
- Best Game Show – Wowowin
- Best Game Show Host – Willie Revillame (Wowowin)

2017 Migration Advocacy and Media (MAM) Awards
- Television Journalism Award, Best TV (Episodic) Category - Reporter's Notebook's "Hikbi Sa Ibayong Dagat"
- Television Journalism Award, Best TV Series Category – Tadhana

Pusong OFW Award of the Blas F. Ople Policy Center and Training Institute
- Arnold Clavio

1ST Philippine Tourism Industry Awards
- Best Travel Oriented TV Show – Biyahe ni Drew
- Best Travel Oriented TV Show Host – Drew Arellano

2017 Save the Children Media Awards
- Most Outstanding Special Feature - Biyaheng Totoo – North Cotabato
- Finalist - Special Feature Category – Balitang Amianan "Special Report on Malnutrition Rate" (RTV Dagupan)
- Most Outstanding Full-length Film – Reel Time (Gutom)
- Most Outstanding Article (People's Choice) - Senate hikes P13 daily daycare meal allowance to P20 by Joseph Tristan Roxas

Globe Media Excellence Awards for Visayas (September 2017
- Reporter of the Year for TV – Alan Domingo, Balitang Bisdak (RTV Cebu)
- Explanatory/Investigative Story of the Year for TV – "Endo" by Reyn Nikko Sereno, Balitang Bisdak (RTV Cebu)

3RD Sarihay Awards
- Best TV Special Report Category - Reporter's Notebook's "Bayan ng Mina"

39TH Catholic Mass Media Awards
- Best Public Service Program - Reporter's Notebook
- Best News Magazine Program - Kapuso Mo, Jessica Soho
- Best Special Event Coverage - Eleksyon 2016
- Best TV Special - Kerygma TV
- Best Drama Series/Program - Maynila (Special Citation)
- Best Children & Youth Program – Aha! (Special Citation)
- Best Talk Show – Tonight with Arnold Clavio
- Best Adult Educational/Cultural Program – Biyahe ni Drew
- Best News Magazine Program – Brigada (Special Citation)
- Best News Magazine Program – I Juander (Special Citation)
- Best News Program – Super Balita sa Tanghali, Nationwide (Special Citation)
- Best News Commentary – Saksi sa Dobol B (Special Citation)
- Hall of Fame Awardee – Pepito Manaloto

2017 Anak TV Awards

Anak TV Seal

- 24 Oras
- 24 Oras Weekend
- Aha
- Born to be Wild
- Kapuso Mo, Jessica Soho
- Pinoy MD
- Unang Hirit
- Wish Ko Lang
- Balitang Amianan (RTV Dagupan and RTV Ilocos)
- Balitang Bisdak (RTV Cebu)
- Kapuso Panagbenga Festival (RTV Dagupan)
- iBilib
- Idol sa Kusina
- Pit Señor Kapuso
- I-Witness

Anak TV Seal (GNTV)

- Ang Pinaka
- Biyahe ni Drew
- Brigada
- Day Off
- Good News
- I Juander
- Investigative Documentaries
- News to Go
- Pop Talk
- Quick Response Team
- Reel Time
- Wagas

Hall of Famers

- Arnold Clavio
- Vicky Morales

Male Makabata Stars

- Atom Araullo
- Drew Arellano
- Dingdong Dantes
- Alden Richards

Female Makabata Star

- Kara David
- Marian Rivera
- Gloria Romero

Household Favorite TV Programs

- 24 Oras
- Kapuso Mo, Jessica Soho
- Pepito Manaloto

Sinebata 2017

- Winner, Professional Category: Fiction for Children Under 7 Years Old – Alamat: Ang Bakunawa at ang Pitong Buwan
- Winner, Professional Category: Non-Fiction for Children Aged 8-12 Years Old – Front Row: Bata sa Overpass
- Winner, Professional Category: Non-Fiction for Children Aged 13-17 Years Old – Reel Time: Isinulat sa Tubig

1ST Southeast Asia Prix Jeunesse Video Festival for Children

- Winner, Professional Category: Non-Fiction for Children Aged 13-17 Years Old – Reel Time: Isinulat sa Tubig
- Finalist, Professional Category: Fiction for Children Under 7 Years Old – Alamat: Ang Bakunawa at ang Pitong Buwan

37TH Dangal ng Bayan Top Choice Consumer Awards

- Outstanding Entertainment Radio Anchor – John Fontanilla

4TH Annual Inding-Indie Film Festival

- Most Trusted and Best TV Program of the Year – Kapuso Mo, Jessica Soho
- Most Trusted Media Personality of the Year – Dano Tingcungco
- Most Trusted Media Personality of the Year – Marisol Abdurahman
- Most Trusted Media Personality of the Year – Saleema Refran
- Most Trusted Media Personality of the Year – Joseph Morong
- Most Trusted Media Personality of the Year – Mariz Umali
- Most Trusted Media Personality of the Year – Mav Gonzales
- Most Trusted Media Personality of the Year – Steve Dailisan
- Most Trusted Media Personality of the Year – John Consulta
- Most Trusted Media Personality of the Year – Kara David
- Most Trusted TV News Program for 2017– 24 Oras
- Most Trusted TV News Program for Asian Excellence Award – 24 Oras
- Most Trusted TV Documentary of the Year – Front Row
- Most Trusted TV Documentary of the Year – I-Witness
- Huwarang Programa sa Sining at Media 2017 – 24 Oras
- Pinaka-huwarang Panoorin sa Telebisyon sa Larangan ng Serbisyo Publiko – Wish Ko Lang
- Bayani ng mga Brodkaster sa Pilipinas – Vicky Morales
- Bayani ng mga Brodkaster sa Pilipinas – Mel Tiangco
- Lifetime Achievement Award for Media Excellence - Mike Enriquez
- Most Trusted TV Documentary of the Year – Reel Time
- Most Trusted TV Program of the Year – I Juander
- Inding-Indie Film Festival Huwarang Artista ng Kabataan – Gabbi Garcia
- Inding-Indie Film Festival Huwarang Artista ng Kabataan – Jak Roberto

7TH PMAP (People Management Association of the Philippines)

Makatao Awards for Media Excellence

- Best TV Public Affairs Program Host – Kara David
- Best TV News Anchor – Mel Tiangco
- Best Radio News Anchor – Mike Enriquez
- Radio Station of the Year – DZBB 594
- I-Witness - Special award for the Marawi Stories - "Women Warriors" of Ms. Sandra Aguinaldo

31ST PMPC Star Awards

- Best Drama Actor – Dingdong Dantes
- Best Drama Actor – Ruru Madrid
- Best Primetime Drama Series – Alyas Robin Hood
- Best Single Performance by an Actor – Alden Richards
- Best Variety Show – Sunday PinaSaya
- Best Game Show – Wowowin
- Best Comedy Show – Pepito Manaloto
- Best Magazine Show – Kapuso Mo, Jessica Soho
- Best Female TV Host – Marian Rivera-Dantes
- Best Comedy Actress – Aiai delas Alas
- Best News Female TV Personality – Mikee Quintos
- Best Morning Show – Unang Hirit
- Best Travel Show Host – Drew Arellano
- Best Public Service Program – Wish Ko Lang
- Best Public Service Program Host – Vicky Morales
- Best Documentary Program – I-Witness
- Best Documentary Program Hosts – Howie Severino, Kara David, Jay Taruc, and Sandra Aguinaldo
- Best Male Newscaster – Arnold Clavio

- Best Lifestyle Show Host – Rhian Ramos and Solenn Heussaff
- Best Lifestyle Show – The World of Gandang Reyes
- Adling Fernando Lifetime Achievement Award – Vic Sotto
- Longest Running Daytime Drama Anthology – Maynila
- German Moreno Power Tandem – Rocco Nacino and Sanya Lopez

Patron of the Arts 2017
- Awardee – Director Laurice Guillen

3RD Alta Media Icon Awards
- Best TV Magazine Show – Kapuso Mo, Jessica Soho
- Best Magazine Show Host – Jessica Soho (Kapuso Mo, Jessica Soho)
- Best Documentary Host – Kara David (I-Witness)
- Best TV Public Service Program Host – Vicky Morales (Wish Ko Lang)
- Best Travel Show – Biyahe ni Drew
- Best Lifestyle Program – Ang Pinaka
- Best Travel Show Host – Drew Arellano (Biyahe ni Drew)
- Best Comedy Program – Pepito Manaloto (GMA)
- Best Primetime Drama Series – Encantadia (GMA)
- Best Lifestyle Show Host – Solenn Heussaff (Taste Buddies)
- Best Comedy Actor for TV – Michael V. (Pepito Manaloto, GMA)
- Most Promising Male Star – Jak Roberto
- Most Promising Female Star – Sanya Lopez
- Best Female AM Radio Personality – Lala Roque

48TH Box Office Entertainment Awards
- Film Actor of the Year – Dingdong Dantes ("The Unmarried Wife")
- Comedy Actor of the Year – Vic Sotto
- Prince of Philippine Movies – Alden Richards
- Princess of Philippine Movies – Maine Mendoza
- Female Concert Performers of the Year – Regine Velasquez
- Male Recording Artist of the Year – Alden Richards
- Most Promising Recording/Performing Group – That's My Bae
- Most Popular TV Program - 24 Oras

2017 Golden Nymph Awards (Monte-Carlo Television Festival)
- AMADE Prize – Reel Time: Isinulat sa Tubig

2017 PANAta Marketing Effectiveness Awards Night
- Bronze Winner, Advocacy Marketing – Dapat Tama

2017 LionhearTV RAWR Awards
- Favorite News Personality – Jessica Soho

30TH Awit Awards
- "Dama's Song" by Frencheska Farr - Best Song Written for Movie/TV/Stage Play (theme of "Alamat ng Dama de Noche" from the "Alamat" series)

National Commission for Culture and the Arts' Ani ng Dangal Awards
- Jaclyn Jose
- Barbie Forteza
- Louie Ignacio
- Sid Lucero
- Teri Malvar

Volunteers Against Crime and Corruption Awards

Media – Major Awards
- Television News Program – 24 Oras, GMA
- Television News Anchors – Carmela Tiangco, Vicky Morales-Reyno and Miguel Enriquez (Hall of Fame)
- Television News Reporter – Susan Enriquez, GMA
- Television Station – GMA Channel 7

Media - Special Awards
- Television Program – Reporter's Notebook, GMA
- Television Program Anchors – Jiggy Manicad, GMA
- Television Reporters – Marisol Abdurahman, GMA
- Television News Program - State of the Nation with Jessica Soho
- Television News Program Anchor - Jessica Soho, State of the Nation with Jessica Soho
- Outstanding Radio Station – DZBB
- Best Teleradio Program – Dobol A sa Dobol B sa News TV
- Best Teleradio Program Hosts – Arnold Clavio and Ali Sotto

Special Awards
- Radio Program Category (Bangon na Bayan)
- Radio Anchor Category (Joel Reyes Zobel)

Philippine Marines Awardee
- Mike Enriquez
- Joel Reyes Zobel

Public Attorney's Office Awards
- Outstanding Broadcaster – Bernadette Reyes
- Outstanding Broadcaster – Steve Dailisan
- Outstanding Broadcaster – Susan Enriquez
- Outstanding Broadcaster – Ivan Mayrina
- Outstanding Reporter – Chino Gaston
- Outstanding News Program – State of the Nation with Jessica Soho
- Outstanding Radio Broadcaster – Joel Reyes Zobel

ETON International School Pillars of Hope
- Pia Arcangel
- Ivan Mayrina

2017 Gawad Tanglaw
- Best Investigative Program - Imbestigador
- Best Morning Show Host - Rhea Santos (Unang Hirit)
- Best Documentary Program - Reporter's Notebook –
- Best Magazine Show - I Juander
- Best Radio Male Anchor – Mike Enriquez
- Best Radio Female Anchor – Susan Enriquez
- Best Performance by an Actress - Sue Prado (Magpakailanman, Nabaliw Na)
- Best Actress – Jaclyn Jose (Ma Rosa)

Holy Angel University's Paragala Central Luzon Media Awards 2017
- Best News Program - 24 Oras
- Best Male News Anchor - Arnold Clavio
- Best Female Field Reporter - Kara David
- Best Public Affairs Program - I-Witness
- Best Magazine Show - Kapuso Mo, Jessica Soho
- Best Educational Program - Born to be Wild
- Best Investigative Program - Imbestigador
- Best Sitcom - Pepito Manaloto
- Male Personality of the Year - Dingdong Dantes
- Best Noontime Show - Eat Bulaga

