COVER SHEET

5	2	1	3

SEC Registration Number

GMA NETWORK, INC. AND SUBSIDIARIES

(Group's Full Name)

GMA Network Center, Timog Avenue corner EDSA, Quezon City

(Business Address: No. Street City/Town/Province)

Mr. Ronaldo P. Mastrili

(Contact Person)

982-7777

(Group Telephone Number)

0	9		3	0

Month *Day*
(Fiscal Year)

1	7	-	Q

(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2013**

2. SEC Identification Number **5213**

3. BIR Tax Identification No. **000-917-916-000V**

4. Exact name of issuer as specified in its charter **GMA Network, Inc.**

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. [ ] (SEC Use Only)
   Industry Classification Code

7. **GMA Network Center, Timog Avenue corner EDSA Quezon City** — **1103**
   Address of principal office — Postal Code

8. **(632) 982-7777**
   Issuer's telephone number, including area code

9. **Not applicable** ……………………………
   Former name or former address, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the SRC and Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding……………..
Common Stock	**3,361,047,000**
Preferred Stock	**7,499,507,184**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [X] No [ ]

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Management Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months and Third Quarter Ended September 30, 2013 and 2012

GMA Network and its subsidiaries (GMA/the Company) sealed third quarter revenues ahead of last year by four percentage points.

Consolidated revenues[1] for the nine-month period this year of ₱9,752 million edged last year by 4% or ₱419 million. Airtime revenues drove the growth in the top line, aided by election-related placements earlier this year. Revenues from other sources on the other hand, pitched in an additional 3% or P26 million improvement at ₱886 million.

Income Data	**9M-2013** *(in millions PhP)*	9M-2012 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues				
Television and radio airtime	**8,866.2**	8,473.2	393.0	5%
Production and others	**886.2**	860.0	26.2	3%
	9,752.4	9,333.1	419.3	4%
Total operating expenses	**7,601.3**	7,103.9	497.4	7%
EBITDA	**3,137.7**	3,046.4	91.3	3%
Net income	**1,493.9**	1,590.4	(96.5)	-6%
Attributable to Equity Holders of Parent Company	***1,487.9***	*1,587.1*	*(99.3)*	*-6%*
Noncontrolling Interest	***6.0***	*3.3*	*2.7*	*84%*

The Company's total operating expenses (OPEX) likewise climbed, but was nevertheless contained to a single-digit growth of 7%, ending at ₱7,601 million this year. The rise primarily came from increased direct costs (cash and non-cash) in an effort to further strengthen its programming and service delivery, compounded by non-recurring election-related expenses. General and administrative expenses (GAEX) remained flat in between periods.

Nine-months earnings before interest, taxes, depreciation and amortization (EBITDA) wrapped up at ₱3,138 million, ahead of last year by ₱91 million or 3% while net income sealed third quarter results at ₱1,488 million, 6% lower than a year ago.

Revenues[1]

Consolidated revenues for the first half this year, comprised of airtime revenues from television and radio, subscription revenues from international operations, and other revenues from subsidiaries, amounted to ₱9,752 million climbing ₱419 million or 4% from ₱9,333 million in 2012.

Revenues	**9M-2013** *(in millions PhP)*	9M-2012 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Television and radio airtime	**8,866.2**	8,473.2	393.0	5%
Production and others	**886.2**	860.0	26.2	3%
	9,752.4	9,333.1	419.3	4%

Airtime revenues which grew by 5% accounted for the growth in the top line, surpassing last year's performance by ₱393 million at ₱8,866 million. Political advocacies and advertisements were instrumental in boosting this year's sales with its contribution amounting to about ₱724 million. Minus this election-related revenue influx, sales from regular airtime load dropped by 4%. GMA Ch-7 continued to lead the pack with airtime sales up 4% year-on-year, inclusive of political advertisements.

[1] *Airtime revenues are reported NET of applicable agency commissions of 15% in compliance with BIR Revenue Memorandum Circular 91-2012.*

Meanwhile, with aggressive expansion in the regions, Regional TV's (RTV) top line recorded an upswing of 37% by the end of the third quarter period. While this was aided by election-related placements, two-thirds of the platform's increase was generated from regular advertising load. Carving out pol ads contribution, RTV's sales climbed by 24%. Additional originating stations were opened/ converted in the second half of last year while another satellite stations was also launched as an originating station during the first quarter of 2013. Apart from these expansion efforts, the rest of the RTV stations showed equally commendable growths in their respective top lines year-on-year.

On television, GMA led competition in the viewer-rich areas of Urban Luzon and Mega Manila in the third quarter based on data from the industry's leading ratings service provider, Nielsen TV Audience Measurement.

Urban Luzon and Mega Manila respectively make up 76 and 59 percent of the total urban television population in the country.

In Urban Luzon, GMA register a 38.1 percent average total day household audience share, ahead by 7.8 points over ABS-CBN's 30.3 percent and by 26.4 points over TV5's 11.7 percent average.

GMA also scored top ratings in its bailiwick Mega Manila with an average total day household audience share of 39.5 percent, up 11.2 points from ABS-CBN's 28.3 percent and up 27 points from TV5's 12.5 percent.

GMA and TV5 subscribe to Nielsen TV Audience Measurement while ABS-CBN is the lone local major TV network that reportedly subscribes to Kantar Media, formerly known as TNS.

In Mega Manila, Nielsen TV Audience Measurement gathers data based on a sample size of 1,190 homes as compared to Kantar Media's 770 homes. Meanwhile, Nielsen has a nationwide urban sample size of 2,000 homes, which is statistically higher than Kantar's sample size of 1,370.

The Company's Radio business wrapped up third quarter performance with sales 9% higher than last year likewise propelled by the windfall from this year's election period. On the other hand, News Channel GNTV–11's top line rose 14% by the end of nine months this year. Growth in regular ad placements was the main driver with the platform barely benefitting from incremental revenues from the recent elections.

Revenues from other sources (International, subsidiaries' businesses and others) tipped at ₱886 million, reflecting a slight increase of 3% or ₱26 million from last year. Revenues from International operations particularly GMA Pinoy/Life TV (GPTV/GLTV) channels inched up from last year by 3%. Up until the first trimester this year, subscriber growth for GPTV reached 9% while that of GLTV hiked 7% year-on-year. However, in May this year, there was a shift from one major cable partner in order to attain better growth and profitability margins in the long run. Thus, at the end of the third quarter this year, a temporary reduction in subscriber count was reflected due to this transition and subscriber build up by the new cable partner. As of end-September GPTV subscribers were down 18% while GLTV nose-dived by 33%. The impact on the top line was not as dramatic as the new contract included a minimum guaranteed fee. Furthermore, the reduction in subscriber count in the Middle East was partly cushioned by the accretion of new subscribers in other areas, particularly Canada and the US. In dollar terms, revenues from International operations grew 4%. The higher increase in dollar terms, albeit marginal, was due to the appreciation of the peso against the dollar by less than 1% or ₱0.34.

Lastly, revenues from subsidiaries' operations and others recorded a slight increase of ₱6 million or 4% by the close of the third quarter this year. While top line improvements were seen in some subsidiaries, main drag came from the decline in theatrical receipts of GMA Films' movies. Sales from the outfit's Metro Manila Film Festival (MMFF) entries (*Sosy Problems* and co-prod *Si Agimat, Si Enteng Kabisote and Me*) were dramatically lower vs. prior year's MMFF counterparts. Apart from this, there was only one movie produced in 2013, *My Lady Boss* in contrast to last year's *My Kontrabida Girl*, *The Witness*, *Boy Pick-up* and *Just One Summer*.

Expenses

Total operating expenses for three quarters amounting to ₱7,601 million edged last year by only 7%. Total direct costs (cash and non-cash production costs) escalated by 13% while general and administrative expenses (GAEX) stood about the same as last year.

Production costs (both cash and non-cash) comprising 55% of total costs hiked 13% or ₱478 million for the nine-month period this year vs. last year. Cash production cost rose by ₱364 million or 11% while non-cash (amortization of film rights and depreciation related to production) climbed 22% or ₱114 million. Primetime weekday programs this year were more costly, with the highly-budgeted series *Indio* staged during the first half of this year. In the same manner, there were more in-house produced shows in the weekend grid replacing last year's *Kapuso Movie Nights* i.e. the re-launch of the top-rating real-life drama program *Magpakailanman* early this year. The weekday late morning block likewise carried more station-produced programs vice canned programs. Lastly the comprehensive and timely delivery of the election coverage this year resulted in incremental expenses which also saddled this year's production costs.

Production Costs	**9M-2013** *(in millions PhP)*	9M-2012 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Talent fees	**2,196.7**	2,048.0	148.8	7%
Rentals and outside services	**601.0**	478.9	122.1	25%
Other program expenses	**795.5**	702.0	93.5	13%
Sub-total - Cash Production Costs	**3,593.2**	3,228.9	364.4	11%
Program rights amortization	**406.3**	316.6	89.6	28%
Depreciation and amortization	**216.4**	191.8	24.6	13%
Sub-total - Non-cash Production Costs	**622.7**	508.5	114.3	22%
Total production costs	**4,216.0**	3,737.3	478.6	13%

Amortization of film rights likewise exhibited an increase of ₱90 million or 28% from comparable period last year as a result of higher charges from the inventory of films carried by the Network. Apart from this, incidental costs were further incurred for dubbing of movies in Tagalog to cater to viewer preference. Other sources of this year's increase in direct cost came from depreciation owing to the earlier-mentioned commissioning of new studios in the regions and from major renovations/ upgrade of other broadcast facilities nationwide.

