

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Item 1 Management's Discussion and Analysis of Financial Condition and Results of Operations

Items 2 Financial Statements

Statements of Financial Position
Statements of Comprehensive Income
Statements of Changes in Equity
Statements of Cash Flows
Notes to Financial Statements

PART II OTHER FINANCIAL INFORMATION

SIGNATURES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2012

GMA Holdings' six-month performance yielded a net income of ₱185 thousand at par with same period in 2011.

The Company realized cumulative gross revenues of ₱1.02 million, reflecting a drop of 8% from ₱1.10 million in June 2011. Interest income, which comprised income from savings account and money market placements, amounted to ₱982 thousand. It accounted for 97% of total gross revenues though it is 11% lower compared to same period last year due to reduced interest rate from 4.44% to 3.94%. The reduction in interest income was however cushioned by the presence of exercise fees of ₱33 thousand arising from conversion of 662,700 PDRs to common shares as compared to zero conversion during comparative period.

Operating expenses ended at ₱557 thousand, down by 4% as compared to last year's ₱582 thousand, resulting from lower listing fees partly offset by the increase in professional fees. Listing fees decreased 19% to ₱280 thousand due to lower market cap. PSE listing fee's unexpired portion amounting to ₱280 thousand is shown under "Prepaid expenses and other current assets" in the statements of financial position.

The Company distributed ₱344.62 million or ₱0.40 per share to all PDR holders arising from dividends received on May 10, 2012 from GMA Network, Inc. And during its May 25, 2012 Annual Stockholder's Meeting, the company declared ₱2.59 million cash dividends to its stockholder which was subsequently distributed in June 11, 2012.

Financial Condition

Total assets amounted to ₱48.73 million or 4% lower versus end-2011 mainly due to the decline in cash and cash equivalents.

Cash and cash equivalents decreased by 5% to ₱47.76 million resulting from the above-mentioned ₱2.59 million dividend payout in June 2012.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators are focused on the dividends it receives to meet PDR holders' expectations and monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

- a) Trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

As of June 30, 2012, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

- b) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration or an obligation.

As of June 30, 2012, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

- c) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

- d) Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

As of June 30, 2012, there were no commitments for capital expenditures.

- e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The Company's results of operations depend largely on its ability to meet PDR holders' expectations from the dividends it receives and to monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation. There are no known trends, events or uncertainties that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

- f) Any significant elements of income or loss that did not arise from the issuer's continuing operations.

As of June 30, 2012, there were no significant elements of income or loss that did not arise from the issuer's continuing operations.

- g) Causes for material changes in the Financial Statements.

Balance Sheet June 30, 2012 (Unaudited) vs. December 31, 2011 (Audited)

- Cash and cash equivalents decreased by 5% to ₱47.76 million resulting from dividend payout in June 11, 2012 amounting to ₱2.59 million for its stockholders of record as of December 31, 2011.
- Current Liabilities increased 1% to ₱47.88 million on account of the final withholding taxes payable in relation to the dividend payout.

- h) Seasonal aspects that had a material effect on the financial condition or results of operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

GMA HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30, 2012 Unaudited	December 31, 2011 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 11, and 12)	P47,757,077	P50,059,007
Accounts receivable (Notes 11 and 12)	108,253	204,339
Prepaid expenses	409,126	43,263
Total Current Assets	48,274,456	50,306,609
Noncurrent Asset		
Deferred tax assets	456,298	456,299
	P48,730,754	P50,762,908
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 7, 11, and 12)	P358,523	P241,032
Due to shareholders (Notes 10, 11, and 12)	47,271,600	47,271,600
Withholding taxes payable	259,400	-
Total Current Liabilities	47,889,523	47,512,632
Equity		
Capital stock	100,000	100,000
Retained earnings	741,231	3,150,276
Total Equity	841,231	3,250,276
	P48,730,754	P50,762,908