UmalohokJuan Awards 2017 (Lyceum of the Philippines University- Manila)
- TV Station of the Year - GMA Network
- Magazine TV Program of the Year - Kapuso Mo, Jessica Soho
- Male TV Host of the Year - Drew Arellano
- Variety Show of the Year - Eat Bulaga

- Comedy Show of the Year - Bubble Gang
- Child Entertainer of the Year - Yuan "Paopao" Francisco
- TV Drama Program of the Year - Encantadia
- Documentary TV Program of the Year - I-Witness
- News and Public Affairs program of the year - Saksi sa Dobol B

Gawad Bagani sa Komunikasyon 2017: Gawad Para sa Makabagong Mandirigma Sa Larangan ng Radyo at Telebisyon

- Hall of Fame Award - Mike Enriquez

1ST GEMS (Guild of Educators, Mentors and Students) Hiyas ng Sining Awards

- Best Male News Program Anchor - Mike Enriquez (24 Oras)
- Best TV Programs - Kapuso Mo, Jessica Soho, I-Witness and Eat Bulaga
- Best TV Special - Eleksyon 2016
- Best News Program - State of the Nation with Jessica Soho
- Best TV Program Hosts - Jessica Soho and Kara David
- Best Female News Program Anchor - Jessica Soho (State of the Nation with Jessica Soho)

Film

Best Actor – Paolo Ballesteros (Die Beautiful)
Natatanging Hiyas ng Sining sa Pinilakang Tabing – Ms. Jaclyn Jose

Siniya Millenial Awards (Pamantasan ng Lungsod ng Maynila)

- Millennials' Choice Awardee – JP Soriano

University of Santo Tomas Graduate School

- San Antonino Pierozzi Awardee – Ms. Mel Tiangco

8TH NwSSU Students' Choice Awards for Radio and Television (NSCART)

- Best Morning Show – Unang Hirit
- Best Magazine Program – Kapuso mo, Jessica Soho
- Best Public Service Program – Wish Ko Lang
- Best Documentary Program – I-Witness
- Best Investigative Program – Imbestigador
- Best News and Public Affairs Program – 24 Oras
- Best News and Public Affairs Male Anchor – Mr. Mike Enriquez
- Best News and Public Affairs Female Anchor – Ms. Mel Tiangco
- Best 2016 Election Coverage – Eleksyon 2016
- Best Game Show – Wowowin
- Best Comedy Program – Pepito Manaloto
- Best Female Child Star – Ryzza Mae Dizon
- Best Network with Balance Programming – GMA Channel 7

2ND Gawad Excellentia 2017 of St. Dominic College of Asia

- News Personality of the Year – Ms. Jessica Soho (State of the Nation with Jessica Soho)

11TH UPLB Gandingan Awards

- Jessica Soho (Kapuso Mo, Jessica Soho) – Best Magazine Program Host
- Jiggy Manicad and Pia Arcangel (24 Oras Weekend) – Best News Anchors
- Sandra Aguinaldo (I-Witness) – Best Documentary Program Host
- Maki Pulido and Jiggy Manicad (Reporter's Notebook) – Best Investigative Program Host
- Dapat Tama – Most Development-oriented TV Plug (Special Citation)
- Drew Arellano (Aha!) – Gandingan ng Edukasyon
- News to Go - Most Development-Oriented News Program
- I Juander - Most Development-Oriented Magazine Program
- Investigative Documentaries - Most Development-Oriented Women's Program
- Malou Mangahas (Investigative Documentaries) - Gandingan ng Kababaihan
- Drew Arellano (Biyahe ni Drew) - Gandingan ng Kalikasan

2017 Platinum Stallion Media Awards (Trinity University of Asia)

- Best Magazine Program - Kapuso Mo, Jessica Soho
- Best Documentary Show - I-Witness
- Citation for Most Trusted Male Reporter - Jiggy Manicad
- Citation for Best Regional TV Network - GMA Network, Inc.
- Citation for Values-Oriented Program - Born to be Wild
- Best Female News Anchor - Jessica Soho
- Best Primetime News Program - State of the Nation Address
- Best Gag Show - Bubble Gang
- Best Situational Comedy Program - Pepito Manaloto -
- Best Game Show - People Vs The Stars
- Best Drama Anthology - Magpakailanman
- Best Female TV Personality (Lip Sync Battle Philippines) - Iya Villania
- Best AM Radio Station – DZBB
- Best AM Broadcast Journalist – Mike Enriquez

4TH Bataan Peninsula State University Kagitingan Awards for Television
GMA 7 (Pinakamagiting na Himpilang Pantelebisyon)

- Pinakamagiting na Public Service Program - WIsh Ko Lang
- Pinakamagiting na Investigative Program - Imbestigador
- Pinakamagiting na Magazine Show - Kapuso Mo, Jessica Soho
- Pinakamagiting na Documentary Program - I-Witness
- Pinakamagiting na News Program - 24 Oras
- Pinakamagiting na Entertainment Program - Eat Bulaga!
- Pinakamagiting na Comedy Program - Bubble Gang

TV Personalities/Artists

- Pinakamagiting na Personalidad ng Public Service Program - Vicky Morales
- Pinakamagiting na Personalidad ng Investigative Program - Mike Enriquez
- Pinakamagiting na Personalidad ng Magazine Show - Jessica Soho
- Pinakamagiting na Personalidad ng Documentary Program - Kara David
- Pinakamagiting na Personalidad ng News Program - Jessica Soho
- Pinakamagiting na Personalidad ng Entertainment Program - Jose Manalo
- Pinakamagiting na Personalidad ng Comedy Program – Michael V

2ND Golden Laurel (Lyceum of the Philippines University Batangas Media Awards)

Best Magazine Show Host - Jessica Soho (Kapuso Mo, Jessica Soho)

19TH Gawad PASADO (Pampelikulang Samahan ng mga Dalubguro)

- Mike Enriquez – Pinakapasadong Lingkod-Bayan
- Dangal ng Kabataan (Special Award) - Alden Richards and Maine Mendoza
- Pinakapasadong Katuwang na Aktres – Barbie Forteza (Tuos)
- Natatanging Gawad Pasado 2016 – Ms. Jaclyn Jose (Ma'Rosa) & Mr. Paulo Ballesteros (Die Beautiful)

11TH Hildegarde Awards for Women in Media & Communication
- Bawal ang Pasaway kay Mareng Winnie – People's Choice Award in the Field of Broadcast Journalism

Gawad Midya – De La Salle University
- Most Outstanding Lasallian Media Practitioner Award – Mike Enriquez

1ST Gawad Lasallanieta
- Zeal of Lasallian Excellence – Dr. Nielsen Donato and Nathaniel "Mang Tani" Cruz
- Most Outstanding Male News Anchor – Mike Enriquez
- Most Outstanding Male News Correspondent – Steve Dailisan
- Most Outstanding News Show – 24 Oras
- Most Outstanding Documentary Show – Reporter's Notebook
- Most Outstanding TV Network – GMA7
- Most Outstanding Female News Anchor – Jessica Soho
- Most Outstanding Educational Program - iBilib
- Most Outstanding Male TV Actor - Michael V. (Pepito Manaloto)
- Zeal of Lasallian Excellence - Marian Rivera & Maine Mendoza
- Outstanding AM Radio Station – DZBB
- Outstanding Male Anchor – Mike Enriquez

COMGUILD Media Awards 2017
- Best Magazine Show – Kapuso Mo, Jessica Soho (GMA)
- Best Magazine Show Host – Jessica Soho (Kapuso Mo, Jessica Soho, GMA)
- Best Morning Show – Unang Hirit (GMA)
- Most Outstanding Female News Presenter of the Year – Vicky Morales (24 Oras, GMA)
- Media Persona of Excellence – Mel Tiangco (GMA)
- Best Entertainment News Show: Good News
- Best Entertainment News Show Host - Ms. Vicky Morales (Good News)
- Best Lifestyle Program - Pop Talk
- Most Outstanding Male News Presenter of the Year - Mr. Raffy Tima (Balitanghali)
- Best Educational Program – Ibilib
- Best Educational Program Host – Chris Tiu
- Best AM Radio Program – Saksi sa Dobol B

School Press Advisers Movement Inc. Award of Excellence in the Field of Broadcasting
- 4th recipient of the SPAM'S (School Press Advisers Movement Inc) Award of Excellence in the Field of Broadcasting – Ivan Mayrina

7TH Edukcircle Awards
- Best Magazine Show Host – Jessica Soho
- Best Female News Anchor – Mel Tiangco
- Best Male News Anchor – Mike Enriquez
- Best in Documentary Program – Sandra Aguinaldo
- Best Health Show Host – Connie Sison
- Best Educational Show Host – Drew Arellano
- One of the 5 Most Influential Male Endorsers of the Year - Alden Richards
- One of the 5 Most Influential Female Endorsers of the Year - Marian Rivera
- One of the 5 Most Influential Film Actors of the Year - Dingdong Dantes
- One of the 5 Most Influential Film Actresses of the Year - Jennylyn Mercado
- One of the 5 Most Influential Female Endorsers of the Year - Maine Mendoza
- Best Actor for Television (Ika-6 na Utos) - Gabby Concepcion
- Best Educational Show Host – Drew Arellano
- Most Outstanding TV Personality in Comedy - Jose Manalo

Eastern Visayas State University (Ormoc City Campus) Students' Choice Mass Media Awards
- Most Trusted Female Field Reporter – Kara David
- Most Trusted Male Newscaster – Mike Enriquez
- Most Trusted Female Newscaster – Jessica Soho
- Best Magazine Show – Kapuso mo, Jessica Soho
- Best Documentary Series – I-Witness
- Best Infotainment Program – Born to be Wild
- Best Comedy Show – Bubble Gang

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

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

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

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

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

To ensure adherence to corporate governance, the Board designated a Compliance Officer. The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good corporate governance.

Based on the Revised Manual on Corporate Governance Manual (attached to the Company's letter to the Securities and Exchange Comission dated May 22, 2017) as well as the Company's Annual Corporate Governance Report for 2016 filed with the Securities and Exchange Commission, there have been no deviations from the Company's Manual as of date.

Board of Directors

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

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

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

The Board comprises the following members:

Name	**Position**
Felipe L. Gozon	Chairman and CEO
Gilberto R. Duavit, Jr.	President and COO
Anna Teresa M. Gozon	Director
Joel Marcelo G. Jimenez	Director
Gilberto M. Duavit	Director
Laura J. Westfall	Director
Felipe S. Yalong	Chief Financial Officer and Executive Vice-President
Artemio V. Panganiban	Independent Director
Jaime C. Laya	Independent Director

Board Performance

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

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

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

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

Board Remuneration

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

Committees and Meetings of the Board of Directors

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

Executive Committee

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

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

Nomination Committee

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

Compensation and Remuneration Committee

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

Audit and Risk Management Committee

Audit

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

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

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

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

The Audit and Risk Management Committee held five (5) meetings in 2017 wherein the Committee reviewed and approved, among others, the Company's 2017 Consolidated Audited Financial Statements as prepared by the external auditors.

Risk Management

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

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

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

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

The Company's Corporate Planning Department has been designated by the Board of Directors to monitor the courses of action taken by the departments to manage the risks. The Head of the Company's Corporate Planning Department performs the functions and responsibilities of a Chief Risk Officer on the matter of Enterprise Risk Management.

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

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

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

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

Management

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

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

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

Employee Relations

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

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

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

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

Prompt Disclosures and Timely Reporting

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

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

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

FINANCIAL STATEMENTS

Management Discussion and Analysis of Financial Condition and Results of Operations for the Years Ended December 31, 2017 and 2016

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

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

KEY PERFORMANCE INDICATORS

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

Ratings

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

Load Factor

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

Signal reach/coverage

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

Subscriber count

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

Cost control

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

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2017

Following a banner year in 2016 with the windfall of nearly P1.5 billion from the last national elections and compounded by contraction in the adspend of major industry players this year, GMA Network and Subsidiaries (GMA/the Company) nevertheless managed to exceed prior year's top line in terms of recurring sales. For the twelve-month period ended December 31, 2017 the Company pegged recurring revenues at P15,345 million, inching up versus last year's regular sales by a notch or P159 million. In absolute terms, in the absence of the significant boost from political advocacies and advertisements this year, the Company sealed full year 2017 with a shortfall in consolidated revenues of P1,329 million. This translated into an 8% decline from last year's top line of P16,673 million.