General and administrative expenses (GAEX) for this year reached P3,385 million, inching up by only ₱19 million or less than 1% from same period last year. Cash GAEX even recorded a reduction of ₱35 million, offset by the rise in non-cash expenses of ₱54 million. While manning complement for the Network alone recorded an augmentation of 8%, on top of the yearly adjustment in salaries, the rise in cost was mitigated by the presence of signing bonus during last year's collective bargaining agreement.

General and Administrative Expenses	**9M-2013** *(in millions PhP)*	9M-2012 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Personnel costs	**1,562.3**	1,531.8	30.4	2%
Outside services	**497.0**	469.3	27.7	6%
Facilities costs	**370.8**	354.4	16.3	5%
Taxes and licenses	**107.4**	114.0	(6.6)	-6%
Others	**517.6**	620.9	(103.3)	-17%
Subtotal - Cash GAEX	**3,055.0**	3,090.4	(35.5)	-1%
Depreciation and amortization	**306.3**	255.9	50.3	20%
Amortization of software costs	**24.0**	20.2	3.9	19%
Subtotal - Non-cash GAEX	**330.3**	276.1	54.2	20%
Total GAEX	**3,385.3**	3,366.5	18.7	1%

Other increases in GAEX were seen in research services, management and professional fees and repairs and maintenance partly due to rise in contractual agreements and regular upkeep and improvements company-wide.

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) by then end of the nine-month period registered an increase of 3% reflecting an increase of P91 million from a year ago. The growth was boosted by the improvement in the top line aided by managed growth in cash operating costs.

Net Income

Bottom line after nine months this year amounted to ₱1,488 million, ₱99 million less compared to same period last year.

Balance Sheet Accounts

Total assets as at end-September this year stood at ₱13,035 million, reflecting a 3% increase from December 31, 2012's ₱12,682 million (as restated due to consolidation of RGMA Network[2]). Cash and cash equivalents hiked to ₱2,409 million, a huge 87% or ₱1,122 million more than end-2012's ₱1,287 million. On the other hand trade and other receivables further dropped to ₱3,037 million, down 21% due to more aggressive collections. Consequently, trade days-sales-outstanding (DSO) at the end of the third quarter settled at 103 days, five (5) days shorter vis-a-vis year-end 2012 DSO of 108 days.

Total liabilities inched up 2% or ₱75 million as at end-September this year to ₱4,603 million from ₱4,528 million in December 31, 2012. Trade payables and other current liabilities scaled by ₱167 million or 11% to ₱1,737 million but was equally offset by the reduction in notes payable under current liabilities from ₱1,700 million as at end-Dec 2012, to ₱1,525 million at the close of 3Q this year. On the other hand, pension liability increased to ₱504 million from P407 million, driving the growth in total liabilities. Equity of ₱8,479 million grew by 3% or ₱272 million despite lower net income as retained earnings was reduced further by the additional/ special dividend declaration in 3Q of last year vs. only the regular dividend declaration last March this 2013.

Cash Flows	**9M-2013** *(in millions PhP)*	9M-2012 *(in millions PhP)*
Net cash provided by operating activities	**3,046.2**	1,084.7
Net cash used in investing activities	**(490.2)**	(452.1)
Net cash used in financing activities	**(1,435.3)**	(648.8)
Effect of exchange rate changes on cash and cash equivalents	**1.3**	(1.7)
Net increase (decrease) in cash and cash equivalents	**1,122.0**	(17.9)
Cash and cash equivalents at beginning of period	**1,287.3**	1,208.0
Cash and cash equivalents at end of period	**2,409.2**	1,190.1

Operating Activities

Net cash from operations registered at ₱3,046 million this year. This resulted from income before income tax of ₱2,152 million adjusted mainly by depreciation expense of ₱523 million, interest expense and financing charges on short-term loans of ₱47 million, amortization of software costs of ₱24 million and interest income of ₱14 million apart from the changes in working capital. The primary components of the changes in working capital include the ₱807 million drop in trade and other receivables and ₱166 million hike in trade payables and other current liabilities partly offset by the ₱418 million and ₱75 million increases in program and other rights and prepaid expenses and other current assets, respectively.

Investing Activities

Net cash used in investing activities amounted to ₱490 million, coming primarily from the ₱495 million additions to property and equipment, ₱8 million worth of software costs and ₱2 million acquisition of investment property. These were netted by the ₱8 million proceeds from sale of property and equipment and ₱6 million reduction in other noncurrent assets.

Financing Activities

Net cash used in financing activities amounted to ₱1,435 million basically for the additional short-term loan availment of ₱1,025 million subsequently reduced by payments of cash dividends and other outstanding loan amounting to ₱1,214 million and ₱1,200 million, respectively, plus some ₱47 million in interest expense.

[2] *PFRS 10, Consolidated Financial Statements, effective June 30, 2013, addressed the accounting for consolidated financial statements. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.*

Key Financial Performance Indicators
The key financial performance indicators that the Company monitors are the following:

Key Performance Indicators	**9M-2013** *(in millions PhP)*	9M-2012 *(in millions PhP)*	Inc/(Dec) *(in millions PhP)*	%
Revenues	**9,752.4**	9,333.1	419.3	4%
Airtime revenues	**8,866.2**	8,473.2	393.0	5%
Cash operating expenses	**6,648.2**	6,319.3	328.9	5%
EBITDA	**3,137.7**	3,046.4	91.3	3%
Net income after tax	**1,487.9**	1,587.1	(99.3)	-6%

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GMA NETWORK, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 8, 31 and 32)	**2,409,239,104**	1,287,285,560
Short-term investments (Notes 8, 31 and 32)	**-**	8,538,142
Trade and other receivables (Notes 9, 22, 31 and 32)	**3,036,529,211**	3,842,389,937
Program and other rights (Note 10)	**1,201,030,162**	1,189,140,670
Prepaid expenses and other current assets (Note 11)	**840,559,253**	765,576,161
Asset classified as held for sale (Note 13)	**26,432,472**	26,432,472
Total Current Assets	**7,513,790,202**	7,119,362,942
Noncurrent Assets		
Available-for-sale financial assets (Notes 12, 31 and 32)	**106,343,598**	106,343,598
Investments and advances (Notes 13 and 22)	**132,825,989**	132,825,989
Property and equipment at cost (Note 14)	**3,594,110,572**	3,621,092,076
Land at revalued amounts (Note 15)	**1,409,585,706**	1,409,585,706
Investment properties (Note 16)	**63,917,390**	64,751,405
Deferred tax assets	**94,777,046**	86,575,385
Other noncurrent assets (Note 17)	**119,990,432**	141,745,998
Total Noncurrent Assets	**5,521,550,733**	5,562,920,157
	13,035,340,935	12,682,283,099
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 18)	**1,525,000,000**	1,700,000,000
Trade payables and other current liabilities (Notes 19, 23, 31 and 32)	**1,736,832,092**	1,569,895,524
Income tax payable	**268,646,261**	196,608,438
Current portion of obligation for program and other rights (Notes 20, 31 and 32)	**134,326,508**	184,585,619
Dividends payable (Notes 31 and 32)	**8,908,589**	7,648,097
Total Current Liabilities	**3,673,713,450**	3,658,737,678
Noncurrent Liabilities		
Pension liability	**504,396,458**	406,944,435
Other long-term employee benefits (Note 31)	**264,762,676**	253,946,273
Deferred tax liabilities	**118,801,162**	144,250,390
Noncurrent portion of obligation for programs and other rights (Notes 20, 31 and 32)	**41,047,630**	63,955,130
Total Noncurrent Liabilities	**929,007,926**	869,096,228
Total Liabilities	**4,602,721,376**	4,527,833,906

(Forward)

	September 30, 2013	December 31, 2012
Equity		
Capital stock (Note 22)	**4,864,692,000**	4,864,692,000
Additional paid-in capital (Note 22)	**1,659,035,196**	1,659,035,196
Revaluation increment in land - net of tax (Note 15)	**744,158,022**	744,158,022
Remeasurements gain on retirement plans	**33,462,143**	34,115,284
Unrealized gain on available-for-sale financial assets - net of tax	**4,065,927**	4,065,927
Retained earnings (Note 22)	**1,207,629,912**	934,804,097
Treasury stock (Notes 22 and 30)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine Deposit Receipts (Notes 22 and 30)	**(5,790,016)**	(5,790,016)
Equity Attributable to Equity Holder's Parent Company	**8,478,770,013**	8,206,597,339
Noncontrolling Interest	**(46,150,454)**	(52,148,146)
Total Equity	**8,432,619,559**	8,154,449,193
	13,035,340,935	12,682,283,099