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	2 nd Quarter Ended June 30		Six Months Ended June 30	
	2012	2011	2012	2011
REVENUES				
Exercise fees (Note 5)	₱13,000	₱–	₱33,135	₱–
Interest income from bank deposits and short-term placements (Note 6)	457,774	605,806	982,168	1,100,688
	470,774	605,806	1,015,303	1,100,688
OPERATING EXPENSES (Note 8)	287,051	296,882	557,118	581,873
INCOME BEFORE INCOME TAX	183,723	308,923	458,185	518,815
PROVISION FOR INCOME TAX (Note 9)	121,885	198,684	273,232	333,892
TOTAL COMPREHENSIVE INCOME	₱61,838	₱110,239	₱184,953	₱184,923

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
STATEMENTS OF CHANGES IN EQUITY

	Six Months ended June 30	
	2012	2011
CAPITAL STOCK - ₱10 par value	₱100,000	₱100,000
Authorized and subscribed - 10,000 shares		
 RETAINED EARNINGS		
Balance at January 1	3,150,275	2,462,089
Total comprehensive income	184,953	184,923
Cash dividends	(2,593,997)	-
Balance at June 30	741,231	2,647,012
	₱841,231	₱2,747,012

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
STATEMENTS OF CASH FLOWS

	2nd Quarter Ended June 30		Six Months Ended June 30	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱183,723	₱308,923	₱458,185	₱518,815
Adjustments for interest income from bank deposits and short-term placements	(457,774)	(605,806)	(982,168)	(1,100,688)
Income before working capital changes	(274,051)	(296,883)	(523,983)	(581,873)
Decrease (Increase) in:				
Accounts receivable	(13,000)	–	92,865	–
Prepaid expenses	146,506	180,554	(365,863)	(370,107)
Increase in:				
Accounts payable and accrued expenses	60,800	42,308	117,491	(55,930)
Withholding taxes payable	259,400	–	259,400	(27,573,777)
Cash generated from (used in) operations	179,655	(74,021)	(420,090)	(28,581,687)
Interest received	446,987	707,250	985,389	1,109,033
Income and final taxes paid	(121,885)	(198,684)	(273,232)	(333,892)
Net cash provided by (used in) operating activities	504,757	434,545	292,067	(27,806,546)
CASH FLOWS FROM FINANCING ACTIVITY				
Payment of cash dividends	(2,593,997)	–	(2,593,997)	–
NET INCREASE (DECREASE) IN CASH	(2,089,240)	434,545	(2,301,930)	(27,806,546)
CASH AT BEGINNING OF THE PERIOD	49,846,317	49,248,965	50,059,007	77,490,056
CASH AT END OF PERIOD	₱47,757,077	₱49,683,510	₱47,757,077	₱49,683,510

See Accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

GMA Holdings, Inc. (the Company) was incorporated in the Philippines on February 15, 2006 to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real and personal property of every kind and description.

The accounting and administrative functions of the Company are undertaken by GMA Network, Inc. (GMA), an affiliate.

In 2007, the Company issued Philippine Deposit Receipts (PDRs), which were listed and traded in the Philippine Stock Exchange (PSE) (see Note 5).

The Company will not engage in any business or purpose other than in connection with the issuance of the PDRs, the performance of the obligations under the PDRs and the acquisition and holding of the underlying shares of GMA in respect of the PDRs issued. This includes maintaining the Company's listing with the PSE and maintaining its status as a Philippine person for as long as the Philippine law prohibits ownership of GMA's shares by non-Philippine person.

The registered office address of the Company is Unit 5D Tower One, One McKinley Place, New Bonifacio Global City, Fort Bonifacio, Taguig City.

2. Basis of Preparation

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS also includes Philippine Accounting Standards (PAS) and Interpretations issued by the Philippine Financial Reporting Standards Council.

The financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency under PFRS. All values are rounded to the nearest Philippine peso, except when otherwise indicated.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended PFRS and Philippine Interpretations starting January 1, 2011.