Airtime sales went down by P1,523 million or 10%, ending at P13,609 million versus P15,131 million a year ago. Minus the extra-ordinary election-related load last year, airtime revenues from regular advertisers ended at about the same level as last year. All airtime-generating platforms registered setbacks in their absolute sales in between periods with the exception of Regional TV's revenues from local sources which bucked the trend and recorded top-line growth. The aforementioned contraction in airtime sales was partly cushioned by the improvement in revenues coming from international, subsidiaries' and other sources by a combined P194 million or 13% higher against last year. This segment contributed P1,736 million or 11% of the Company's total revenue pie.

Meanwhile, the Company continued to maintain cost control with total consolidated operating expenses (OPEX) for 2017 accumulating to P11,809 million. This year's OPEX edged prior year's P11,597 million by a low single-digit increase of 2% or P212 million. Production cost finished off at P6,425 million and inched up versus last year by only P64 million or 1%. Meanwhile, general and administrative expenses (GAEX) stood at P5,384 million, slightly ahead versus last year by 3% or P148 million.

The drop in this year's top line mainly due to the absence of the non-recurring influx from the 2016 elections drove this year's consolidated Earnings before interest, taxes, depreciation and amortization (EBITDA) down to P5,217 million. Compared to 2016's remarkable performance, this yielded a P1,561 million reduction equivalent to 23%.

Consolidated Net Income after tax for the twelve-month period this 2017 thus sealed at P2,560 million, down by P1,087 million or 30% against last year's unprecedented performance of P3,647 million. Nonetheless, it is noteworthy to mention that this year's consolidated bottom line of P2,560 million was the highest non-election year result in the history of the Company.

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

Revenues

For the year 2017, consolidated revenues hiked to P15,345 million, lower than prior year's top line by P1,329 million, resulting from the absence of nearly P1.5-billion worth of election-related load. The shortfall in airtime revenues from both television and radio operations was partly cushioned by the improvement in other revenue streams of the Company which grew by 13% or P194 million in between periods.

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

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

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

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

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

In other revenue sources, international operations and other businesses (which were not affected by the extraordinary influx from election placements last year) wrapped up with a combined top line of P1,736 million, growing by P194 million or 13% versus a year ago. International operations comprised mainly of GMA Pinoy TV, Life TV and News TV raked in total revenues of more than a billion and registered a 9% climb from same period last year. Subscriptions revenues propelled the growth, ending higher by 8% from a year ago. The increase in revenues from subscribers was influenced by the depreciation of the PhP against the USD by an average of 6%. Augmenting the above forex difference was the increase in subscriber count – of up to 8% for the different channels. Advertising income and on-ground sponsorships abroad meanwhile pitched in an 18% hike in the platform's total revenue improvement. Shows held abroad this year included Sikat Ka Kapuso in the US, Wowowin in the Middle East, Fiesta Ko sa Texas featuring Alden Richards, among others. In USD-terms the growth in Pinoy TV stood at 3.5% y-o-y.

On the other hand, revenues from subsidiaries' operations and other businesses likewise provided significant sources of top-line growth with a 23% upswing from last year. Among subsidiaries, GMA New Media (GNMI) led the pack topping the sales chart with an increase by 34% – mainly from sponsorship plus content provisioning (i.e. HOOQ, iFlix). There were also top-line growths seen in Script2010 and Digify. Syndication revenues spearheaded by subsidiary GWI also recorded an 18% improvement in sales in between years. Finally, inflows from on-line advertising in GMA's various websites started to pick up, thus further amplifying this period's growth. These however were partly trimmed down by absence of theatrical revenues as last year's results included the showing of Imagine You and Me starring Alden Richards and Maine Mendoza, with nearly P200.0 million in gross theatrical receipts (a portion of which represented GMA Film's share).

Expenses

Total consolidated operating expenses for the year amounted to P11,809 million, edging last year by only a single-digit percentage of 2% or P212 million versus 2016's P11,597 million. Total cash OPEX inched up by P246 million or 2% and was even partly trimmed down by the reduction in non-cash OPEX by P34 million, also 2%.

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

Production cost and talent fees which comprised 55% of total consolidated OPEX sealed the year at P6,425 million, only 1% higher than a year ago. Cash production cost ended at P5,279 million ending at about the same level as last year's P5,253 million. Talent fees drove the growth at P3,114 million, higher by P240 million or 8% versus 2016. There were also increases in rental and outside services by 3%. These were partly offset by the reduction in other production accounts. The general growth was attuned to this year's mix of Telebabad offerings featuring the high-rating fantaserye "Encantadia" and the remake of "Mulawin vs. Ravena" which entailed higher production spending compared to counterpart programs last year. Towards the last quarter of the year, Alyas Robinhood Book 2 was also launched which likewise required relatively higher budget. Non-cash production cost mainly program rights usage also finished off higher by P69 million or 8% more versus last year owing to more slots being occupied by rented movies (under the Kapuso Movie Festival series) and higher cost of foreign titles featured during the period. On the other hand, partly trimming down the escalation from the above was the reduction in depreciation charges related to production equipment and facilities which dipped by P31 million or 12% from a year ago.

Meanwhile, consolidated general and administrative expenses (GAEX) accumulated to P5,384 million during the year, slightly ahead of last year by 3% or P148 million. Propelling the increase was the growth in personnel cost by P208 million or 7% owing to the one-time payout of the CBA signing bonus to rank and file employees and the appreciation bonus to confidential employees totaling about P216 million during the third quarter of this year. This was partly offset by the higher mid-year and year-end bonuses distributed in 2016 compared to 2017 bonus payouts. Other GAEX accounts which also ended lower this year compared to previous period included Outside services, in particular Management and Professional fees and Advertising and Promotions. Depreciation and amortization, as well as lower Provision for doubtful accounts, also saw reduction year-on-year.

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

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2017 sealed at P5,217 million, lower by P1,561 million or 23% compared with prior year's P6,778 million. The drop in EBITDA was attuned to the presence in 2016 of the non-recurring elections load in the Company's consolidated top line.

Net Income

The Company finished off the twelve-month period this 2017 with consolidated net income after tax of P2,560 million, a drop of P1,087 million or 30% year-on-year. Despite this decline, the Company chronicled its best consolidated bottom-line performance on a non-election year.

Balance Sheet Accounts

As at end-2017, the Company's total assets stood at P14,793 million, exhibiting an increase of 8% from December 31, 2016's P16,059 million.

Cash and cash equivalents of P2,280 million decreased by P1,139 million or 33% from 2016 balance of P3,419 million as a result of operating income netted by the dividends declared during the year and various investing activities amounting to P4,276 million. Trade and other receivables closed at P4,906 million, 7% lower than previous year.

Total liabilities also declined by 5% or P259 million as at end-December this year to P5,343 million from P5,603 million in 2016 primarily due from the reduction of Notes payable by of over a hundred million or P146 million, coupled by the drop in Trade payables and other current liabilities and Income tax payable by P55 million and P149 million, respectively. This was partially offset by the rise in Obligation for program and other rights by P63 million and Pension liability by P26 million.

Equity attributable to Parent Company stockholders of P9,403 million as at December 31, 2017 decreased by 10% or P1,004 million in between years, as a result of dividends declared during the first half of 2017 amounting to P3,548 million, subsequently counterbalanced by P2,544 million net income attributable to Parent Company earned in 2017.

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

Operating Activities

Net cash from operations registered at P3,072 million in 2017. This stemmed from income before income tax of P3,658 million, adjusted mainly by Depreciation expense of P632 million, Program and other rights usage of P905 million, Pension expense of P290 million, Interest expense and financing charges of P23 million, Net unrealized foreign currency exchange gain of P59 million, Gain on sale of property and equipment of P27 million and Amortization of software costs of P23 million apart from the changes in working capital. The primary components of the changes in working capital included the P347 million reduction in Trade and other receivables partly offset by the P24 million upturn in Trade payables and other current liabilities.

Investing Activities

Net cash used in investing activities amounted to P543 million, coming primarily from the P524 million and P42 million net additions to Property and equipment and Software costs, respectively. These were partly offset by the P30 million Proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to P3,733 million basically due to loan payments of P1,647 million and cash dividend payout amounting to P3,563 million during the year, plus some P23 million in Interest expense netted by P1,500 million remaining proceeds from short-terms loans.

FINANCIAL AND OPERATIONAL RESULTS

For the Year Ended December 31, 2016

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

The boost from the national elections held during the first half of the year coupled by the upbeat turnout from regular advertising placements buoyed the Company's top line for the twelve month-period ended December 31 this year. Thus, consolidated revenues wrapped up at P16,673 million posting an improvement of nearly P3.0 billion or 21% from comparable period last year. Election-related placements for the year amounted to about P1.5 billion, significantly higher than the increment in political advocacies towards the latter part of 2015. Nonetheless, carving the impact of these non-recurring inflows in both years, the upswing in regular sales amounting to close to P2.0 billion accounted for the major part of the year-on-year improvement in the Company's top line. The resurgence of the Network as the leader in terms of nationwide TV ratings buoyed revenues from regular advertising placements.

Airtime revenues continued to be the Company's bread and butter with combined sales from all platforms surging to P15,131 million, overtaking last year by P2,751 million or by 22%. Discounting the impact of additional load from political advocacies and advertisements, airtime revenues significantly grew by P1,739 million or 15% in between periods. Meanwhile, revenues from other sources totaling P1,542 million also ended on a positive note with a P196 million improvement equivalent to 15% more than a year ago.

While consolidated revenues climbed by a double-digit growth of 21%, the Company's total operating expenses for full year of 2016 was kept at bay with an increase of only 8% year-on-year. Combined cash and non-cash operating expenses registered at P11,597 million, reflecting an escalation of P852 million over prior year's spending of P10,745 million. Total direct/production cost scaled by P518 million or 9% to P6,361 million while general and administrative expenses (GAEX) climbed by P334 million or just 7% to P5,236 million versus a year ago.

The remarkable performance in the top line due to the election boost which was further cemented by the upbeat contribution from regular advertisers, and buoyant sales from other businesses and subsidiaries propelled the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) to a new high of P6,778 million this 2016. Coupled by prudent cost management, EBITDA for 2016 towered over last year's peg by a whopping P2,139 million or 46%.

Similarly, with non-cash operating expenses yielding an almost flat growth, and with the cash position of the Company allowing for a net interest income vs. a net interest expense a year ago, bottom line for the twelve-month period in 2016 skyrocketed to P3,647 million, the highest ever by far and a staggering P1,521 million or 72% increase over last year's audited net income after tax of P2,126 million.

Income Data	**2016** *(in millions PhP)*	2015 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Television and radio airtime	**15,131.5**	12,380.7	2,750.8	22%
Production and others	**1,541.9**	1,346.4	195.5	15%
	16,673.4	13,727.1	2,946.3	21%
Total operating expenses	**11,597.0**	10,745.0	852.0	8%
EBITDA	**6,778.0**	4,638.6	2,139.4	46%
Net income	**3,646.6**	2,125.8	1,520.8	72%
Attributable to Equity Holders of Parent Compa	***3,626.3***	*2,115.1*	*1,511.3*	*71%*
Noncontrolling Interest	***20.3***	*10.7*	*9.5*	*89%*

Revenues

For the year 2016, consolidated revenues amassed to P16,673 million, overtaking prior year's top-line by a huge P2,946 million or 21% due the windfall from political advertisements and advocacies from the recent national elections bolstered by the significant growth in regular ad placements. Airtime revenues provided the boost soaring by P2,751 million or 22% vis-à-vis last year, while revenues from production and others likewise pulled ahead by 15% or P196 million.

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

Aided by the influx of election-driven load, nearly all airtime revenue-generating platforms outpaced last year's performances, establishing double digit advantages against comparable period. Core channel, GMA-7 topped the growth charts with a solid lead of more than P2.0 billion or 23% over last year. Minus the impact of political advocacies, Ch-7 still yielded a remarkable growth of 16% in sales form regular advertisers. The ratings supremacy regained by the channel during the second half of the year propelled the growth in recurring sales.

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

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

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

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

Full year 2016 data also showed that GMA remained the undisputed number one TV network in viewer-rich Urban Luzon and Mega Manila, and reigned supreme across all dayparts, including primetime. Urban Luzon accounts for 77 percent of all urban TV households in the country, while Mega Manila represents 60 percent.