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

	For the Quarter Ended September 30		For the Nine Months Ended September 30	
	2013	2012	**2013**	2012
NET REVENUES (Note 24)	**3,027,362,661**	3,409,403,515	**9,752,385,112**	9,333,107,052
PRODUCTION COSTS (Note 25)	**1,422,511,207**	1,325,394,598	**4,215,974,062**	3,737,349,509
GROSS PROFIT	**1,604,851,454**	2,084,008,917	**5,536,411,050**	5,595,757,543
GENERAL AND ADMINISTRATIVE EXPENSES (Note 26)	**1,093,098,872**	1,262,484,081	**3,385,278,230**	3,366,529,334
OTHER INCOME				
Interest income (Note 6)	**5,820,217**	6,359,571	**14,043,114**	18,425,342
Net interest cost on defined benefit plan	**(46,876)**	-	**(140,628)**	-
Interest expense and financing charges on short-term loans	**(14,292,554)**	(13,216,339)	**(47,195,671)**	(21,500,412)
Others - net (Note 28)	**8,714,520**	20,673,320	**33,671,516**	32,614,520
	195,307	13,816,552	**378,331**	29,539,450
INCOME BEFORE INCOME TAX	**511,947,889**	835,341,388	**2,151,511,151**	2,258,767,659
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**169,430,629**	276,176,104	**691,288,924**	706,660,786
Deferred	**(11,407,268)**	(15,427,999)	**(33,650,889)**	(38,281,033)
	158,023,361	260,748,105	**657,638,035**	668,379,753
NET INCOME	**353,924,528**	574,593,283	**1,493,873,116**	1,590,387,906
Attributable to:				
Equity Holders of Parent Company	**352,741,841**	572,805,807	**1,487,875,424**	1,587,130,509
Minority Interest	**1,182,687**	1,787,477	**5,997,692**	3,257,397
	353,924,528	574,593,283	**1,493,873,116**	1,590,387,906
Basic/Diluted Earnings Per Share (Note 30)	**0.073**	0.118	**0.306**	0.327

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Quarter Ended September 30		For the Nine Months Ended September 30	
	2013	2012	**2013**	2012
NET INCOME	**353,924,528**	574,593,283	**1,493,873,116**	1,590,387,906
OTHER COMPREHENSIVE INCOME	**-**	92,500	**(653,141)**	(36,000)
TOTAL COMPREHENSIVE INCOME	**353,924,528**	574,685,783	**1,493,219,975**	1,590,351,906
Attributable to:				
Equity Holders of Parent Company	**352,741,841**	572,898,307	**1,487,875,424**	1,587,094,509
Minority Interest	**1,182,687**	1,787,477	**5,344,551**	3,257,397
	353,924,528	574,685,783	**1,493,219,975**	1,590,351,906

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributed to equity holders of Parent										
	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Revaluation Increment in Land - Net of Tax	Remeasurements on Retirement Plans - Net of Tax	Unrealized Gain on Available-for-sale Financial Assets - Net of Tax	Retained Earnings (Note 22)	Treasury Stock (Notes 22 and 30)	Underlying Shares of the Acquired Philippine Deposit Receipts (Notes 22 and 30)	Total	Minority Interest	Total
At January 1, 2013	4,864,692,000	1,659,035,196	744,158,022	36,532,251	4,065,927	995,846,675	(28,483,171)	(5,790,016)	8,270,056,884	-	8,270,056,884
PFRS 10 adjustment (see Note 2)	-	-	-	(2,416,967)	-	(61,042,578)	-	-	(63,459,545)	(52,148,146)	(115,607,691)
At January 1, 2013, as adjusted	4,864,692,000	1,659,035,196	744,158,022	34,115,284	4,065,927	934,804,097	(28,483,171)	(5,790,016)	8,206,597,339	(52,148,146)	8,154,449,193
Net income	-	-	-	-	-	1,487,875,424	-	-	1,487,875,424	5,997,692	1,493,873,116
Other comprehensive income	-	-	-	(653,141)		-	-	-	(653,141)	-	(653,141)
Total comprehensive income	-	-	-	(653,141)	-	1,487,875,424	-	-	1,487,222,283	5,997,692	1,493,219,975
Cash dividendns	-	-	-	-	-	(1,215,049,609)	-	-	(1,215,049,609)	-	(1,215,049,609)
At September 30, 2013	4,864,692,000	1,659,035,196	744,158,022	33,462,143	4,065,927	1,207,629,912	(28,483,171)	(5,790,016)	8,478,770,013	(46,150,454)	8,432,619,559
At January 1, 2012	4,864,692,000	1,659,035,196	744,158,022	(41,829,871)	2,752,687	2,587,831,709	(28,483,171)	(5,790,016)	9,782,366,556	-	9,782,366,556
PFRS 10 adjustment (see Note 2)						(61,042,578)			(61,042,578)	(56,034,111)	(117,076,689)
At January 1, 2012, as adjusted	4,864,692,000	1,659,035,196	744,158,022	(41,829,871)	2,752,687	2,526,789,131	(28,483,171)	(5,790,016)	9,721,323,978	(56,034,111)	9,665,289,867
Net income	-	-	-	-		1,587,130,509	-	-	1,587,130,509	3,257,397	1,590,387,906
Other comprehensive income	-	-	-	-	(36,000)		-	-	(36,000)	-	(36,000)
Total comprehensive income	-	-	-	-	(36,000)	1,587,130,509	-	-	1,587,094,509	3,257,397	1,590,351,906
Cash dividends	-	-	-	-	-	(3,208,873,668)	-	-	(3,208,873,668)	-	(3,208,873,668)
At September 30, 2012	4,864,692,000	1,659,035,196	744,158,022	(41,829,871)	2,716,687	905,045,972	(28,483,171)	(5,790,016)	8,099,544,819	(52,776,714)	8,046,768,105

See accompanying Notes to Consolidated Financial Statements.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**2,151,511,151**	2,258,767,659
Adjustments for:		
Depreciation and amortization (Notes 14 and 16)	**522,708,743**	447,755,646
Interest expense and financing charges on short-term loans	**47,195,671**	21,500,412
Amortization of software costs (Note 17)	**24,019,297**	20,159,920
Interest income (Note 8)	**(14,043,114)**	(18,425,342)
Gain on sale of property and equipment (Note 28)	**(6,923,730)**	(20,603,689)
Unrealized foreign exchange loss (gain)	**(1,193,071)**	1,556,892
Dividend income (Note 28)	**-**	(144,387)
Operating income before working capital changes	**2,723,274,947**	2,710,567,111
Program rights usage (Note 10)	**406,290,991**	316,643,112
Decreases (increases) in:		
Short-term investments	**8,538,142**	-
Trade and other receivables	**807,085,099**	(429,899,707)
Program rights	**(418,180,483)**	(493,167,832)
Prepaid expenses and other current assets	**(74,983,092)**	(87,231,007)
Increases (decreases) in:		
Trade and other payables	**166,277,974**	39,236,894
Obligations for program rights	**(73,286,276)**	123,565,793
Pension liability	**96,798,882**	83,051,327
Other long-term employee benefits	**10,816,403**	28,067,520
Net cash generated from operations	**3,652,632,587**	2,290,833,211
Interest received	**12,818,740**	19,110,583
Income taxes paid	**(619,251,101)**	(422,282,717)
Net cash provided by operating activities	**3,046,200,226**	1,887,661,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 14)	**(494,660,550)**	(742,998,134)
Software costs (Note 17)	**(8,284,031)**	(20,557,167)
Investment properties (Note 16)	**(1,710,526)**	-
Proceeds from sale of property and equipment	**8,401,582**	21,277,263
Decrease (increase):		
Available-for-sale financial assets	**-**	4,000
Investments and advances	**-**	(10,000,000)
Other noncurrent assets	**6,020,300**	3,359,598
Cash dividends received	**-**	144,387
Net cash used in investing activities	**(490,233,225)**	(748,770,053)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availments of short-term loans	**1,025,000,000**	3,200,000,000
Payments:		
Cash dividends (Note 22)	**(1,213,789,117)**	(3,204,990,291)
Short-term loans (Note 18)	**(1,200,000,000)**	(1,300,000,000)
Interest and financing charges on short-term loans	**(46,537,077)**	(19,299,512)
Net cash used in financing activities	**(1,435,326,194)**	(1,324,289,803)
EFFECT OF EXCHANGE RATE CHANGES ON CASH ON HAND AND CASH EQUIVALENTS	**1,312,737**	(2,302,091)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,121,953,544**	(187,700,870)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,287,285,560**	1,207,976,123
CASH AND CASH EQUIVALENTS OF PERIOD	**2,409,239,104**	1,020,275,253

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

GMA Network, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Group") are incorporated in the Philippines. The Group is primarily involved in the business of radio and television broadcasting. The Group is also involved in film production and other information and entertainment-related businesses. The registered office address of the Parent Company is GMA Network Center, Timog Avenue corner EDSA, Quezon City. The Parent Company was registered with the Securities and Exchange Commission (SEC) on June 14, 1950.

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

On July 20, 1995, the Board of Directors (BOD) approved the extension of the corporate term of the Parent Company for another 50 years from June 14, 2000. In 1997, the SEC approved the said extension.