- PAS 24, *Related Party Disclosures* (Amendment), effective for annual periods beginning on or after January 1, 2011
- PAS 32, *Financial Instruments: Presentation* (Amendment) – *Classification of Rights Issues*, effective for annual periods beginning on or after February 1, 2010
- Philippine Interpretation IFRIC 14 (Amendment), *Prepayments of a Minimum Funding Requirement*, effective for annual periods beginning on or after January 1, 2011
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*, effective for annual periods beginning on or after July 1, 2010

- Improvements to PFRS (2010), effective 2011

Standards Issued but not yet Effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt these standards when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended standards and interpretations to have significant impact on its financial statements.

- PAS 1, *Financial Statement Presentation – Presentation of Items of Other Comprehensive Income* – The amendments to PAS 1 changed the grouping of items presented in other comprehensive income. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has therefore no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012.
- PAS 12, *Income Taxes – Recovery of Underlying Assets* – The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, *Investment Property*, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after January 1, 2012.
- PAS 19, *Employee Benefits (Amendment)* – Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Company is currently assessing the impact of the amendment to PAS 19. The amendment becomes effective for annual periods beginning on or after January 1, 2013.
- PAS 27, *Separate Financial Statements (as revised in 2011)* – As a consequence of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.
- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011)* – As a consequence of the new PFRS 11, *Joint Arrangements*, and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013.
- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities* – These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment is expected not to have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

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

The amendment affects disclosures only and has no impact on the Company’s financial position or performance.

- PFRS 7, *Financial Instrument: Disclosures Offsetting Financial Assets and Financial Liabilities* – These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or ‘similar agreement’, irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:
 - a. The gross amounts of those recognized financial assets and recognized financial liabilities;
 - b. The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
 - c. The net amounts presented in the statement of financial position;
 - d. The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - ii. Amounts related to financial collateral (including cash collateral); and
 - e. The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied for annual periods beginning on or after January 1, 2013. The amendment affects disclosures only and has no impact on the Company’s financial position or performance.

- PFRS 9, *Financial Instruments: Classification and Measurement* – PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will not have an effect on the classification and measurement of the Company’s financial assets and financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.
- PFRS 10, *Consolidated Financial Statements* – PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated

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

- PFRS 11, *Joint Arrangements* – PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly-controlled Entities - Non-monetary Contributions by Venturers*. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly-controlled entities that meet the definition of a joint venture must be accounted for using the equity method. This standard becomes effective for annual periods beginning on or after January 1, 2013.
- PFRS 12, *Disclosure of Interests in Other Entities* – PFRS 12 includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in PAS 31 and PAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after January 1, 2013.
- PFRS 13, *Fair Value Measurement* – PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after January 1, 2013.
- Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 15, *Agreements for the Construction of Real Estate* – This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the PFRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* – This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine (“production stripping costs”) and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset. This interpretation becomes effective for annual periods beginning on or after January 1, 2013.

New Standard Effective 2015

- PFRS 9, *Financial Instruments: Classification and Measurement*, will become effective for annual periods beginning on or after January 1, 2015. PFRS 9 as issued reflects the first phase on the

replacement of PAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

3. Summary of Significant Accounting Judgment, Estimate and Assumption

The preparation of Company's financial statements requires management to make judgment and estimates that affect amounts reported in the financial statements and related notes.

Judgment

In the process of applying the Company's accounting policies, management has not made any significant judgment that could affect the amounts recognized in the financial statements.

Estimate and Assumption

The key estimate and assumption concerning the future and other key sources of estimation uncertainty at the reporting date that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below:

Fair Value of Financial Assets and Liabilities. The Company carries certain financial assets and liabilities at fair value, which requires the use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., interest rates). Any changes in the fair value of these financial assets and liabilities would affect the reported fair value of these financial assets and liabilities.

The fair values of the Company's financial assets and liabilities are discussed in Note 12.