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

The optimistic showing in airtime sales was likewise matched in the top line of other revenue streams. International operations and other businesses wrapped up the year ended December 31, 2016 with sales of P1,542 million, pitching in incremental revenues of P196 million or 15% more than a year ago. Propelling the increase was the surge in sales from International operations, in particular GMA Pinoy/Life TV (GPTV), which made a turn-around from last year's not so impressive results. Providing the second largest source of revenue inflow for the Company, GPTV's sales reached more than a billion, thus recording a 12% growth against comparable period in 2015. The climb was driven by the accretion in subscriber count by 8% for GPTV and GLTV with a growth of 23% over same period last year. The climb in subscriber count was fuelled by the comeback tie-up with OSN in the Middle East (OSN's partnership was revived starting April this year), as well as the launch of GMA channels on StarHub, one of the major PayTV operators in Singapore. Further, the depreciation of the peso against the dollar by an average of P2.01 or 4.4% this year aided in the revenue improvement of the platform.

Meanwhile, syndication activities pitched higher sales this year, exceeding last year's contribution by 36%. The revenue upswing was boosted by the licensing of format rights abroad with the likes of My Destiny, Other Mrs. Real and Half Sisters, to name some. In the local scene, biggest gainer in terms of revenues was GMA New Media (NMI) the Company's subsidiary in charge of converging technologies, which more than doubled its revenues from outside sources in between years. Fresh revenues from content provisioning as well as the climb in online sponsorships were the primary sources for the increase. The Company's film production outfit, GMA Films likewise recorded a banner year in 2016 with theatrical receipts 166% more than prior period mainly on account of the box-office success of the co-production featuring AlDub's very first solo film, "Imagine You and Me" which raked in gross ticket sales of nearly P200.0 million nationwide.

Expenses

Total operating expenses for the year amounted to P11,597 million, climbing by only a single-digit percentage of 8% versus 2015's P10,745 million. Total cash OPEX escalated by more than half a billion equivalent to 9% but was partly cushioned by the lower growth seen in non-cash spending. Program rights amortization, depreciation and other non-cash expenses only inched up by 1% in between periods.

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

Comprising 55% of the Company's total OPEX, the growth in direct/production cost resulted from the growth in talent fees as well as overall increase in cost in producing high-budgeted series such as the acclaimed fantaserye Encantadia. There were likewise new in-house productions that further buoyed the growth in direct cost for the period. Moreover, incremental costs were incurred for this year's comprehensive election coverage which included Eleksyon 2016 and Pilipinas Debates 2016. Amortization of program rights similarly netted an increase of 11% resulting from higher costing films shown this year.

Meanwhile, general and administrative expenses (GAEX) by the end of the twelve-month period this 2016 measured at P5,236 million, edging last year by only 7% or P334 million. Personnel cost drove the increase, finishing off at P2,993 million, P422 million or 16% more than prior year. This year's higher bonus payout to all qualified employees due to the remarkable performance of the Company as well as the annual merit and CBA adjustments accounted mainly for the growth. The reduction in rental fees in particular the payment to satellite provider due to the implementation of the uplink upgrade cushioned the increase in other GAEX accounts. Outside services likewise saw a reduction mainly from the drop in Advertising and promotions particularly from lower spending for the Corporate Synergy activities in the regions.

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

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the year 2016 sealed at P6,778 million, exhibiting a considerable growth of P2,139 million or 46% more than than prior year's tally of P4,639 million. The more than P2.0 billion climb in EBITDA was buoyed by the commendable increase in consolidated top line by 21% or P2,946 million which was met by a single-digit growth in combined cash operating expenses vs. prior year.

Net Income

The outstanding performance in sales this year and managed growth in total spending which remained one of the Company's strengths propelled net income after tax to an all-time high of P3,647 million for the full year of 2016 – a huge P1,521 million or 72% improvement year-on-year.

Balance Sheet Accounts

As at end-2016, the Company's total assets stood at P16,059 million, exhibiting an increase of 11% from December 31, 2015's P14,416 million.

Climbing to P3,419 million, cash and cash equivalents soared by a huge 58% or P1,259 million more than the P2,160 million recorded in 2015 while trade and other receivables closed at P5,270 million, 20% greater than previous year.

Total liabilities grew by 5% or P269 million as at end-December this year to P5,603 million from P5,333 million in 2015 mainly from the rise in pension liability by P542 million, coupled by the increase in trade payables & other current liabilities and income tax payable by P251 million and P136 million, respectively.

This was partly counterbalanced by the payments of short-term loans which as at end-2016 finished off at P646 million from P1,153 million a year ago. .

Equity attributable to Parent Company stockholders of P10,407 million as at December 31, 2016 surged by 15% or P1,368 million in between years, arising from the P3,626 million net income attributable to Parent Company earned in 2016 subsequently offset by the dividend declared during the first half of 2016 amounting to P1,944 million.

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

Operating Activities

Net cash from operations registered at P4,118 million in 2016. This stemmed from income before income tax of P5,208 million, adjusted mainly by depreciation expense of P724 million, program and other rights usage of P836 million, pension expense of P199 million, interest expense and financing charges of P17 million, net unrealized foreign currency exchange gain of P48 million, gain on sale of property and equipment of P27 million and amortization of software costs of P17 million apart from the changes in working capital. The primary components of the changes in working capital included the P890 million and P704 million upturn in trade and other receivables and acquisition of program and other rights, respectively, partly offset by the P235 million dip in prepaid expense and other current assets.

Investing Activities

Net cash used in investing activities amounted to P408 million, coming primarily from the P373 million and P71 million net additions to property and equipment and software costs, respectively. This was partly offset by the P30 million proceeds from sale of property and equipment.

Financing Activities

Net cash used in financing activities amounted to P2,491 million basically due from the loan payment of P1,018 million and cash dividend payout amounting to P1,955 million during the year, plus some P18 million in interest expense netted by P500 million remaining proceeds from short-terms loans.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

April 5, 2018

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

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

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

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

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

FELIPE L. GOZON
Chairman of the Board
Chief Executive Officer

GILBERTO R. DUAVIT, JR.
President
Chief Operating Officer

FELIPE S. YALONG
Executive Vice President
Chief Financial Officer

GMA Network, Inc.

Report of the Audit and Risk Management Committee
For the Year Ended 31 December 2017
April 5, 2018

The Audit and Risk Management Committee's roles and responsibilities are defined in the Company's Manual on Corporate Governance, namely: to assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: (a) the 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 requirements.

In fulfilling its responsibilities, the Committee wishes to report that:

1. An Independent Director chairs the Audit and Risk Management Committee. The Committee met five (5) times during the year, all of which were in-person meetings and included an executive session with the internal auditors;

2. The Committee reviewed and discussed the 2017 Audited Financial Statements of GMA Network, Inc. and Subsidiaries (GMA Group), including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management, the company's Internal Auditors and SGV & Co., the independent auditor of the GMA Group. These activities were performed in the following context: (a) management has the primary responsibility for the financial statements and financial reporting process; and (b) SGV & Co. is responsible for expressing an opinion on the conformity of the GMA Group's consolidated audited financial statements with Philippine Financial Reporting Standards;

3. The Committee discussed and approved the respective scope and work plans of the internal and external auditors and subsequently discussed the results of their work and their assessments of the GMA Group's financial reports, internal controls and overall quality of the financial reporting process. As part of this activity, the Committee reviewed Internal Audit Reports and those of regulatory agencies where applicable, to ensure that management is taking appropriate corrective action in a timely manner on internal control and compliance issues.

4. The Committee reviewed audit and audit-related services provided by SGV & Co. to the GMA Group together with the fees charged for services rendered. No non-audit services were provided by SGV during the year;

5. With the expanded Committee mandate, the Committee gave particular attention to company risks including possibilities of cost reduction and risks associated with rapid industry developments and advances in technology, changing market preferences and patterns, and other external factors. As part of this work, the Committee met with relevant officers of the GMA Group and has requested continuing updating on the ongoing review and updating of management plans.

6. Based on reviews and discussions undertaken, the Audit and Risk Management Committee recommends approval of the Audited Financial Statements for the year ended December 31, 2017, their inclusion in the Annual Report to Stockholders for the year ended December 31, 2017 and filing with the Securities and Exchange Commission.

7. The Committee finds that SGV and Co. has satisfactorily performed its work for the year 2017 and therefore recommends the re-appointment of SGV & Co. as the GMA Group's independent auditor for 2018, subject to further negotiation on audit fees and charges.

JAIME C. LAYA
Chairman, Audit and Risk Management Committee

ARTEMIO V. PANGANIBAN
Vice Chairman, Audit and Risk Management Committee

ANNA TERESA M. GOZON
Member, Audit and Risk Management Committee

LAURA J. WESTFALL
Member, Audit and Risk Management Committee

Countersigned by:

FELIPE L. GOZON
Chairman of the Board and Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of GMA Network, Inc. and subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

(1) Advertising Revenue Recognition

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

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

Audit Response

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

(2) Recoverability of Receivables

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

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

Audit response

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-4 (Group A),
May 1, 2016, valid until May 1, 2019
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2018,
February 26, 2018, valid until February 25, 2021
PTR No. 6621301, January 9, 2018, Makati City

April 5, 2018

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

	December 31	
	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 30 and 31)	**₱2,279,838,495**	₱3,419,014,205
Trade and other receivables (Notes 7, 20, 30 and 31)	**4,905,864,211**	5,270,306,881
Program and other rights (Note 8)	**1,140,223,422**	860,369,128
Prepaid expenses and other current assets (Note 9)	**868,750,195**	833,817,514
Total Current Assets	**9,194,676,323**	10,383,507,728
Noncurrent Assets		
Property and equipment:		
At cost (Note 12)	**2,664,340,975**	2,776,484,984
At revalued amounts (Note 13 and 31)	**1,806,511,193**	1,805,146,475
Available-for-sale (AFS) financial assets (Notes 10, 30 and 31)	**245,741,881**	243,391,881
Investments and advances (Notes 11 and 20)	**151,103,271**	150,835,949
Program and other rights (Note 8)	**205,914,090**	200,262,381
Investment properties (Notes 14 and 31)	**51,048,514**	53,314,111
Deferred income tax assets - net (Note 28)	**291,169,389**	291,512,030
Other noncurrent assets (Notes 15, 30 and 31)	**182,608,646**	154,319,976
Total Noncurrent Assets	**5,598,437,959**	5,675,267,787
TOTAL ASSETS	**₱14,793,114,282**	₱16,058,775,515
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Notes 16, 20, 30 and 31)	**₱2,386,901,598**	₱2,441,945,601
Short-term loans (Notes 17, 30 and 31)	**500,000,000**	646,360,000
Income tax payable	**346,686,304**	496,104,301
Obligations for program and other rights (Notes 18, 30 and 31)	**139,571,493**	76,847,692
Dividends payable (Notes 19, 30 and 31)	**15,437,102**	12,705,059
Total Current Liabilities	**3,388,596,497**	3,673,962,653
Noncurrent Liabilities		
Pension liability (Note 26)	**1,670,157,190**	1,644,323,747
Other long-term employee benefits (Note 26)	**284,654,028**	284,556,515
Total Noncurrent Liabilities	**1,954,811,218**	1,928,880,262
Total Liabilities	**₱5,343,407,715**	₱5,602,842,915

(Forward)

	December 31	
	2017	2016
Equity		
Capital stock (Note 19)	**₱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**	1,017,247,029
Remeasurement loss on retirement plans - net of tax (Note 26)	**(666,224,427)**	(664,042,118)
Net unrealized loss on AFS financial assets - net of tax (Note 10)	**(8,092,181)**	(10,113,681)
Retained earnings (Note 19)	**2,570,710,400**	3,574,757,302
Treasury stocks (Note 19)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Note 19)	**(5,790,016)**	(5,790,016)
Total equity attributable to equity holders of the Parent Company	**9,403,094,830**	10,407,302,541
Non-controlling interests (Note 2)	**46,611,737**	48,630,059
Total Equity	**9,449,706,567**	10,455,932,600
TOTAL LIABILITIES AND EQUITY	**₱14,793,114,282**	₱16,058,775,515

See accompanying Notes to Consolidated Financial Statements.