2. Basis of Preparation

Basis of Preparation

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

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

Changes in Accounting Policies and Disclosures

The Group's accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to existing PFRS and Philippine Auditing Standards (PAS) which became effective on January 1, 2012 except for PAS 19, *Employee Benefits (Revised)*, which will be effective on January 1, 2013 but was early adopted by the Group starting January 1, 2012:

- Amendments to PFRS 1, *Government Loans*
- Amendments to PFRS 7, *Financial Instruments: Disclosures - Transfer of Financial Assets and Offsetting Financial Assets and Financial Liabilities*
- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosures of Interest in Other Entities*
- PFRS 13, *Fair Value Measurement*
- Amendments to PAS 12, *Income Taxes - Deferred Income Tax: Recovery of Underlying Assets*
- Revised PAS 19, *Employee Benefits (Revised PAS 19)*
- Revised PAS 17, *Separate Financial Statements*
- Revised PAS 18, *Investments in Associates and Joint Ventures*

The above did not have a significant impact on the Group's consolidated financial statements except for PFRS 10 and Revised PAS 19.

Adoption of PFRS 10, *Consolidated Financial Statements*

This standard 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 Standing Interpretations Committee (SIC)-12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

A reassessment of control was performed by the Parent Company on all its interests in other entities and has determined that RGMA Network, Inc. (RGMA) needs to be consolidated. The Group has started to adopt the standard starting June 30, 2013 and applied retrospectively.

The effects of adoption of PFRS 10 on the consolidated financial statements are as follows:

Increase (decrease) in:	**As at December 31, 2012**
Consolidated statements of financial position	
Cash and cash equivalents	21,076,422
Trade and other receivables	(59,623,955)
Prepaid expenses and other current assets	54,780,439
Investments and advances	(198,796,326)
Property and equipment at cost	1,148,924
Deferred tax assets	16,786,849
Trade payables and other current liabilities	(104,616,583)
Pension liability	38,029,052
Other long-term employee benefits	17,567,577
Remeasurements gain on retirement plans	(2,416,967)
Retained earnings	(61,042,579)
Noncontrolling interest	(52,148,146)

Consolidated statements of comprehensive income	**As of December 31, 2012**	**As of September 30, 2012**
Production costs	**9,431,802**	6,760,544
General and administrative expenses	**26,808,932**	(9,089,288)
Interest income	**14,621**	607
Equity in net income of an associate	**(3,371,882)**	(3,129,656)
Interest expense	**(3,342,188)**	(900)
Other income (expenses)	**(3,175,708)**	35,107
Provision for current income tax	**5,530,147**	3,846,887
Benefit from deferred income tax	**(2,272,376)**	(1,109,838)
Net income	**3,884,202**	2,737,049

Early Adoption of Revised PAS 19

For defined benefit plans, the Revised PAS 19 requires all remeasurements (including actuarial gains and losses) to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the Revised PAS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the Revised PAS 19, the Group changed its accounting policy to recognize all remeasurements in other comprehensive income, which will not be reclassified to profit or loss in subsequent periods, and all past service costs in profit or loss in the period they occur. Moving forward, the Group will retain the remeasurements in other comprehensive income and will not transfer this to other items of equity.

Revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

Revised PAS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee’s entitlement to the benefits. In addition, the

Revised PAS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized.

The Group reclassified its employee leave entitlement previously presented under "Trade and other current liabilities" to "Other Long-term Employee Benefits" in the consolidated statements of financial position.

<u>New Accounting Standards, Interpretations and Amendments to Existing Standards Effective Subsequent to December 31, 2012</u>
The Group will adopt the following revised standards, interpretations and amendments to existing standards when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these revised standards, interpretations and amendments to PFRS to have a significant impact on its consolidated financial statements.

Effective in 2013

The new and amended PFRS are effective and to be applied for annual periods beginning on or after January 1, 2013.

<u>Amendments to PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*</u>
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. 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.

<u>PFRS 11, *Joint Arrangements*</u>
This standard 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 (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

<u>PFRS 12, *Disclosure of Interest in Other Entities*</u>
This standard 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.

The Group expects a more comprehensive disclosure about interests in subsidiaries, joint arrangements and associates upon adoption.

<u>PFRS 13, *Fair Value Measurement*</u>
This standard 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.

The Group is currently assessing the impact of this standard on its financial statements, but based on its preliminary assessment, the impact is expected to be immaterial.

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

Revised PAS 28, *Investments in Associates and Joint Ventures*
As a consequence of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

PAS 1, *Financial Statements Presentation - Presentation of Items of Other Comprehensive Income*
The amendments to PAS 1 change 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.

Improvements to Standards

The Annual Improvements to PFRS (2009-2011 cycle) contain non-urgent but necessary amendments to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively.

PFRS 1, *First-time Adoption of PFRS*
The amendments clarify that an entity that has stopped applying PFRS may choose to either: (a) re-apply PFRS 1, even if the entity applied PFRS 1 in a previous reporting period; or (b) apply PFRS retrospectively in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, in order to resume reporting under PFRS. The amendments also clarify that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*.

PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*
The amendment requires an entity to present a: (a) comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period; and (b) opening statement of financial position when an entity changes its accounting policies, makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. The opening statement will be at the beginning of the preceding period.

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

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

PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*
The amendment clarifies the requirements in PAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirement in PFRS 8, *Operating Segments*.

Effective in 2014

The amendments to PFRS are effective and to be applied for annual periods beginning on or after January 1, 2014 except for Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*, which is to be applied retrospectively.

Amendments to PFRS 10, *Consolidated Financial Statements - Investment Entities*
The amendments require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating them. New disclosure requirements relating to investment entities were added in PFRS 12 and PAS 27.

Amendments to PFRS 12, *Disclosure of Interests in Other Entities - Investment Entities*
The amendments require a parent that is an investment entity to disclose information about significant judgments and assumptions made in determining that it is an investment entity, as well as and any changes thereto. A parent that is an investment entity is also required to disclose certain information on unconsolidated subsidiaries, which are accounted for at fair value through profit or loss.

Amendments to PAS 27, *Separate Financial Statements - Investment Entities*
The amendments require a parent that is an investment entity and does not consolidate its subsidiaries in accordance with the exceptions of PFRS 10, to present separate financial statements as its only financial statements.

Amendments to 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 Group's net assets, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements.

Effective in 2015

PFRS 9, *Financial Instruments: Classification and Measurement*
PFRS 9 as issued reflects the first phase on the replacement of PAS 39 and applies to the 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.

The Group has made an evaluation of the impact of the adoption of this standard and decided not to early adopt PFRS 9 in 2012, ahead of its effectivity date on January 1, 2015, therefore, the consolidated financial statements as of September 30, 2013 and December 31, 2012 do not reflect the impact of the said standard.

Only financial assets and liabilities will be affected by the standard and based on this evaluation, those classified under receivables and other financial liabilities, which are carried at amortized cost, and AFS equity financial assets carried at fair value, will not be significantly affected. Upon adoption, these financial instruments shall continue to be carried at their amortized cost for loans and receivables and other financial liabilities and at fair value through other comprehensive income for AFS equity financial assets.

The Group shall conduct another impact evaluation in year-end 2013 using the financial statements as at and for the year ended December 31, 2012.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at September 30, 2013 and December 31, 2012.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary

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

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at September 30, 2013 and December 31, 2012, which are all incorporated in the Philippines:

	Principal Activities	Percentage of Ownership
Entertainment Business:		
Alta Productions Group, Inc. (Alta)	Pre- and post-production services	100
Citynet Network Marketing and Productions, Inc. (Citynet)	Television entertainment production	100
GMA Network Films, Inc.	Film production	100
GMA New Media, Inc. (GNMI)	Converging Technology	100
GMA Worldwide (Philippines), Inc.	International marketing, handling foreign program acquisitions and international syndication of the Parent Company's programs	100
RGMA Marketing and Productions, Inc. (GMA Records)	Music recording, publishing and video distribution	100
Scenarios, Inc. (Scenarios)	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation services	100
Script2010, Inc. (Script2010)*	Design, construction and maintenance of sets for TV, stage plays and concerts; transportation and manpower services	100
RGMA	Radio broadcasting	49
Advertising Business:		
GMA Marketing & Productions, Inc. (GMPI)	Exclusive marketing and sales arm of GMA's airtime	100
Digify, Inc. (Digify)**	Crafting, planning and handling advertising and other forms of promotion including multi-media productions	100
Others:		
MediaMerge Corporation**	Business development and operations for the Parent Company's online publishing/advertising initiatives	100
Ninja Graphics, Inc. (Ninja)***	Ceased commercial operations in 2001	51

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

Additional Investments in Joint Venture and Subsidiary

In March 2012, the Group through GNMI, invested ₱10.00 million for its joint venture with Manila Jockey Club (MJC), Inc. called "Gamespan, Inc." (Gamespan). Gamespan has not yet started commercial operations as at September 30, 2013 (see Note 13).

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

3. Summary of Significant Accounting and Financial Reporting Policies

Cash and Cash Equivalents

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

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 Group determines the classification of its financial assets at initial recognition and where appropriate, re-evaluates such designation at every reporting period.

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

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

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

As at September 30, 2013 and December 31, 2012, the Group does not have any financial asset at FVPL, HTM investments or derivatives designated as hedging instruments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<u>Financial Liabilities</u>

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

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

Financial liabilities under this category are classified as current if expected to be settled within twelve (12) months from reporting period and as noncurrent if maturity date is more than a year from reporting period and other long-term employee benefits.