4. Summary of Significant Accounting and Financial Reporting Policies

Cash and Cash Equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand and short-term deposits with maturities of three months or less.

Financial assets

Initial recognition and measurement. Financial assets within the scope of PAS 39 are classified as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

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

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

The Company's financial assets include cash and short-term deposits, and accounts receivable (see Note 12).

As of June 30, 2012 and December 31, 2011, the Company did not have any financial asset at FVPL, HTM investments, and derivatives designated as hedging instruments.

"Day 1" Profit or Loss. 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 Company recognizes the difference between the transaction price and fair value (a "Day 1" profit or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data which is not observable is used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" profit or loss amount.

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

- Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.
- AFS financial assets. AFS financial assets include equity investments. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the "Unrealized Gain (Loss) on AFS financial assets" account until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the "Unrealized Gain (Loss) on AFS financial assets" account to profit or loss in finance costs. Interest earned while holding AFS financial investments is reported as interest income using the effective interest rate method.

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

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these

financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company 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 Company 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 Company could be required to repay.

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

- Financial assets carried at amortized cost. For financial assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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

- AFS financial investments. For AFS financial investments, the Company 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 profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement. Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include accounts payable and accrued expenses, and due to shareholders (see Note 12).

As of June 30, 2012 and December 31, 2011, the Company did not have financial liabilities at FVPL or derivatives designated as hedging instruments.

Subsequent measurement. The subsequent measurement of loans and borrowings follow:

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

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

Derecognition. 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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the parent company statements of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognized amounts; and
- There is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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

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

Withholding Taxes Payable

The Company's withholding taxes payable is composed mainly of final taxes imposed on dividend pay-outs made by GMA to PDR holders. Remittances on final income taxes withheld are made 15 days following the end of the month the withholding was made.

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.

Revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured, regardless of when the payment is being made. Revenue is 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 Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent.

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

Exercise Fees. Revenue is recognized upon payment of exercise price by the PDR holders.

Expenses

Expenses are recognized as incurred.

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 date.

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent

that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset 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 statements of comprehensive income.

Provisions

Provisions are recognized when the Company 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. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Contingencies

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

Events after Reporting Date

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

5. Philippine Deposit Receipts

On July, 30, 2007, the Company issued 822,115,000 PDRs relating to 822,115,000 GMA shares. On August 21, 2007, additional 123,317,000 PDRs were issued relating to 123,317,000 GMA shares. Each PDR was issued for a total consideration of ₱8.50.

Each PDR grants the holders, upon payment of the exercise price and subject to certain other conditions, the delivery of one (1) GMA share or the sale of and delivery of the proceeds of such sale of one (1) GMA share. The Company remains to be the registered owner of the GMA shares covered by the PDRs. The Company also retains the voting rights over the GMA shares.

The GMA shares are still subject to ownership restrictions on shares of corporations engaged in mass media and GMA may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the PSE on July 30, 2007, and the same may be exercised at any time from said date. Any cash dividends or other cash distributions in respect of GMA shares received by the Company shall be applied toward the operating expenses of the Company for the current and preceding years. A further amount equal to the operating expenses in the preceding year shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the operating expenses paid and the operating fund for such period shall be distributed to PDR holders pro-rata on the first business day after such cash dividends are received by the Company.

Upon exercise of the PDRs, an exercise price of ₱0.05 per share shall be paid by the PDR holders. The exercise price is shown as "Exercise fees" account in the statements of comprehensive income. Exercise fees amounted to ₱33 thousand and ₱– for the six months ended June 30, 2012 and 2011, respectively.

Immediately prior to the closing of the PDR offering and additional issuances described above, GMA, to which the Company is affiliated, transferred 945,432,000 GMA shares to the Company in relation to which the PDRs were issued. For as long as the PDRs are not exercised, the shares underlying the PDRs will continue to be registered in the name of and owned by the Company, and all rights pertaining to these shares, including voting rights, shall be exercised by the Company. The obligations of the Company to deliver the GMA shares on exercise of the right contained in the PDRs are secured by the Pledge of Shares in favor of the Pledge Trustee acting on behalf of each holder of a PDR over the GMA shares.