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

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

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 19)	Additional Paid-in Capital	Revaluation Increment on Land (Note 13)	Remeasurement Loss on Retirement Plans (Note 26)	Net Unrealized Loss on AFS Financial Assets (Note 10)	Retained Earnings (Note 19)	Treasury Stocks (Note 19)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 19)	Total	Non-controlling Interests (Note 2)	Total Equity
Balances at January 1, 2017	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,017,247,029**	**(₱664,042,118)**	**(₱10,113,681)**	**₱3,574,757,302**	**(₱28,483,171)**	**(₱5,790,016)**	**₱10,407,302,541**	**₱48,630,059**	**₱10,455,932,600**
Total comprehensive income:											
Net income	–	–	–	–	–	**2,543,897,957**	–	–	**2,543,897,957**	**15,831,678**	**2,559,729,635**
Other comprehensive income (loss)	–	–	–	**(2,182,309)**	**2,021,500**	–	–	–	**(160,809)**	–	**(160,809)**
Cash dividends - ₱0.73 a share (Note 19)	–	–	–	–	–	**(3,547,944,859)**	–	–	**(3,547,944,859)**	–	**(3,547,944,859)**
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	**(17,850,000)**	**(17,850,000)**
Balances at December 31, 2017	**₱4,864,692,000**	**₱1,659,035,196**	**₱1,017,247,029**	**(₱666,224,427)**	**(₱8,092,181)**	**₱2,570,710,400**	**(₱28,483,171)**	**(₱5,790,016)**	**₱9,403,094,830**	**₱46,611,737**	**₱9,449,706,567**
Balances at January 1, 2016	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱300,486,170)	(₱59,671,681)	₱1,892,306,756	(₱28,483,171)	(₱5,790,016)	₱9,038,849,943	₱43,270,173	₱9,082,120,116
Total comprehensive income:											
Net income	–	–	–	–	–	3,626,334,921	–	–	3,626,334,921	20,260,339	3,646,595,260
Other comprehensive income (loss)	–	–	–	(363,555,948)	49,558,000	–	–	–	(313,997,948)	(1,640,453)	(315,638,401)
Cash dividends - ₱0.40 a share (Note 19)	–	–	–	–	–	(1,943,884,375)	–	–	(1,943,884,375)	–	(1,943,884,375)
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	(13,260,000)	(13,260,000)
Balances at December 31, 2016	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱664,042,118)	(₱10,113,681)	₱3,574,757,302	(₱28,483,171)	(₱5,790,016)	₱10,407,302,541	₱48,630,059	₱10,455,932,600
Balances at January 1, 2015	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱313,328,670)	₱5,019,775	₱992,079,088	(₱28,483,171)	(₱5,790,016)	₱8,190,471,231	₱42,723,943	₱8,233,195,174
Total comprehensive income:											
Net income	–	–	–	–	–	2,115,082,277	–	–	2,115,082,277	10,746,230	2,125,828,507
Other comprehensive income (loss)	–	–	–	12,842,500	(64,691,456)	–	–	–	(51,848,956)	–	(51,848,956)
Cash dividends - ₱0.25 a share (Note 19)	–	–	–	–	–	(1,214,854,609)	–	–	(1,214,854,609)	–	(1,214,854,609)
Cash dividends to non-controlling interest	–	–	–	–	–	–	–	–	–	(10,200,000)	(10,200,000)
Balances at December 31, 2015	₱4,864,692,000	₱1,659,035,196	₱1,017,247,029	(₱300,486,170)	(₱59,671,681)	₱1,892,306,756	(₱28,483,171)	(₱5,790,016)	₱9,038,849,943	₱43,270,173	₱9,082,120,116

See accompanying Notes to Consolidated Financial Statements.

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

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

(Forward)

	Years Ended December 31		
	2017	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 12)	**(₱523,727,612)**	(₱444,383,976)	(₱552,797,608)
Software costs (Note 15)	**(41,661,384)**	(454,017)	(2,170,075)
Land at revalued amount (Note 13)	**(1,364,718)**	(2,623,618)	(2,809,999)
Investment properties (Note 14)	**–**	(43,811)	(105,411)
Proceeds from:			
Sale of property and equipment (Note 12)	**29,578,768**	33,113,635	21,823,934
Redemption of AFS financial assets (Note 10)	**–**	–	718,000
Decreases (increases) in other noncurrent assets	**(5,824,646)**	9,464,489	(1,404,305)
Cash dividends received	**132,811**	–	–
Advances to an associate and joint ventures (Notes 11 and 20)	**–**	(424,498)	(2,828,748)
Net cash flows used in investing activities	**(542,866,781)**	(405,351,796)	(539,574,212)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availments of short-term loans (Note 17)	**1,500,000,000**	500,000,000	1,200,000,000
Payments of:			
Cash dividends (Notes 2 and 19)	**(3,563,062,816)**	(1,955,312,493)	(1,223,879,467)
Short-term loans (Note 17)	**(1,647,452,000)**	(1,017,624,500)	(2,325,197,500)
Interest expense	**(22,967,610)**	(17,597,313)	(43,199,728)
Net cash flows used in financing activities	**(3,733,482,426)**	(2,490,534,306)	(2,392,276,695)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(1,203,855,961)**	1,219,320,702	530,532,674
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**64,680,251**	39,395,378	30,939,931
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,419,014,205**	2,160,298,125	1,598,825,520
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱2,279,838,495**	₱3,419,014,205	₱2,160,298,125

See accompanying Notes to Consolidated Financial Statements.

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

1. **Corporate Information**

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

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

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

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

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

Basis of Preparation
The consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS financial assets and land under property and equipment which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2017 and 2016 and for each of the three years in the period ended December 31, 2017. The Group controls an investee if, and only if, the Group has:

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

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

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

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

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

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

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

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

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

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

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

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

The summarized financial information of RGMA Network are provided below.

Summarized Statements of Comprehensive Income

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

Summarized Statements of Financial Position

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

Summarized Cash Flows Information

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

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

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

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

*****Under liquidation*
*****Indirectly owned through Citynet*
*****Ceased commercial operations in 2015*
*****Indirectly owned through GNMI*
*****Indirectly owned through Alta; ceased commercial operations in 2004*

Changes in Accounting Policies and Disclosures

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

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

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

The Company has provided the required information in Note 17 to the consolidated financial statements. As allowed under the transition provision of the standard, the Company did not present comparative information for the years ended December 31, 2016 and 2015.

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

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

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

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

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

New Accounting Standards, Interpretations and Amendments to Existing Standards
Effective Subsequent to December 31, 2017
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when these become effective.

Effective beginning January 1, 2018

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

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

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

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

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

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

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

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

- PFRS 15, *Revenue from Contracts with Customers*

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

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

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

- PFRS 9, *Financial Instruments*

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply a single lessee accounting model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

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

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

With Deferred Effective Date

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

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

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

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

3. **Summary of Significant Accounting and Financial Reporting Policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

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

Fair Value Measurement
The Group measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 31
- Land, see Note 13
- Investment properties, see Note 14
- Financial instruments (including those carried at amortized cost), see Note 31

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments - Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

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

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

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

a. *Loans and receivables*

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

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

b. *AFS financial assets*

   AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss. Interest earned while holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

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

The Group's investments in quoted and unquoted equity securities are classified as noncurrent AFS financial investments (see Notes 10, 30 and 31).

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

Impairment of Financial Assets
Further disclosures relating to impairment of financial assets, if any, are also provided in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Trade and other receivables, see Notes 7 and 30
- AFS financial investments, see Notes 10 and 30
- Financial assets, see Note 30

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

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

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

a. *Financial liabilities at FVPL*

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

b. *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

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

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

<u>Classification of Financial Instruments Between Liability and Equity</u>
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.

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

There is no offsetting of financial assets and financial liabilities and any similar arrangements that are required to be disclosed in the consolidated financial statements as at December 31, 2017 and 2016.

Program and Other Rights

Program and other rights with finite lives are stated at cost less amortization and impairment in value. The estimated useful lives and the amortization method used depend on the manner and pattern of usage of the acquired rights. The cost of program and other rights with specific number of runs within a specified term is amortized using straight line method up to the date of expiry. The cost of program and other rights with no definite expiration date is amortized on accelerated method based on the sum of the year's digit of ten years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage" account included under "Production costs" in the consolidated statement of comprehensive income.

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

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

Prepaid Production Costs

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

Materials and Supplies Inventory

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

Tax Credits

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

Property and Equipment

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

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

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

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

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

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

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

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

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Investment Properties

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

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

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

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

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

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

Investment in Artworks

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

Software Costs

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

Impairment of Nonfinancial Assets

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

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

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

Equity

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

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

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

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

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

Dividends on Common Shares of the Parent Company

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

Revenues

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

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

Airtime Revenue. Revenue is recognized in the period the advertisements are aired. Such revenues are net of co-producers' share.

Payments received for advertisements before broadcast (pay before broadcast) are recognized as income on the dates the advertisements are aired. Prior to liquidation, these are classified as unearned revenue under "Advances from customers" included under "Trade payables and other current liabilities" in the consolidated statement of financial position.

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

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

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

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

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

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

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

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

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

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

Borrowing Costs

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

Expenses

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

Pension and Other Employee Benefits

The Parent Company have funded, noncontributory defined benefit retirement plans covering permanent employees. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive an amount equivalent to a certain percentage of monthly salary at normal retirement age.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under “Production costs” and “General and administrative expenses” accounts in consolidated statements of comprehensive income (by function):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Earnings Per Share (EPS)</u>
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.

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

<u>Provisions</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

<u>Contingencies</u>
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.

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

4. **Significant Accounting Judgments, Estimates and Assumptions**

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

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

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

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

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

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

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

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

Estimating Allowance for Doubtful Accounts. Provisions are made for specific and groups of billed accounts where objective evidence of impairment exists. The Group determines the allowance for doubtful accounts based on impairment assessments of individual advertiser balances. Individual balances for which there is no objective evidence of impairment are assessed collectively by applying a loss rate determined based on a five-year average of historical losses. The individual impairment assessment is an inherently uncertain process involving various assumptions and factors about the financial condition of the advertiser, estimates of amounts still collectible and, for the collective assessment, the loss rate used. These assumptions could be significantly different from actual credit losses.

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

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

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

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

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

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

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in 2017 and 2016.

Total depreciation and amortization expense for the years ended December 31, 2017, 2016 and 2015 amounted to ₱654.88 million, ₱740.77 million, and ₱820.95 million, respectively (see Notes 12, 14, 15, 22 and 23).

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

Valuations from an accredited appraiser are generally performed every three to five years or more frequently as deemed necessary to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

The revalued amount of land amounted to ₱1,806.51 million and ₱1,805.15 million as at December 31, 2017 and 2016, respectively (see Notes 13 and 31).

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

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

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

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

As at December 31, 2017 and 2016, the Group did not identify any indicator of impairment on its nonfinancial assets, hence, no impairment tests were carried out.

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

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

(Forward)

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

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

Recognized deferred tax assets amounted to ₱766.13 million and ₱757.15 million as at December 31, 2017 and 2016, respectively, while unrecognized deferred tax assets amounted to ₱6.51 million and ₱5.11 million as at December 31, 2017 and 2016, respectively (see Note 28).

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

Pension liability amounted to ₱1,670.16 million and ₱1,644.32 million as at December 31, 2017 and 2016, respectively (see Note 26).

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

Determination of Fair Value of Investment Properties and Land at Revalued Amounts. PFRS requires disclosure of fair value of investment properties when measured at cost and requires land at revalued amount to be re-measured at fair value with sufficient regularity.

The fair values of these assets as at December 31, 2017 and 2016 are based on the appraisal report prepared by an accredited appraiser in 2013. Management believes that there is no significant change on the fair value of these assets given that there were no events or circumstances (i.e., development in the area, expected market value, condition of the property) that would indicate a significantly different fair value.