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

As at September 30, 2013 and December 31, 2012, the Group does not have financial liabilities at FVPL.

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

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

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

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

Offsetting of Financial Instruments

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

Fair Value of Financial Instruments

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

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

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

Program and Other Rights

Program and other rights with finite and infinite lives are stated at amortized cost less any impairment in value. The cost of programs and other rights with finite lives is amortized based on the manner and pattern of usage of the acquired rights and are fully amortized on the date of expiry. The cost of program and other rights with infinite lives is amortized on accelerated method based on the sum of the year's digit of ten (10) years with salvage value of 10% of the total cost. Amortization expense is shown as "Program and other rights usage".

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

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

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

Prepaid Production Costs

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

Materials and Supplies Inventory

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

Tax Credits

Tax credits represent claims from the government arising from airing of government commercials and advertisements availed under Presidential Decree (PD) No. 1362. Pursuant to PD No. 1362, these will be collected in the form of tax credits which the Group can use in paying for import duties and taxes on imported broadcasting related equipment. The tax credits cannot be used to pay for any other tax obligation to the government. Tax credits are classified as current assets if these are expected to be utilized within twelve (12) months from reporting period. Otherwise, these are classified as noncurrent assets.

As at September 30, 2013 and December 31, 2012, the Group does not have tax credits classified as noncurrent.

Asset Classified as Held for Sale

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

Investments and Advances

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

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

Under the equity method, the investment in the associate is carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflect the share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

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

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

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

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

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

The Group has interests in joint ventures, which are jointly controlled entities, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognizes its interests in the joint ventures using the equity method. The financial statements of the joint ventures are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

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

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

Property and Equipment

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

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

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

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

Investment in Artworks

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

Software Costs

Costs incurred in the acquisition and customization of new software, included under "Other noncurrent assets" account in the consolidated statements of financial position, are capitalized and amortized on a straight-line basis over three (3) to five (5) years.

Impairment of Nonfinancial Assets

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

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

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

Equity

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

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

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

Dividends on Common Shares of the Parent Company

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

Revenues

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

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

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

Payments received before broadcast (pay before broadcast) are recognized as income on the dates the advertisements are aired. Prior to liquidation, these are net out against accounts receivables since a right of offset exists between the pay before broadcast balance and the regular accounts receivable with credit terms.

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

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

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

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

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

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

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

Marketing Commissions and Co-producers' Share

These are deducted from revenues in profit or loss in the period the advertisements are aired.

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

Borrowing Costs

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

Expenses

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

Pension and Other Long-term Employee Benefits

The Parent Company and one (1) of its subsidiaries have funded, noncontributory defined benefit retirement plans covering permanent employees. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method.

Below are the changes in accounting policies on pension benefits upon early adoption of the Revised PAS 19:

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

Defined benefit costs comprise the following:

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

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

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

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

Plan assets are assets that are held by a long-term employee benefit fund. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).
The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

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

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

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

The Group classifies employee leave entitlements as current liabilities if the obligation is expected to be settled within the next financial year, otherwise, the Group classifies it as noncurrent liabilities.

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

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

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

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

<u>Taxes</u>

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

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

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

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

<u>Earnings Per Share (EPS) Attributed to Equity Holders of Parent Company</u>

Basic EPS is computed by dividing the net income attributed to equity holders of 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.

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

Segment Reporting
For management purposes, the Group's operating businesses are organized and managed separately into three business activities (see Note 5). Such business segments are the basis upon which the Group reports its primary segment information. The Group considers television and radio operations as the major business segment. The Group operates in two geographical areas where it derives its revenue.

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

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

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

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

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

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

- X-Play is available for immediate sale and can be sold to a potential buyer in its current condition.

- GNMI's BOD had entered into preliminary negotiations with a potential buyer.

- IP E-Games Ventures, Inc. (IPE) and GNMI subsequently executed an option agreement whereby GNMI was granted an option to sell its shareholdings in X-Play to IPE, which can be exercised within a period of one (1) year from execution date on October 19, 2011.

  As at June 30, 2013, the Company is in the process of finalizing the terms of the agreement in disposing its shareholdings in X-Play and expects to consummate the transaction by end of 2013.

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

Asset classified as held for sale amounted to ₱26.43 million as at September 30, 2013 and December 31, 2012 (see Note 13).

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

Rental expense charged to operations amounted to ₱674.58 million and ₱552.69 million as of September 30, 2013 and 2012, respectively (see Note 29).

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

Classification of Leave Entitlements as Current or Noncurrent. The Group assesses the classification of its leave entitlements as either current or noncurrent based on the historical experience of the outstanding leave availed. As at September 30, 2013 and December 31, 2012, Management assessed that no outstanding annual leave is expected to be settled in the next 12 months resulting in the leave entitlements to be classified as noncurrent under "Other long-term employee benefits" account in the consolidated statements of financial position.

Other long-term employee benefits amounted to ₱264.76 million and ₱253.95 million as at September 30, 2013 and December 31, 2012, respectively.

<u>Estimates and Assumptions</u>

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

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

No provision for doubtful accounts was recognized as of September 30, 2013 and 2012. Trade and other receivables, net of allowance for doubtful accounts, amounted to ₱3,036.53 million and ₱3,842.39 million as at September 30, 2013 and December 31, 2012, respectively (see Note 9).

Amortization of Program and Other Rights. The Group estimates the amortization of program and other rights with finite lives based on the manner and pattern of usage of the acquired rights. The Group estimates that programs are generally more marketable in their initial airing as compared to the succeeding airings. In addition, estimation of the amortization of program and other rights is based on the Group's experience with such rights. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Program and other rights usage amounted to ₱406.29 million and ₱316.64 million as of September 30, 2013 and 2012, respectively. Program and other rights, net of accumulated impairment loss, amounted to ₱1,201.03 million and ₱1,189.14 million as at September 30, 2013 and December 31, 2012, respectively (see Note 10).

Impairment of AFS Financial Assets. The Group treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Group treats "significant" generally as a decline of 20% or below of the original cost of investment, and "prolonged" as period longer than twelve (12) months. In addition, the Group evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

No provision for impairment loss was recognized as of September 30, 2013 and 2012. The carrying value of AFS financial assets amounted to ₱106.34 million as at September 30, 2013 and December 31, 2012 (see Note 12).

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

The carrying value of materials and supplies inventory amounted to ₱47.65 million and ₱72.47 million as at September 30, 2013 and December 31, 2012, respectively (see Note 11). There were no provisions for inventory losses as of September 30, 2013 and 2012.

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

There has been no change in the Group's estimate of useful lives of its property and equipment, software costs and investment properties in as at September 30, 2013 and December 31, 2012.

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

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

The revalued amount of land amounted to ₱1,409.59 million as at September 30, 2013 and December 31, 2012 (see Note 15).

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

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

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

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

No provision for impairment loss on the advances to joint venture was recognized as of September 30, 2013 and 2012.

The balance of nonfinancial assets is as follows:

	September 30, 2013	December 31, 2012
Property and equipment (see Note 14)	**3,594,110,572**	3,621,092,076
Investments and advances (see Note 13)	**132,825,989**	132,825,989
Prepaid production costs (see Note 11)	**228,543,537**	181,683,840
Tax credits (see Note 11)	**126,797,086**	117,848,840
Investment properties (see Note 16)	**63,917,390**	64,751,405
Software costs (see Note 17)	**40,604,781**	56,340,047
	4,186,799,355	4,174,542,197

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

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

Recognized deferred tax assets amounted to ₱94.78 million and ₱86.58 million as at September 30, 2013 and December 31, 2012, respectively.

Pension Benefits. The determination of the Group's obligation and cost of pension benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 26 and include, among others, discount rate and expected rate of salary increase. 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 ₱504.40 million and ₱406.94 million as at September 30, 2013 and December 31, 2012, respectively.

Fair Value of Financial Assets and Liabilities. The Group carries AFS financial assets at fair value, which requires extensive use of accounting estimates and judgments. The significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates). However, the timing and amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in the fair value of AFS financial assets would affect the statements of comprehensive. The fair value of financial assets and liabilities are enumerated in Note 32.

5. Seasonality or Cyclicality of Interim Operations

The Company's operations are not generally affected by any seasonality or cyclicality.

6. Nature and Amount of Changes in Estimates

2012 figures were restated to conform to the current period's presentation.

7. Segment Information

Business Segments

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

- The television and radio segment, which engages in television and radio broadcasting activities and which generates revenue from sale of national and regional advertising time.
- The international subscription segment which engages in subscription arrangements with international cable companies.

- Other businesses which include movie production, consumer products and other services.

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

Geographical Segments

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

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

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

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

Inter-segment Transactions

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

Please refer to Exhibit 1.

8. **Cash and Cash Equivalents**

This account consists of:

	September 30, 2013	December 31, 2012
Cash on hand and in banks	**1,387,497,137**	1,040,436,077
Short-term placements	**1,021,741,967**	246,849,483
	2,409,239,104	1,287,285,560

Cash in banks 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 Group, and earn interest at the respective short-term placement rates.