At any time after the PDR offering, a shareholder may, at his option and from time to time, deliver shares to the Company in exchange for an equal number of PDRs. The exchange is based on prevailing traded value of GMA shares at the time of transaction with the corresponding PDR option price.

As mentioned above, the Company retains the rights to receive the cash flows from its investment in GMA and assumes a contractual obligation to pay those cash flows to the PDR holders, net of operating expenses (a "pass-through" arrangement). The "pass-through" test is met because the Company (a) has no obligation to the PDR holders unless it collects equivalent amounts from its investment in GMA, (b) is contractually prohibited from selling or pledging its investment in GMA other than as security to the PDR holders for the obligation to pay the cash flows, and (c) has an obligation to remit any cash flows from the investment in GMA to the PDR holders without material delay.

Under the "pass-through" test, the Company is deemed to have transferred substantially the risks and rewards of its investment in GMA. Accordingly, the investment in GMA and the liabilities related to the issuance of the PDRs were derecognized by the Company.

The following are the details and movements of the PDRs and the underlying GMA shares for the three months ended June 30:

	PDRs		Number of Shares	
	2012	2011	2012	2011
Balance at beginning of year	₱7,326,668,500	₱7,326,668,500	861,961,000	861,961,000
Exercise of PDRs	(5,632,950)	–	(662,700)	–
Balance at end of year	₱7,321,035,550	₱7,326,668,500	861,298,300	861,961,000

On March 10, 2012, the Company approved cash distribution to PDR holders of ₱0.40 per share, in relation to dividends declared by GMA, totaling to ₱344.62 million to all shareholders of record as of April 16, 2012. These were remitted to PDR holders on May 10, 2012.

6. Cash and Cash Equivalents

This consists of:

	June 30, 2012	December 31, 2011
Cash on hand and in banks	₱3,124,482	₱3,623,829
Short-term placements	44,632,595	46,435,178
	₱47,757,077	₱50,059,007

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

Interest income, net of final tax, earned from cash and cash equivalents amounted to ₱709 thousand and ₱767 thousand for the period ended June 30, 2012 and 2011, respectively.

7. Accounts Payable and Accrued Expenses

This account consists of:

	June 30, 2012	December 31, 2011
Accounts payable	₱6,580	₱6,580
Accrued expenses	351,943	234,452
	₱358,523	₱241,032

Accounts payable and accrued expenses are noninterest-bearing and are normally settled within the next financial year.

8. Operating Expenses

The components of the company's operating expenses for the period ended June 30, 2012 and 2011 are as follows:

	2012	2011
Listing fees	₱280,137	₱347,543
Professional fees	239,918	204,540
Taxes and licenses	16,620	13,565
Miscellaneous	20,443	16,225
	₱557,118	₱581,873

9. Income Taxes

This account consists of final tax on interest income from bank deposits of P273 thousand and P334 thousand for the period ended June 30, 2012 and 2011, respectively.

10. Related Party Disclosures

Transactions with related parties have been entered into at terms no less favorable than could have been obtained if the transactions were entered into with unrelated parties. The amounts included in the financial statements with respect to these transactions as of June 30, 2012 is P47.27 million from Group Management Development, Inc., FLG Management and Development Corporation, MA Jimenez Enterprises, Inc., Television International Corporation, Gozon Development Corporation, and Gozon Foundation, Inc.

Terms and Conditions of Transactions with Related Parties

Transactions with related parties have been entered into at terms no less favorable than could have been obtained if the transactions were entered into with unrelated parties. The outstanding balances at year-end are normally settled in cash. In 2nd quarter of 2012, no transactions have been entered into by the Company with its related parties.