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

5. **Segment Information**

Business Segments

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

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

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

Geographical Segments

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

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

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

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

Inter-segment Transactions

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

Measurement Basis

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

Geographical	Local						International								
Business Segment	Television and radio airtime			Other businesses			International subscription			Eliminations			Consolidated		
	2017	2016	2015	**2017**	2016	2015	**2017**	2016	2015	**2017**	2016	2015	**2017**	2016	2015
REVENUES															
External sales	**₱13,611,397,635**	₱15,131,491,600	₱12,397,118,205	**₱483,046,130**	₱394,795,756	₱306,658,721	**₱1,250,425,062**	₱1,147,093,146	₱1,023,317,743	**₱–**	₱–	₱–	**₱15,344,868,827**	₱16,673,380,502	₱13,727,094,669
Inter-segment sales	**–**	–	–	**416,723,790**	493,239,657	865,398,189	**–**	–	–	**(416,723,790)**	(493,239,657)	(865,398,189)	**–**	–	–
	₱13,611,397,635	₱15,131,491,600	₱12,397,118,205	**₱899,769,920**	₱888,035,413	₱1,172,056,910	**₱1,250,425,062**	₱1,147,093,146	₱1,023,317,743	**(₱416,723,790)**	(₱493,239,657)	(₱865,398,189)	**₱15,344,868,827**	₱16,673,380,502	₱13,727,094,669
NET INCOME															
Segment results	**₱2,327,287,494**	₱4,039,955,939	₱1,989,653,837	**₱155,027,164**	₱157,593,904	₱64,776,789	**₱1,038,271,476**	₱935,005,207	₱886,642,837	**₱15,000,000**	(₱56,153,329)	₱41,064,115	**₱3,535,586,134**	₱5,076,401,721	₱2,982,137,578
Interest expense	**(23,010,666)**	(16,905,154)	(40,534,078)	**–**	–	–	**–**	–	–	**–**	–	–	**(23,010,666)**	(16,905,154)	(40,534,078)
Foreign exchange gain (loss)	**1,460,046**	17,490,271	(35,156,621)	**840,354**	3,026,862	1,501,999	**451**	527,012	120,704	**–**	–	–	**2,300,851**	21,044,145	(33,533,918)
Interest income	**22,582,724**	22,622,689	12,732,355	**1,193,454**	1,028,119	923,455	**–**	–	–	**–**	–	–	**23,776,178**	23,650,808	13,655,810
Equity in net earnings (losses)	**–**	–	–	**329,580**	2,758,875	(3,113,716)	**–**	–	–	**–**	–	–	**329,580**	2,758,875	(3,113,716)
Other income (expenses)	**198,527,049**	146,905,819	147,700,876	**12,197,845**	13,750,069	39,581,131	**–**	–	–	**(91,707,493)**	(59,790,801)	(69,728,547)	**119,017,401**	100,865,087	117,553,460
Income tax	**(726,742,308)**	(1,243,290,512)	(601,077,210)	**(55,545,957)**	(54,116,044)	(30,911,123)	**(311,481,578)**	(280,659,666)	(266,029,062)	**(4,500,000)**	16,846,000	(12,319,234)	**(1,098,269,843)**	(1,561,220,222)	(910,336,629)
	₱1,800,104,339	₱2,966,779,052	₱1,473,319,159	**₱114,042,440**	₱124,041,785	₱72,758,535	**₱726,790,349**	₱654,872,553	₱620,734,479	**(₱81,207,493)**	(₱99,098,130)	(₱40,983,666)	**₱2,559,729,635**	₱3,646,595,260	₱2,125,828,507
ASSETS AND LIABILITIES															
Assets															
Segment assets	**₱13,576,095,160**	₱15,097,269,794		**₱999,067,187**	₱950,880,864		**₱1,176,546,383**	₱863,757,148		**(₱1,310,065,905)**	(₱1,204,616,809)		**₱14,441,642,825**	₱15,707,290,997	
Investment in associates - at equity	**38,350,619**	38,350,619		**21,951,449**	21,621,869		**–**	–		**–**	–		**60,302,068**	59,972,488	
Deferred tax assets	**144,828,605**	133,888,145		**47,477,395**	43,881,482		**–**	–		**98,863,389**	113,742,403		**291,169,389**	291,512,030	
	₱13,759,274,384	₱15,269,508,558		**₱1,068,496,031**	₱1,016,384,215		**₱1,176,546,383**	₱863,757,148		**(₱1,211,202,516)**	(₱1,090,874,406)		**₱14,793,114,282**	₱16,058,775,515	
Liabilities															
Segment liabilities	**₱4,897,143,505**	₱5,103,563,611		**₱571,391,857**	₱607,031,919		**₱505,353,822**	₱472,497,145		**(₱630,481,469)**	(₱580,249,760)		**₱5,343,407,715**	₱5,602,842,915	
Other Segment Information															
Capital expenditures:															
Program and other rights and software cost	**₱1,210,748,319**	₱703,350,777		**₱15,216**	₱454,019		**₱21,658,042**	₱850,467		**₱–**	₱		**₱1,232,421,577**	₱704,655,263	
Property and equipment	**508,362,648**	422,619,295		**13,909,070**	16,878,084		**1,455,894**	4,886,597		**–**	–		**523,727,612**	444,383,976	
Land at revalued amount	**1,364,718**	2,623,618		**–**	–		**–**	–		**–**	–		**1,364,718**	2,623,618	
Investment properties	**–**	43,811		**–**	–		**–**	–		**–**	–		**–**	43,811	
Depreciation and amortization	**1,545,612,737**	1,570,694,380		**14,399,966**	13,533,509		**15,120,018**	7,721,414		**(15,000,000)**	(15,000,000)		**1,560,132,721**	1,576,949,303	

6. Cash and Cash Equivalents

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

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

Interest income earned from bank deposits and short-term investments amounted to ₱23.78 million, ₱23.65 million and ₱13.66 million in 2017, 2016 and 2015, respectively.

7. Trade and Other Receivables

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

<u>Trade Receivables</u>

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

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

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

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

Nontrade Receivables

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

Allowance for Doubtful Accounts

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

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

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

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

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

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

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

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

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

8. Program and Other Rights

Details and movement in this account are as follows:

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

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

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

9. Prepaid Expenses and Other Current Assets

	2017	2016
Advances to suppliers	**₱267,163,762**	₱235,575,251
Input VAT	**152,562,473**	125,401,166
Prepaid production costs	**136,029,723**	113,611,340
Creditable withholding taxes	**107,592,110**	122,675,558
Prepaid expenses	**95,433,891**	86,623,905
Tax credits	**92,288,022**	128,875,751
Materials and supplies inventory	**15,692,696**	19,089,422
Others	**1,987,518**	1,965,121
	₱868,750,195	₱833,817,514

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

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

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

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

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

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

In 2015, the Group has written off creditable withholding taxes and prepaid rentals amounting to ₱1.11 million (see Note 25).

10. Available-for-Sale Financial Assets

	2017	2016
Investments in shares of stock:		
Unquoted	**₱117,921,881**	₱117,921,881
Quoted	**127,820,000**	125,470,000
	₱245,741,881	₱243,391,881

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

The movements in this account are as follows:

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

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

Of the ₱50.00 million airtime credits, ₱22.00 million has not been implemented at date of exchange and therefore was recognized by the Group as unearned revenue, included as part of trade payables and other current liabilities as at December 31, 2017 and 2016 (see Note 16). Also, a gain on disposal of asset held for sale amounting to ₱23.57 million, which represent excess of fair value of IPE shares over the carrying amount of GNMI's investment in X-Play, was recognized in the statement of comprehensive income in 2015 (see Note 25).

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

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

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

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

11. Investments and Advances

The following are the details of this account:

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

The movements in the account are as follows:

	2017	2016
Investment in an associate and interests in joint ventures:		
Acquisition cost -		
Balance at beginning and end of year	**₱131,722,056**	₱131,722,056
Accumulated equity in net losses:		
Balance at beginning of year	**(71,749,568)**	(74,508,443)
Equity in net earnings during the year	**329,580**	2,758,875
Balance at end of year	**(71,419,988)**	(71,749,568)
	60,302,068	59,972,488
Advances to an associate:		
Balance at beginning of year	**88,269,696**	87,860,215
Advances during the year (see Note 20)	**–**	409,481
Other adjustments	**(38,461)**	–
Balance at end of year	**88,231,235**	88,269,696
Advances to joint ventures:		
Balance at beginning of year	**2,593,765**	2,578,748
Advances during the year (see Note 20)	**–**	15,017
Other adjustments	**(23,797)**	–
Balance at end of year	**2,569,968**	2,593,765
Total investments and advances	**₱151,103,271**	₱150,835,949

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

	Principal Activities	Percentage of Ownership	
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:

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

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

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

PEP

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

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

Gamespan

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

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

INQ7

Losses of INQ7 recognized under the equity method in excess of the Group's carrying value of investment were applied against its advances to the Parent Company thereby reducing both advances and investments to zero as at December 31, 2017 and 2016. INQ7 ceased operations in 2007. In 2013, INQ7 submitted a request to liquidate its assets to SEC. The liquidation is still ongoing as at December 31, 2017.

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

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

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

Current assets	₱53,469,276
Noncurrent assets	120,275,583
	173,744,859
Current liabilities	1,269,154
Noncurrent liabilities	94,209,136
	95,478,290
Net assets	78,266,569
Proportion of the Group's ownership	49%
Carrying amount of investment	₱38,350,619

Mont-Aire ceased its commercial operations in 2009. Assets include real estate and parcels of land with an aggregate cost of ₱157.09 million and fair market value of ₱210.64 million, as determined by an accredited appraiser as at March 14, 2017, enough to cover for the carrying amount of the Group's investment in Mont-Aire. Management believes that there are no events or changes in circumstances indicating a significant change in the fair value of the abovementioned properties from the last appraisal made.

12. Property and Equipment at Cost

	2017				
	January 1	**Additions/ Depreciation** (see Notes 22 and 23)	**Disposals**	**Reclassifications**	**December 31**
Cost:					
Buildings, towers and improvements	**₱2,920,276,961**	**₱9,203,472**	**(₱709,081)**	**₱–**	**₱2,928,771,352**
Antenna and transmitter systems and broadcast equipment	**6,383,536,005**	**186,179,289**	**(97,875,045)**	**(1,664,309)**	**6,470,175,940**
Communication and mechanical equipment	**1,149,777,938**	**39,047,592**	**(16,922,595)**	**48,246,012**	**1,220,148,947**
Transportation equipment	**498,682,573**	**56,088,773**	**(56,804,265)**	**1,664,309**	**499,631,390**
Furniture, fixtures and equipment	**151,578,448**	**2,530,875**	**(200,351)**	**–**	**153,908,972**
	11,103,851,925	**293,050,001**	**(172,511,337)**	**48,246,012**	**11,272,636,601**
Accumulated Depreciation:					
Buildings, towers and improvements	**1,764,451,369**	**141,479,413**	**(682,399)**	**–**	**1,905,248,383**
Antenna and transmitter systems and broadcast equipment	**5,486,061,495**	**334,312,359**	**(97,840,074)**	**(1,664,309)**	**5,720,869,471**
Communication and mechanical equipment	**1,015,150,890**	**73,008,734**	**(16,669,377)**	**–**	**1,071,490,247**
Transportation equipment	**326,274,574**	**75,826,821**	**(54,600,831)**	**1,664,309**	**349,164,873**
Furniture, fixtures and equipment	**142,371,928**	**4,622,724**	**(200,351)**	**–**	**146,794,301**
	8,734,310,256	**629,250,051**	**(169,993,032)**	**–**	**9,193,567,275**
Construction in progress and equipment for installation	**406,943,315**	**230,677,611**	**–**	**(52,349,277)**	**585,271,649**
	₱2,776,484,984	**(₱105,522,439)**	**(₱2,518,305)**	**(₱4,103,265)**	**₱2,664,340,975**

	2016				
	January 1	Additions/ Depreciation (see Notes 22 and 23)	Disposals	Reclassifications	December 31
Cost:					
Buildings, towers and improvements	₱2,910,206,400	₱8,420,366	(₱335,203)	₱1,985,398	₱2,920,276,961
Antenna and transmitter systems and broadcast equipment	6,286,870,854	91,229,693	(3,067,574)	8,503,032	6,383,536,005
Communication and mechanical equipment	1,140,698,007	22,917,867	(13,837,936)	–	1,149,777,938
Transportation equipment	497,684,142	90,606,340	(91,288,040)	1,680,131	498,682,573
Furniture, fixtures and equipment	149,434,697	2,057,143	(2,678)	89,286	151,578,448
	10,984,894,100	215,231,409	(108,531,431)	12,257,847	11,103,851,925
Accumulated Depreciation:					
Buildings, towers and improvements	1,622,570,206	142,164,688	(283,525)	–	1,764,451,369
Antenna and transmitter systems and broadcast equipment	5,082,620,082	406,508,987	(3,067,574)	–	5,486,061,495
Communication and mechanical equipment	942,894,076	86,094,750	(13,837,936)	–	1,015,150,890
Transportation equipment	336,710,843	77,508,058	(87,944,327)	–	326,274,574
Furniture, fixtures and equipment	133,329,058	9,044,588	(1,718)	–	142,371,928
	8,118,124,265	721,321,071	(105,135,080)	–	8,734,310,256
Construction in progress and equipment for installation	261,073,466	229,152,567	–	(83,282,718)	406,943,315
	₱3,127,843,301	(₱276,937,095)	(₱3,396,351)	(₱71,024,871)	₱2,776,484,984

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

The reclassification relates to the cost of software that were transferred to other noncurrent assets amounting to ₱4.10 million and ₱71.02 million in 2017 and 2016, respectively (see Note 15).