Short-term investments with original maturities if more than three months to one year are shown separately in the consolidated statement of financial position.

Interest income earned from bank deposits and short-term investments amounted to ₱14.04 million and ₱18.43 million as of September 30, 2013 and 2012, respectively.

9. Trade and Other Receivables

This account consists of:

	September 30, 2013	December 31, 2012
Trade:		
Television and radio airtime	**2,305,710,070**	3,161,664,105
Subscription receivable	**699,990,274**	618,236,636
Others	**151,317,181**	148,700,853
Nontrade:		
Advances to suppliers	**129,696,342**	91,846,350
Advances to officers and employees	**3,657,361**	30,288,652
Others	**19,288,755**	64,784,113
	3,309,659,983	4,115,520,709
Less allowance for doubtful accounts	**273,130,772**	273,130,772
	3,036,529,211	3,842,389,937

Trade Receivables

Television and Radio Airtime. Television and radio airtime receivables are noninterest-bearing and are generally on a 60–90 days credit term upon receipt of invoice by the customer. Invoicing normally takes around 30 days from airing.

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

Television and radio airtime receivables are presented net of payments received before broadcast amounting to ₱168.57 million as of December 31, 2012 since a right of offset exists between the advance payments and the regular trade receivables with credit terms.

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

Subscriptions receivable, include unbilled subscriptions, where revenue has been accrued based on the rates in the subscription agreements multiplied by the estimated number of subscribers based on the latest report from the cable providers. Billing has been delayed due to 30–60 days lag in the submission of actual subscribers report from cable providers.

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

Nontrade Receivables

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

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

Allowance for Doubtful Accounts

Television and radio airtime and other receivables amounting to ₱269.87 million are impaired as of September 30, 2013 and December 31, 2012.

The allowance for doubtful accounts for television and radio airtime and other receivables as of September 30, 2013 and December 31, 2012 are results of specific and collective impairment assessments performed by the Group as follows:

Individually impaired	266,956,063
Collectively impaired	6,174,709
	273,130,772

As of September 30, 2013 and December 31, 2012, the aging analysis of receivables that were not impaired follows:

	September 30, 2013				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade *	Total
Neither past due nor impaired	**1,152,447,744**	**453,625,760**	**79,106,848**	**11,664,275**	**1,696,844,627**
Past due but not impaired:					**-**
< 30 days	**251,913,675**	**98,235,849**	**14,217,815**	**2,254,536**	**366,621,875**
31-60 days	**80,856,987**	**5,449,953**	**4,911,122**	**723,641**	**91,941,703**
61-90 days	**78,814,854**	**15,310,876**	**2,438,597**	**1,709,163**	**98,273,490**
91-180 days	**66,218,110**	**22,317,571**	**2,408,885**	**592,628**	**91,537,194**
181-365 days	**330,684,931**	**78,899,504**	**35,997,017**	**2,959,510**	**448,540,962**
Over 1 year	**74,901,199**	**26,150,761**	**8,978,695**	**3,042,363**	**113,073,018**
	2,035,837,500	**699,990,274**	**148,058,979**	**22,946,116**	**2,906,832,869**

** Excluding advances to suppliers amounting to P129.70 million as of September 30, 2013.*

	December 31, 2012				
	Trade				
	Television and Radio Airtime	Subscriptions	Others	Nontrade *	Total
Neither past due nor impaired	2,325,020,464	228,237,158	113,789,346	77,407,445	2,744,454,413
Past due but not impaired:					-
< 30 days	200,283,481	43,541,678	8,368,681	5,334,370	257,528,210
31-60 days	276,000	212,194,922	4,075,532	3,089,575	219,636,029
61-90 days	153,605,708	35,811,981	570,133	219,228	190,207,050
91-180 days	104,585,378	41,492,804	4,336,073	227,419	150,641,674
181-365 days	59,854,871	53,020,637	5,989,073	1,445,981	120,310,562
Over one year	48,165,633	3,937,456	8,313,813	7,348,747	67,765,649
	2,891,791,535	618,236,636	145,442,651	95,072,765	3,750,543,587

** Excluding advances to suppliers amounting to P91.85 million as of December 31, 2012.*

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

The Group’s unbilled receivables amounted to ₱111.04 million and ₱56.44 million as of September 30, 2013 and December 31, 2012, respectively. These are included in trade receivables as “neither past due nor impaired” but with age of 31–60 days from date of airing.

10. Program and Other Rights

The movements in program rights are as follows:

	September 30, 2013		
	Program and Film Rights	Story / Format Rights	Total
Cost:			
Balance at beginning of period	**1,161,376,706**	**30,466,224**	**1,191,842,930**
Additions	**417,902,704**	**277,779**	**418,180,483**
Program usage (see Note 25)	**(391,449,374)**	**(14,841,617)**	**(406,290,991)**
Balance at end of period	**1,187,830,036**	**15,902,386**	**1,203,732,422**
Accumulated impairment in value -			
Balance at beginning and end of period	**2,702,260**	**-**	**2,702,260**
	1,185,127,776	**15,902,386**	**1,201,030,162**

	December 31, 2012		
	Program and Film Rights	Story / Format Rights	Total
Cost:			
Balance at beginning of period	661,208,475	71,491,936	732,700,411
Additions	919,516,659	563,325	920,079,984
Program usage	(419,348,428)	(41,589,037)	(460,937,465)
Balance at end of period	1,161,376,706	30,466,224	1,191,842,930
Accumulated impairment in value -			
Balance at beginning and end of period	2,702,260	-	2,702,260
	1,158,674,446	30,466,224	1,189,140,670

No impairment loss on program rights was recognized in September 30, 2013 and 2012, respectively.

11. Prepaid Expenses and Other Current Assets

This account consists of:

	September 30, 2013	December 31, 2012
Prepaid production costs	**228,543,537**	181,683,840
Creditable withholding taxes	**157,536,382**	133,179,149
Input VAT	**151,808,176**	184,698,052
Tax credits	**126,797,086**	117,848,590
Prepaid expenses	**126,685,772**	74,702,150
Materials and supplies inventory at cost	**47,654,177**	72,473,600
Others	**1,534,123**	990,780
	840,559,253	765,576,161

Prepaid production represents cost incurred prior to the airing of the programs or episodes. The Group expects to air the related programs or episodes within the next financial year.

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

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

12. Available-for-Sale Financial Assets

As at September 30, 2013 and December 31, 2012, this account consists of:

Investment in shares of stock:	
Quoted	57,225,100
Unquoted	49,118,498
	106,343,598

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

The movements in this account are as follows:

	September 30, 2013	December 31, 2012
Balance at beginning of period	**106,343,598**	105,796,848
Net change in the fair value of AFS financial assets	**-**	1,600,300
Balance at end of period	**106,343,598**	107,397,148
Impairment loss	**-**	(1,053,550)
	106,343,598	106,343,598

The net unrealized gain on AFS financial assets are deferred and presented separately under the equity section of the consolidated statements of financial position. The movement in the net unrealized gain on AFS financial assets is presented under the consolidated statements of changes in equity. No portion of the net unrealized gain on AFS financial assets was transferred to profit in loss as at September 30, 2013 and December 31, 2012.

13. **Investments and Advances**

At as September 30, 2013 and December 31, 2012, this account consists of:

Investments in an associate and interests in joint ventures accounted for in equity method	**48,350,619**
Permanent advances in an associate and joint ventures (see Note 23)	**84,475,370**
	132,825,989

The movements in the said amounts are as follows:

	September 30, 2013	December 31, 2012
Investments in an associate and joint ventures accounted for under the equity method		
Acquisition cost :		
Balance at beginning of period	**119,722,056**	109,722,056
Additional investment during the year	**-**	10,000,000
Balance at end of period	**119,722,056**	119,722,056
Accumulated equity in net losses -		
Balance at beginning and end of period	**(71,371,437)**	(71,371,437)
	48,350,619	48,350,619
Advances to an associate and joint ventures -		
Balance at beginning of period	**84,475,370**	87,085,657
Impairment loss	**-**	(2,610,287)
Balance at end of period	**84,475,370**	84,475,370
Total investments and advances	**132,825,989**	132,825,989

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

The ownership interests in an associate and joint ventures accounted for under the equity method consist of the following:

		Percentage of Ownership	
	Principal Activities	**2013**	2012
Associate -			
Mont-Aire Realty and Development Corporation (Mont-Aire)	Real Estate	**49.0**	49.0
Joint Ventures:			
INQ7 Interactive, Inc. (INQ7)	Internet Publishing	**50.0**	50.0
Gamespan Incorporated	Recreational Gaming	**50.0**	-
Philippine Entertainment Portal, Inc. (PEP)	Internet Publishing	**50.0**	50.0

The carrying values of investments accounted for under the equity method and the related advances as of September 30, 2013 and December 31, 2012 are as follows:

	Investments	Advances (see Note 23)	Total
Associate - Mont-Aire	**38,350,619**	**84,475,370**	**122,825,989**
Joint Venture - Gamespan	**10,000,000**	-	**10,000,000**
	48,350,619	**84,475,370**	**132,825,989**

X-Play
As discussed in Note 4, the Group, through GNMI's BOD, announced its decision to dispose of its shareholdings in X-Play on January 1, 2011, and classified its investment in X-Play as asset held for sale. The carrying value of asset held for sale previously classified as investment and advances to X-Play is shown below:

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

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

PEP

As at September 30, 2013 and December 31, 2012, accumulated equity in net losses of PEP exceeded the Group's interest in joint venture, thus, the carrying value of interest in joint venture with PEP has been reduced to zero.