The Company's key management personnel are employed by GMA and no part of their salaries was allocated to the Company.

11. Financial Risk Management Objectives and Policies

The Company's principal financial instruments include cash and cash equivalents. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as accounts receivable, accounts payable and accrued expenses, and due to shareholders, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk and liquidity risk. The Company does not engage in any foreign currency-denominated transactions that may cause exposure to foreign exchange risk. The Company's BOD and management review and agree on the policies for managing each of these risks as summarized below:

Interest Rate Risk

The Company's exposure to interest rate risk is minimal and is attributed to cash and cash equivalents.

The Company does not have any interest bearing obligations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's income before income tax from balance sheet date to next reporting date:

	Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
June 30, 2012	50	P238,785
	(50)	(238,785)
June 30, 2011	50	248,418
	(50)	(248,418)

Credit Risk

The Company's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of cash and cash equivalents and accounts receivable. The exposure to credit risk is minimal.

Counterparties to these financial instruments are prime institutions. The Company does not expect any counterparty to default in its obligations, given the high credit ratings.

The credit quality of financial assets is managed by the Company using high grade and standard grade as internal credit ratings.

High Grade. Pertains to a counterparty who is not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions and related parties.

Standard Grade. Other financial assets not classified as high grade are included in this category.

The Company classified its cash and cash equivalents and accounts receivable as high grade financial assets.

The aging analysis of accounts receivable is as follows:

	June 30, 2012	December 31, 2011
Neither past due nor impaired	₱74,318	₱203,539
Past due but not impaired:		
<30 days past due	13,000	–
31–60 days	1,500	–
61–90 days	18,635	–
Over 90 days	800	800
	₱108,253	₱204,339

Liquidity Risk

The Company's objectives to manage its liquidity profile are: a) to ensure that adequate funding is available at all times; b) to meet commitments as they arise without incurring unnecessary costs; and c) to be able to access funding when needed at the least possible cost.

As of June 30, 2012, the Company's accounts payable and accrued expenses and due to shareholders amounting to ₱359 thousand and ₱47.27 million, respectively, are all due on demand.

Capital Management

The primary objective of the Company'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 Company 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 Company may adjust the dividend payment to shareholders, payoff existing debts, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for the six months ended June 30, 2012.

The Company's capital management is undertaken by GMA. The Company's capital includes the total stockholders' equity, which amounted to ₱841 thousand and ₱3.25 million as of June 30, 2012 and December 31, 2011, respectively.

12. Financial Assets and Liabilities

The following table sets forth the carrying values and fair values of financial assets and liabilities, by category and by class, as of June 30, 2012 and December 31, 2011:

	June 30, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	₱47,757,077	₱47,757,077	₱50,059,007	₱50,059,007
Accounts receivable	108,253	108,253	204,339	204,339
	₱47,865,330	₱47,865,330	₱50,263,346	₱50,263,346
Financial Liabilities				
Other financial liabilities:				
Accounts payable and accrued expenses	₱358,523	₱358,523	₱241,032	₱241,032
Due to shareholders	47,271,600	47,271,600	47,271,600	47,271,600
	₱47,630,123	₱47,630,123	₱47,512,632	₱47,512,632

Due to the short-term nature of the related transactions, the carrying values of the above financial instruments approximate their fair values as of balance sheet dates.

OTHER FINANCIAL INFORMATION

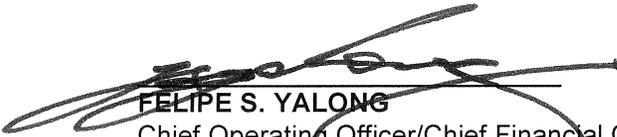
The Company has no other information that needs to be disclosed other than disclosures made under SEC Form 17-C, if any.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **GMA HOLDINGS, INC.**

By:



FELIPE S. YALONG
Chief Operating Officer/Chief Financial Officer



RONALDO P. MASTRILI
Comptroller/Chief Accounting Officer