The Group disposed various property and equipment in 2017, 2016 and 2015 resulting to the recognition of gain on sale amounting to ₱27.06 million, ₱29.72 million and ₱19.96 million, respectively (see Note 25).

The cost of fully depreciated assets still being used by the Group amounted to ₱5,753.97 million and ₱5,375.23 million as at December 31, 2017 and 2016, respectively.

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

13. Land at Revalued Amounts

	2017	2016
Cost	**₱351,936,434**	₱349,312,816
Additions	**1,364,718**	2,623,618
	353,301,152	351,936,434
Revaluation increment	**1,453,210,041**	1,453,210,041
	₱1,806,511,193	₱1,805,146,475

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

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

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

As at December 31, 2017 and 2016, no land has been pledged as collateral or security for any of the Group's liabilities and the Group has no restrictions on the realizability of its land and no contractual obligation to purchase, construct or develop land or for repairs, maintenance and enhancements.

14. Investment Properties

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

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

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

The fair market value of investment properties owned by the Group amounted to ₱133.67 million as at December 31, 2017. The land was last appraised on December 17, 2013 by an accredited appraiser and was valued in terms of its highest and best use. The fair value was determined using the "Market Data Approach". The fair value represents the amount that would be received to sell an investment property in an orderly transaction between market participants at the date of valuation. Management expects that there is no significant change in the fair market value as at December 31, 2017 and 2016.

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

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

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

As at December 31, 2017 and 2016, no investment properties have been pledged as collateral or security for any of the Group's liabilities and the Group has no restriction on the realizability of its investment properties and no contractual obligation to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15. **Other Noncurrent Assets**

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

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

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

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

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

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

The movements in software costs follow:

	2017	2016
Cost:		
Balance at beginning of year	**₱329,760,185**	₱258,281,297
Additions during the year	**41,661,384**	454,017
Reclassifications during the year (see Note 12)	**4,103,265**	71,024,871
Balance at end of year	**375,524,834**	329,760,185
Accumulated amortization:		
Balance at beginning of year	**258,048,227**	240,874,661
Amortization during the year (see Note 23)	**23,362,883**	17,173,566
Balance at end of year	**281,411,110**	258,048,227
	₱94,113,724	₱71,711,958

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

	2017	2016
Trade payables (see Note 20)	**₱845,018,977**	₱865,374,490
Payable to government agencies	**762,892,224**	768,564,415
Customers' deposits	**31,753,616**	61,748,503
Advances from customers (see Note 10)	**162,247,590**	42,876,300
Accrued expenses:		
Production costs	**195,428,814**	268,495,825
Payroll and talent fees (see Notes 24 and 26)	**173,654,334**	194,899,454
Utilities and other expenses	**145,812,643**	175,942,277
Commission	**18,757,609**	24,466,466
Others	**51,335,791**	39,577,871
	₱2,386,901,598	₱2,441,945,601

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

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

Customers' deposits include guaranty deposits from advertising agencies to secure payment of bills by advertisers. These deposits are non-interest bearing and normally refunded once the related broadcasts are paid by the advertisers. It also includes deposits from the Group's lessees upon inception of the lease agreements.

Advances from customers include payments received before broadcast from customers. These deposits will be settled and implemented within the next financial year. As provided in Note 10, this account also includes unearned revenue of ₱22.00 million resulting from the sale of the Group's interests in X-Play in 2015.

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

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

17. Short-term Loans

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

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

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

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

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

18. Obligations for Program and Other Rights

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

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

19. **Equity**

a. Capital Stock

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

	Preferred		Common	
	Number of Shares	Peso Equivalent	Number of Shares	Peso Equivalent
Authorized - ₱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

In prior years, the Parent Company has acquired 945.43 million PDRs issued by GMA Holdings for ₱8.50 per share. In as much as each PDR share grants the holder, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) Parent Company share or the sale and delivery of the proceeds of such sale of Parent Company share, such PDRs held by the Parent Company is being treated similar to a treasury shares.

b. Retained Earnings

The retained earnings of the Parent Company is restricted for the payment of dividends to the extent of ₱34.27 million as at December 31, 2017 and 2016, representing the cost of shares held in treasury and underlying shares of the acquired PDRs amounting to ₱28.48 million and ₱5.79 million, respectively, as at December 31, 2017 and 2016.

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

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

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

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

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

20. Related Party Disclosures

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

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2017 and 2016, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Company transacts with associates, affiliates, jointly controlled entities and other related parties on advances, reimbursement of expenses, and future stock subscriptions.

The transactions and balances of accounts as at and for the years ended December 31, 2017 and 2016 with related parties are as follows:

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

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

Compensation of Key Management Personnel

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

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

Equity Investments of the Retirement Fund

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

21. Net Revenues

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

22. Production Costs

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

23. General and Administrative Expenses

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

(Forward)

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

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

Depreciation

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

24. **Personnel Costs**

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

The above amounts were distributed as follows:

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

25. **Others - Net**

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

26. **Pension and Other Employee Benefits**

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

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

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

Pension Benefits

The Group operates non-contributory defined benefit retirement plans.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The plan assets consist of the following:

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

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

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

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

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

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

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

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

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

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

	Increase (Decrease) in Basis Points	Increase (Decrease) in Defined Benefit Obligation		
		2017	2016	2015
Discount rate	50	**(₱147,053,322)**	(₱130,821,241)	(₱85,998,488)
	(50)	**160,848,171**	142,741,801	94,061,708
Discount rate	50	**(147,053,322)**	(130,821,241)	(85,998,488)
	(50)	**160,848,171**	142,741,801	94,061,708
Future salary increases	50	**154,891,568**	132,347,649	91,314,035
	(50)	**(142,790,665)**	(122,666,215)	(84,180,125)

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

Less than one year	₱125,089,899
More than 1 year to 3 years	638,879,245
More than 3 years to 7 years	1,323,653,306
More than 7 years to 15 years	1,739,605,158
More than 15 years to 20 years	2,698,061,467
More than 20 years	7,047,872,017

Other Employee Benefits

Other long-term employee benefits consist of accumulated and unexpired employee sick and vacation leave entitlements. Noncurrent portion of other employee benefits amounted to ₱284.66 million and ₱284.56 million as at December 31, 2017 and 2016, respectively, while current portion of other employee benefits recorded in "Accrued payroll and talent fees" included under "Trade and other current liabilities" account amounted to ₱7.4 million and ₱3.69 million as at December 31, 2017 and 2016, respectively (see Note 16).

27. **Agreements**

Lease Agreements

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

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

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

	2017	2016
Within one year	**₱232,505,236**	₱192,153,087
After one year but not more than five years	**100,691,244**	302,905,890
	₱333,196,480	₱495,058,977

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

Total rental expense amounted to ₱936.40 million, ₱899.89 million and ₱843.63 million in 2017, 2016, and 2015, respectively (see Notes 22 and 23).

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. The leased out properties include investment properties and office space. Total rental income amounted to ₱8.18 million, ₱6.56 million and ₱6.28 million in 2017, 2016 and 2015, respectively (see Note 25).

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

Total subscription income amounted to ₱1,250.43 million, ₱1,147.09 million and ₱1,023.32 million in 2017, 2016 and 2015, respectively (see Note 21).

28. **Income Taxes**

Current Income Tax

The current income tax consists of the following:

	2017	2016	2015
RCIT	**₱1,094,393,014**	₱1,510,149,656	₱951,169,854
MCIT	**493,093**	773,934	3,728,988
	₱1,094,886,107	₱1,510,923,590	₱954,898,842

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

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

Deferred Income Taxes

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

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

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

	2017	2016
Revaluation increment on land	**(₱435,963,012)**	(₱435,963,012)
Pension liability - remeasurement loss on retirement plan	**286,227,805**	285,292,530
Revaluation of AFS financial assets	**(45,545)**	282,954
	(₱149,780,752)	(₱150,387,528)

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

	2017	2016
NOLCO	**₱4,568,684**	₱11,644,457
Allowance for doubtful accounts	**4,637,981**	1,166,922
Excess MCIT over RCIT	**2,941,699**	773,934
Allowance for inventory stock	**1,670,219**	758,581
Pension liability	**831,564**	733,647
Other long-term employee benefits	**176,828**	165,357
	₱14,826,975	₱15,242,898

The unrecognized deferred tax assets from the above deductible temporary differences and carryforward benefits of NOLCO and MCIT amounted to ₱6.51 million and ₱5.11 million as at December 31, 2017 and 2016, respectively.

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

As at December 31, 2017, the Group's MCIT and NOLCO are as follows:

Years Paid/Incurred	Carryforward Benefit Up To	MCIT	NOLCO
2015	2018	₱3,188,986	₱233,636
2016	2019	791,805	3,557,616
2017	2020	29,072	777,432
		₱4,009,863	₱4,568,684

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

	MCIT	NOLCO
Balance at beginning of year	₱3,895,590	₱11,644,457
Additions	117,273	2,724,874
Expirations	(3,000)	(9,800,647)
	₱4,009,863	₱4,568,684

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

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

29. **EPS Computation**

The computation of basic and diluted EPS follows:

	2017	2016	2015
Net income attributable to equity holders of the Parent Company (a)	**₱2,543,897,957**	₱3,626,334,921	₱2,115,082,277
Less attributable to preferred shareholders	**785,070,044**	1,119,119,934	652,733,626
Net income attributable to common equity holders of the Parent Company (b)	**1,758,827,913**	2,507,214,987	1,462,348,651
Common shares issued at the beginning of year (Note 19)	**3,364,692,000**	3,364,692,000	3,364,692,000
Treasury shares (Note 19)	**(3,645,000)**	(3,645,000)	(3,645,000)
Underlying shares on acquired PDRs (Note 19)	**(750,000)**	(750,000)	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000	3,360,297,000
Weighted average number of common shares	**3,360,297,000**	3,360,297,000	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437	4,860,198,437
Basic EPS (b/c)	**₱0.523**	₱0.746	₱0.435
Diluted EPS (a/d)	**₱0.523**	₱0.746	₱0.435

30. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments include cash and cash equivalents. The main purposes of these financial instruments include raising financing for the Group's operations and managing identified financial risks. The Group has other financial assets and liabilities such as trade and other receivables, refundable deposits, trade payables and other current liabilities (excluding payable to government agencies, customers' deposits and advances from customers), short-term loan, obligations for program and other right, dividends payable and other long-term employee benefits, which arise directly from its operations, and AFS financial assets. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk and credit risk. The Group is not exposed to interest rate risk as most of its financial assets and financial liabilities have fixed rates.