INQ7

Losses of INQ7 recognized under the equity method in excess of the Group's interest were applied against its advances to the Parent Company. INQ7 ceased operations in 2007.

Gamespan
On March 22, 2012, the Group, through GNMI, executed a Shareholder's Agreement with Manila Jockey Club, Inc. (MJC) for the establishment of Gamespan, Inc., 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. The joint venture has not yet started commercial operation as at September 30, 2013.

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

14. **Property and Equipment at Cost**

Please refer to Exhibit 2 for the rollforward analysis of property and equipment at cost.

Depreciation and amortization on property and equipment charged to operations amounted to ₱520.16 million and ₱445.29 million as of September 30, 2013 and 2012, respectively.

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

As at September 30, 2013 and December 31, 2012, no property and equipment have been pledged as collateral or security for any of the Group's liabilities.

15. **Land at Revalued Amounts**

As at September 30, 2013 and December 31, 2012, this account consists of the following:

Cost -	
Balance at beginning and end of the period	346,502,817
Revaluation increment -	
Balance at beginning and end of period	1,063,082,889
	1,409,585,706

Land used in operations were appraised by an independent firm of appraisers on January 5, 2009. In determining the fair value of the land, the independent appraisers considered the local market conditions, the extent, character and utility of the property, sales and holding prices of similar parcels of land and the highest and best use of the land.

While fair values of the land were not determined as at September 30, 2013 and December 31, 2012, the Group's management believes that there were no conditions present in 2012 and 2011 that would significantly change the fair value of the land from that was determined as at January 5, 2009.

As at September 30, 2013 and December 31, 2012, no land has been pledged as collateral or security for any of the Group's liabilities.

16. **Investment Properties**

The rollforward analysis of investment properties follows:

	September 30, 2013		
	Land and Improvements	**Buildings and Improvements**	**Total**
Cost::			
Balance at beginning of period	**33,975,381**	**73,565,501**	**107,540,882**
Additions	**-**	**1,710,526**	**1,710,526**
Balance at end of period	**33,975,381**	**75,276,027**	**109,251,408**
Accumulated depreciation:			
Balance at beginning of period	**-**	**40,744,304**	**40,744,304**
Depreciation during the period	**-**	**2,544,541**	**2,544,541**
Balance at end of period	**-**	**43,288,845**	**43,288,845**
Accumulated impairment in value -			
Balance at beginning and end of period	**-**	**2,045,173**	**2,045,173**
	33,975,381	**29,942,009**	**63,917,390**

	December 31, 2012		
	Land and Improvements	Buildings and Improvements	Total
Cost -			
Balance at beginning and end of period	33,975,381	73,565,501	107,540,882
Accumulated depreciation:			
Balance at beginning of period	-	37,465,998	37,465,998
Depreciation during the period	-	3,278,306	3,278,306
Balance at end of period	-	40,744,304	40,744,304
Accumulated impairment in value -			
Balance at beginning and end of period	-	2,045,173	2,045,173
	33,975,381	30,776,024	64,751,405

The fair market value of investment properties owned by GMPI and Scenarios amounted to ₱21.09 million and ₱25.75 million as at September 30, 2013 and December 31, 2012, respectively, while the rest of the investment properties owned by the Parent Company and Alta amounted to ₱102.13 million as at December 31, 2005, as determined by independent appraisers. The fair value represents the amount at which the assets can be exchanged between a knowledgeable, willing seller and a knowledgeable, willing buyer in an arm's-length transaction at the date of valuation in accordance with International Valuation Standards.

While fair values of the majority of investment properties were not determined as at September 30, 2013 and December 31, 2012, the Group's management believes that there were no conditions present as of September 30, 2013 that would significantly reduce the fair value of the investment properties from that determined in 2005.

17. Other Noncurrent Assets

This account consists of:

	September 30, 2013	December 31, 2012
Software costs	**40,604,781**	56,340,047
Deferred input VAT	**33,428,301**	36,157,216
Guarantee deposits	**15,905,378**	16,769,795
Refundable deposits (see Notes 31 and 32)	**15,493,300**	16,032,343
Investments in artworks	**10,406,255**	10,406,255
Others	**4,152,417**	6,040,342
	119,990,432	141,745,998

The movements in software costs follow:

	September 30, 2013	December 31, 2012
Cost:		
Balance at beginning of period	**222,169,322**	186,516,860
Additions	**8,284,031**	35,652,462
Balance at end of period	**230,453,353**	222,169,322
Accumulated amortization:		
Balance at beginning of period	**165,829,275**	138,095,337
Amortization during the period (see Notes 26)	**24,019,297**	27,733,938
Balance at end of period	**189,848,572**	165,829,275
	40,604,781	56,340,047

18. Short-term Loans

In 2012, the Parent Company obtained unsecured short-term loans with interest rate of 4.00% from various local banks for the payment of the dividends declared during the year. Total peso-denominated loans amounted to ₱3,200.00 million of which ₱1,300.00 million matured and ₱200.00 million was partially paid in 2012. Additional ₱1,200.00 million was partially paid as of September 30, 2013.

In May 10, 2013, the Parent Company acquired another loan amounting to $25.00 million with interest rate of 1.73% from Citibank for the payment of the dividends declared in 2013 with exchange rate of ₱41.00/$1 at the time of availment.

Short-term loans as at September 30, 2013 and December 31, 2012 amounted to ₱1,525.00 million and ₱1,700.00 million, respectively.

19. Trade Payables and Other Current Liabilities

This account consists of:

	September 30, 2013	December 31, 2012
Trade payables	**127,222,472**	382,190,859
Payable to government agencies	**639,518,597**	801,878,448
Accrued expenses:		
Production costs	**135,870,575**	139,610,404
Payroll and talent fees	**177,237,813**	142,660,577
Commissions	**15,910,776**	859,345
Other general and administrative expenses	**5,307,464**	51,331,454
Customers' deposits and others	**635,764,395**	51,364,437
	1,736,832,092	1,569,895,524

The terms and conditions of the above liabilities are as follows:

- Trade payables are noninterest-bearing and are normally settled on terms ranging from 7-30 days.
- Payable to government agencies is remitted within 30 days after reporting date.
- Accrued expenses and others are noninterest-bearing and are generally settled within the next financial year.
- Customers' deposits are advance payments made by customers that are usually noninterest-bearing and are generally settled within the next financial year.

20. Obligations for Program and Other Rights

This account consists of:

	September 30, 2013	December 31, 2012
Current obligation for program and other rights	**134,326,508**	184,585,619
Noncurrent obligation for program and other rights	**41,047,630**	63,955,130
	175,374,138	248,540,749

Obligations for program and other rights represent liabilities to foreign and local film suppliers for program and other rights purchased by the Group. The current portion of the obligations for program rights is noninterest-bearing and is generally payable in equal monthly or quarterly installments. The amounts presented in the consolidated statements of financial position as at September 30, 2013 and December 31, 2012 represent the nominal amounts of the obligations which are expected to be settled within the next 12 months.

The noncurrent portion of obligations for program rights is payable in four years and is presented at its present value in the consolidated statement of financial position as at September 30, 2013 and December 31, 2012.

21. Material Events

A. Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

As of September 30, 2013, there are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

B. Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

The 2013 Capital Expenditure budget of the parent company amounts to ₱1,004.00 million. This will be financed from internally-generated funds.

C. 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.

GMA Network's results of operations depend largely on the ability to sell airtime for advertising. The Company's business may be affected by the general condition of the economy of the Philippines.

D. Any 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 September 30, 2013, there are no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

As of September 30, 2013, there are no significant elements of income or loss that did arise from the issuer's continuing operations.

F. Any 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.

G. Any material events that were unusual because of their nature, size or incidents affecting assets, liabilities, equity, net income, or cash flows.

There are no material events that were unusual because of their nature, size or incidents affecting assets, liabilities, equity, net income, or cash flows.

H. Any material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

There were no material events, subsequent to the end of interim period that have not been reflected in the financial statements for the interim period.

22. **Equity**

Capital Stock

There were no movements in capital stock as of September 30, 2013 and December 31, 2012 with composition as follows:

	Number of Preferred Shares	Number of Common Shares
Authorized - P0.20 par value per preferred shares/ P1.00 par value per common shares	7,500,000,000	5,000,000,000
Subscribed and issued at beginning and end of period	7,500,000,000	3,364,692,000
Treasury shares	492,816	3,645,000
PDRs	-	750,000

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

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

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

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

Securities	Authorized and issued shares	Issue/Offer Price
Initial oublic offering	91,346,000	8.50
Underlying common shared 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
PDRs	945,432,000	8.50

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, 2012 and 2011, representing the cost of shares held in treasury amounting to ₱28.48 million in 2012 and 2011 and underlying shares of the acquired PDRs amounting to ₱5.79 million in 2012 and 2011.