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

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

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

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

	2017				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱1,285,979,018**	**₱993,859,477**	**₱–**	**₱–**	**₱2,279,838,495**
Trade receivables:					
Television and radio airtime	**861,990,654**	**3,620,584,509**	**–**	**–**	**4,482,575,163**
Subscriptions	**98,286,060**	**194,081,015**	**–**	**–**	**292,367,075**
Others	**57,832,285**	**69,482,625**	**–**		**127,314,910**
Nontrade receivables:					
Advances to officers and employees	**74,423**	**2,414,602**	**–**	**–**	**2,489,025**
Others	**781,558**	**336,480**		**–**	**1,118,038**
Refundable deposits*	**–**	**–**	**–**	**13,697,898**	**13,697,898**
AFS financial assets	**–**	**–**	**–**	**245,741,881**	**245,741,881**
	2,304,943,998	**4,880,758,708**	**–**	**259,439,779**	**7,445,142,485**
Other financial liabilities:					
Trade payables and other current liabilities**	**462,449,326**	**939,793,903**	**27,764,939**	**–**	**1,430,008,168**
Short-term loans***	**–**	**3,875,000**	**501,937,500**	**–**	**505,812,500**
Obligations for program and other rights	**–**	**139,571,493**	**–**	**–**	**139,571,493**
Dividends payable	**15,437,102**	**–**	**–**	**–**	**15,437,102**
	477,886,428	**1,083,240,396**	**529,702,439**	**–**	**2,090,829,263**
Liquidity Portion (Gap)	**₱1,827,057,570**	**₱3,797,518,312**	**(₱529,702,439)**	**₱259,439,779**	**₱5,354,313,222**

**Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
***Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱762.89 million ₱31.75 million and ₱162.25 million, respectively (see Note 16).*
****Gross contractual payments.*

		2016			
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Loans and receivables:					
Cash and cash equivalents	₱1,950,184,026	₱1,468,830,179	₱–	₱–	₱3,419,014,205
Trade receivables:					
Television and radio airtime	1,415,207,927	3,384,171,663	–	–	4,799,379,590
Subscriptions	138,020,506	219,899,497	–	–	357,920,003
Others	58,344,349	49,029,986	–		107,374,335
Nontrade receivables:					
Advances to officers and employees	–	3,183,197	–	–	3,183,197
Others	1,430,307	1,019,449		–	2,449,756
Refundable deposits*	–	–	–	13,328,432	13,328,432
AFS financial assets	–	–	–	243,391,881	243,391,881
	3,563,187,115	5,126,133,971	–	256,720,313	8,946,041,399
Other financial liabilities:					
Trade payables and other current liabilities**	556,998,971	949,127,898	62,629,514	–	1,568,756,383
Short-term loans***	–	2,456,168	648,816,168	–	651,272,336
Obligations for program and other rights	–	76,847,692	–	–	76,847,692
Dividends payable	12,705,059	–	–	–	12,705,059
	569,704,030	1,028,431,758	711,445,682	–	2,309,581,470
Liquidity Portion (Gap)	₱2,993,483,085	₱4,097,702,213	(₱711,445,682)	₱256,720,313	₱6,636,459,929

***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*
****Excluding payable to government agencies, customer deposits and advances from customers amounting to ₱768.56 million, ₱61.75 million and ₱42.88 million, respectively (see Note 16).*
****Gross contractual payments.*

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

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

	2017		2016	
Assets				
Cash and cash equivalents	**$5,653,614**	**₱282,284,947**	$11,811,022	₱587,244,014
	C$1,073,427	**42,632,227**	–	–
Trade receivables	**$4,184,458**	**208,929,988**	7,198,713	357,920,010
	C$1,967,742	**78,150,841**	–	–
	S$150,727	**5,625,554**	–	–
	A$51,697	**2,011,272**	–	–
	DH75,612	**1,027,930**	–	–
	£6,331	**424,915**	–	–
	¥485,806	**214,872**	–	–
		₱621,302,546	$19,009,735	₱945,164,024
Liabilities				
Trade Payables	**$3,413,632**	**₱170,442,646**	$615,063	₱30,580,932
Short-term loans	–	–	13,000,000	646,360,000
Obligations for program and other rights	**$2,405,795**	**120,121,344**	1,003,156	49,876,916
		₱290,563,990	$14,618,219	₱726,817,848
		₱330,738,556	$4,391,516	₱218,346,176

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

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

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

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

The Group ensures that sales of products and services are made to customers with appropriate credit history. The Group has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended. The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. The Group does not require any collateral for its financial assets, thus, maximum exposure to credit risk is equal to the carrying value of the financial instruments.

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

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

**Excluding cash on hand amounting to ₱129.66 million and ₱63.67 million as at December 31, 2017 and 2016, respectively.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

The credit quality of financial assets is managed by the Group using high grade and standard grade as internal credit ratings.

- *High Grade*. Pertains to a counterparty who is not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes prime financial institutions and companies and top 20 advertisers in terms of volume of sales, who consistently pay on or before the maturity date and related parties.

- *Standard Grade*. Pertains to a counterparty with tolerable delays (normally from 1 to 30 days) in settling its obligations to the Group. The delays may be due to cut-off differences. This includes customers outside the top 20 advertisers in terms of volume of sales, who consistently pay on maturity date and officers and employees.

As at December 31, 2017 and 2016, the credit quality of the Group's financial assets is as follows:

	2017				
	Neither Past Due Nor Impaired		**Past Due but**	**Past Due and**	
	High Grade	**Standard Grade**	**not Impaired**	**Impaired**	**Total**
Loans and receivables:					
Cash and cash equivalents*	**₱2,150,174,152**	**₱–**	**₱–**	**₱–**	**₱2,150,174,152**
Trade receivables:					
Television and radio airtime	**2,932,227,638**	**463,495,382**	**1,086,682,189**	**300,279,286**	**4,782,684,495**
Subscriptions	**180,069,041**	**7,649,963**	**104,648,071**	**–**	**292,367,075**
Others	**40,585,643**	**17,475,408**	**69,423,813**	**11,431,908**	**138,916,772**
Nontrade receivables:					
Advances to officers and employees	**2,414,602**	**35,423**	**39,000**	**–**	**2,489,025**
Others	**336,480**	**541,960**	**239,598**	**–**	**1,118,038**
Refundable deposits**	**13,697,898**	**–**	**–**	**–**	**13,697,898**
	5,319,505,454	**489,198,136**	**1,261,032,671**	**311,711,194**	**7,381,447,455**
AFS financial assets	**245,491,881**	**–**	**–**	**–**	**245,491,881**
	₱5,564,997,335	**₱489,198,136**	**₱1,261,032,671**	**₱311,711,194**	**₱7,626,939,336**

**Excluding cash on hand amounting to ₱129.66 million as at December 31, 2017.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

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

**Excluding cash on hand amounting to ₱63.67 million as at December 31, 2016.*
***Included under "Other noncurrent assets" account in the consolidated statements of financial position (see Note 15).*

Capital Management

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

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

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

No changes were made in the objectives, policies or processes for each of the three years ended December 31, 2017, 2016 and 2015.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loan to total equity. The Group's interest-bearing loans, which are the short-term loans, amounted to ₱500.00 million and ₱646.36 million as at December 31, 2017 and 2016, respectively. The Group's total equity attributable to equity holders of the Parent Company as at December 31, 2017 and 2016 amounted to ₱9,403.09 million and ₱10,407.30 million, respectively.

31. Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

Investment Properties and Land at Revalued Amount
The valuation for investment properties and land at revalued amount was derived through market data approach based upon prices paid in actual market transactions. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property adjusted based on certain elements of comparison (e.g. market conditions, location, physical condition and amenities). Significant unobservable valuation input in determining the fair value of investment properties includes adjusted price per square meter that ranges from ₱900 to ₱118,945. On the other hand, significant unobservable valuation input in determining fair value of land at revalued amount includes adjusted price per square meter that ranges from ₱200 to ₱50,000.

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

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

32. Supplemental Information to Consolidated Statements of Cash Flows

Non-cash transaction in 2015 consists of acquisition of AFS financial assets for ₱130.00 million in exchange for investments in X-Play for ₱26.43 million, advances for ₱30.00 million and airtime receivables for ₱28.00 million (see Note 10).

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 (GNTV)
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-26 Aparri, Cagayan (GNTV)
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

RGMA TV-33 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

RGMA TV-44 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

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

RGMA TV-51 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

RGMA TV-45 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
0915-8632875

TV-43 Cagayan de Oro (GNTV)
Malasag Heights, Brgy. Cugman, Cagayan de Oro City
0915-8632875

TV-26 Butuan (GMA)
Brgy. Bonbon, Butuan City, Agusan del Norte
09163178470

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

RGMA TV-32 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

TV-26 Jolo (GNTV)
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.) 10kW
2/F Baguio Midland Courier Bldg. 16 Kisad Rd., Baguio City
CP #: 0917-813-2986 / 0998-845-2446
FM Tx Site: Brgy. Lamut, Beckel, La Trinidad, Benguet

DAGUPAN
AM – DZSD (1548 khz.) 10kW
Maasin, Mangaldan, Pangasinan
FM – DWTL (93.5 mhz.) 10kW
GMA TV 10 Compound, Claveria Road, Malued District,
Dagupan City
CP #: 0917-813-3081 / 0998-845-2447

LEGAZPI
FM – DWCW (96.3 mhz.) 10kW
3rd level A. Bichara Silverseen Entertainment Center,
Magallanes St., Legazpi City
CP #: 0917-813-3189 / 0998-845-2448

LUCENA
FM – DWQL (91.1 mhz.) 10kW
3/F Ancon Bldg., Merchan Street, Lucena City
CP #: 0917-813-3563 / 0998-845-2449

NAGA
FM – DWQW (101.5 mhz.) 5kW
GMA Complex, Diversion Road(Roxas Ave.)
Beside Mother Seton Hospital, Naga City
CP #: 0917-813-3414 / 0998-845-2451

PALAWAN
AM – DYSP (909 khz.) 5kW
FM – DYHY (97.5 mhz.) 5kW
Solid Road, San Manuel
Puerto Princesa City, Palawan
CP #: 0917-802-1683 / 0998-845-2452

TUGUEGARAO
FM – DWWQ (89.3 mhz.) 10kW
4/F Villablanca Hotel Pattaui St. cor. Pallua Rd.,
Ugac Norte Tuguegarao, Cagayan
CP #: 0917-813-3720 / 0998-845-2453

VISAYAS

BACOLOD
AM – DYSB (1341 khz.) 5KW
Brgy. Punta Taytay, Bacolod City
FM – DYEN (107.1mhz.) 10kW
3/F Door # 10 Centroplex Mall
Gonzaga-Locsin St. Brgy. 21
Bacolod City 6100
CP #: 0917-813-3483 / 0998-845-2454

CEBU
AM – DYSS (999 khz.) 10kW
FM – DYRT (99.5 mhz.) 25kW
GMA Skyview Complex Nivel Hills,
Lahug, Cebu City
AVAYA: 5106
CP #: 0917-813-4507

ILOILO
AM – DYSI (1323 khz.) 10kW
FM – DYMK (93.5 mhz.) 10kW
GMA Broadcast Complex Phase 5, Alta Tierra Village,
Jaro, Iloilo City
CP #: 0917-813-3490 / 0998-845-2455

KALIBO
FM – DYRU (92.9 mhz.) 5kW
Torres-Olivia Bldg. Roxas Ave. Extension,
Kalibo, Aklan
CP #: 0917-813-3696 / 0998-845-2456

MINDANAO

CAGAYAN DE ORO
FM – DXLX (100.7 mhz.) 5kW
2nd Flr. Centro Mariano Bldg.
Osmena St. Cagayan de Oro City
CP #: 0917-813-3729 / 0998-845-2457

ILIGAN
FM – DXND (90.1 mhz.) 1kW
Infinity Suites, Consunji St. Iligan City

ZAMBOANGA
AM – DXRC (1287 kHz.) 5KW
Logoy Duitay, Talon-Talon, Zamboanga City

DAVAO
AM – DXGM (1125 khz.) 10kW
FM – DXRV (103.5) 10kW
GMA Network Complez, Shrine Hills, Matina Davao City
CP #: 0917-813-3736 / 0998-845-2458

GENERAL SANTOS
AM – DXBB (1107 khz.) 5kW
FM – DXCJ (102.3 mhz.) 10kW
3/F PBC Bldg., Cagampang St. Gen. Santos City
CP #: 0917-813-3850 / 0998-845-2450

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

CityNet Network Marketing and Productions, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777

GMA Network Films, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777 local 9980/9981
Telefax: 926-1842

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

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

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

Scenarios, Inc.
GMA Complez, EDSA cor. Timog Avenue,
Diliman Quezon City
Tel: 982-7777 local 9921
928-5507
Telefax: 928-7482

Alta Productions, Inc.
10/F Sagittarius Building, H.V. Dela Costa St.,
Salcedo Village, Makati City
Tel: 816-3881
Fax: 813-3982

GMA Marketing and Productions, Inc.
15/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777
Fax: 928-2044

MediaMerge Corporation
6/F GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 982-7777 local 1308
927-6268
Fax: 927-6210

Digify, Inc.
GMA Network Center, EDSA cor. Timog Avenue,
Diliman, Quezon City
Tel: 857-4627
Telefax: 928-4553

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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

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
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Website www.kapusofoundation.com

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

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6750 Ayala Avenue, Makati City
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Fax: 819-0872

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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

Amalgamated Investment Bancorporation
11/F 6805 Ayala Avenue
Makati 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 Business Bank
Congressional branch
#622 Congressional Avenue
Brgy. Toro 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, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City
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Fax: 403-2414

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Email: corporateaffairs@gmanetwork.com
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Stock Trading Information
GMA Network, Inc. is listed in the Philippine Stock Exchange.

Trading symbol

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

GEARING UP FOR THE FUTURE

2017 GMA NETWORK, INC. ANNUAL REPORT