Consolidated retained earnings include undeclared retained earnings of subsidiaries amounting to ₱51.20 million and ₱54.80 million as of December 31, 2012 and 2011, respecti vely. The Parent Company's retained earnings available for dividend declaration, computed based on the guidelines provided in SEC Memorandum Circular No. 11, amounted to ₱692.44 million and ₱2,262.68 million as at December 31, 2012 and 2011, respectively.

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

Year	Declaration Date	Record Date	Cash Dividend Per Share	Total Cash Dividend Declared
2013	**March 21, 2013**	**April 17, 2013**	**P0.25**	**1,215,049,609**
2012	March 28, 2012	April 16, 2012	P0.40	1,944,079,375
	August 1, 2012	August 22, 2012	0.26	1,264,794,293
				3,208,873,668
2011	March 11, 2011	April 8, 2011	P0.45	2,187,089,297

23. **Related Party Disclosures**

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are made at normal market prices. For the period ended September 30, 2013 and December 31, 2012, the Group did not make any provision for doubtful accounts relating to amounts owed by related parties.

An assessment is undertaken at each financial year-end by examining the financial position of the related party and the market in which the related party operates.

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

Transactions with related parties are as follows:

Related Party	Year	Transactions During the Year	Advances to an Associate and Joint Venture (see Note 13)	Trade Receivables (see Note 9)	Trade Payables (see Note 19)
INQ7 and GMA	**2013**	**112,170**		**692,749**	**-**
Foundation	2012	93,045	-	692,749	-
Mont-Aire	**2013**	**-**	**84,475,370**	**-**	**-**
	2012	-	84,475,370	-	-
Image One	**2013**	**-**	**-**	**-**	**(1,023,381)**
	2012	-	-	-	(1,023,381)
Belo, Gozon etc.	**2013**	**10,110,391**	**-**	**-**	**-**
and Others	2012	4,468,800	-	-	(865,200)
	2013	**10,222,561**	**84,475,370**	**692,749**	**(1,023,381)**
	2012	4,561,845	84,475,370	692,749	(1,888,581)

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

Others

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

Compensation of Key Management Personnel

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

	September 30, 2013	September 30, 2012
Salaries and short-term benefits	**181,758,841**	173,956,139
Pension benefits	**27,275,686**	23,254,267
	209,034,527	197,210,406

Equity Investments of the Retirement Fund

The Group's retirement fund includes equity investments in GMA Network, Inc. and GMA PDRs amounting to ₱63.56 million and ₱496.56 million as at December 31, 2012, respectively.

24. Net Revenues

This account consists of:

	September 30, 2013	September 30, 2012
Television and radio airtime	**8,866,200,122**	8,473,151,657
Subscription income	**725,106,758**	704,970,828
Production and others	**161,078,232**	154,984,567
	9,752,385,112	9,333,107,052

25. Production Costs

This account consists of:

	September 30, 2013	September 30, 2012
Talent fees and production personnel costs	**2,196,721,593**	2,047,953,358
Rental	**600,985,130**	478,881,874
Program rights usage	**406,290,991**	316,643,112
Tapes sets and production supplies	**373,197,943**	335,813,404
Facilities and production services	**260,131,952**	237,725,530
Depreciation (see Note 14)	**216,437,237**	191,825,989
Transportation and communication	**162,209,216**	128,506,242
	4,215,974,062	3,737,349,509

26. General and Administrative Expenses

This account consists of:

	September 30, 2013	September 30, 2012
Personnel costs (see Note 27)	**1,562,282,821**	1,531,841,463
Depreciation (see Notes 14 and 16)	**306,271,506**	255,929,657
Advertising	**279,081,124**	266,411,634
Communication, light and water	**221,571,421**	225,140,679
Marketing commissions	**205,386,317**	332,847,892
Repairs and maintenance	**149,182,124**	129,293,937
Professional fees	**119,861,770**	117,658,481
Taxes and licenses	**107,402,515**	114,014,478
Research and surveys	**109,166,090**	92,833,475
Rental	**73,590,117**	73,804,260
Transportation and travel	**57,908,397**	46,626,500
Amortization of software costs (see Note 17)	**24,019,297**	20,159,920
Insurance	**15,892,468**	16,625,484
Materials and supplies	**17,853,521**	16,844,210
Entertainment, amusement and recreation	**9,095,859**	10,572,011
Dues and subscription	**6,285,916**	6,193,524
Others	**120,426,967**	109,731,729
	3,385,278,230	3,366,529,334

27. Personnel Costs

This account consists of:

	September 30, 2013	September 30, 2012
Salaries and wages	**1,108,539,238**	1,016,476,006
Employee benefits and allowances	**323,792,554**	358,173,722
Net pension expense	**80,075,584**	83,000,842
Sick and vacation leaves expense	**49,875,445**	74,190,893
	1,562,282,821	1,531,841,463

28. **Others** - Net

This account consists of the following income (expenses):

	September 30, 2013	September 30, 2012
Foreign exchange gain (loss) - net	**13,700,989**	(16,302,907)
Gain on sale of property and equipment	**6,923,730**	20,603,689
Commissions	**4,037,461**	2,259,382
Rental	**3,300,724**	3,587,614
Income from mall shows	**2,446,243**	1,990,113
Merchandising income (fees)	**2,326,209**	(404,082)
Sales of DVDs and integrated receiver-decoders	**374,416**	653,088
Tax refund on GMA Pinoy TV	**-**	19,246,077
Dividends	**-**	144,387
Others	**561,744**	837,159
	33,671,516	32,614,520

29. **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 (7) years from June 2012 to May 2019. The Parent Company shall pay ZBN an amount equivalent to total payments from June 2011 to May 2012, subject to yearly escalation of 10.00%.

Total rental expense amounted to ₱674.58 million and ₱552.69 million as of September 30, 2013 and 2012, respectively (see Notes 25 and 26).

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

	September 30, 2013	September 30, 2012
	(In Millions)	
Within one year	**140.96**	128.14
After one year but not more than five years	**719.60**	654.18
More than five years	**146.46**	352.84
	1,007.02	1,135.16

Operating Lease - Group as Lessor. The Group also leases out certain properties for a period of one year, renewable annually. Total rental income amounted to ₱3.30 million and ₱3.59 million as of September 30, 2013 and 2012, respectively (see Note 28).

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 ₱725.11 million and ₱704.97 million as of September 30, 2013 and 2012, respectively (see Note 24).

30. **EPS Computation**

The computation of basic EPS follows:

	September 30, 2013	September 30, 2012
Net income attributable to Equity Holders of Parent Company	**1,487,875,424**	1,587,130,509
Less attributable to preferred shareholders	**459,171,887**	489,802,909
Net income attributable to common shareholders (b)	**1,028,703,537**	1,097,327,600
Common shares issued at the beginning of year	**3,364,692,000**	3,364,692,000
Treasury shares (see Note 22)	**(3,645,000)**	(3,645,000)
Underlying shares on acquired PDRs (see Note 22)	**(750,000)**	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000
Basic EPS (b/c)	**0.306**	0.327

The computation of diluted EPS follows:

	September 30, 2013	September 30, 2012
Net income attributable to Equity Holders of Parent Company	**1,487,875,424**	1,587,130,509
Weighted average number of common shares	**3,360,297,000**	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000
Reacquired preferred shares	**(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
Diluted EPS (a/d)	**0.306**	0.327

31. **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 receivables, guarantee and other deposits, obligations for program rights, dividends payable and trade payables, which arise directly from its operations. The main risks arising from the use of financial instruments are liquidity risk, foreign currency exchange risk, interest rate risk and credit risk.

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

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

The Group manages liquidity risk by maintaining a pool of credit lines from financial institutions that exceeds expected financing requirements for working capital. The Group likewise regularly evaluates other financing instruments and arrangements to broaden the Group’s range of financing sources.

The following tables summarize the maturity profile of the Group’s financial assets used for liquidity risk management purposes and financial liabilities based on contractual undiscounted payments as of September 30, 2013 and December 31, 2012:

	September 30, 2013				
	On Demand	**> 3 Months**	**3 to 12 Months**	**More than 1 year**	**Total**
Cash and cash equivalents	**1,387,497,137**	**1,021,741,967**	**-**	**-**	**2,409,239,104**
Trade receivables:					
Television and radio airtime	**592,085,417**	**1,485,218,406**	**228,406,247**	**-**	**2,305,710,070**
Subscription	**142,678,712**	**557,311,562**	**-**	**-**	**699,990,274**
Others	**53,081,396**	**98,235,785**	**-**	**-**	**151,317,181**
Nontrade receivables					
Advances to officers and employees	**39,200**	**3,618,161**	**-**	**-**	**3,657,361**
Others	**8,264,464**	**11,024,291**	**-**	**-**	**19,288,755**
Refundable deposits	**-**	**-**	**-**	**15,493,300**	**15,493,300**
AFS financial assets	**-**	**-**	**-**	**106,343,598**	**106,343,598**
	2,183,646,326	**3,177,150,172**	**228,406,247**	**121,836,898**	**5,711,039,643**
Short-term loans	**-**	**500,000,000**	**1,025,000,000**	**-**	**1,525,000,000**
Trade payables and other current liabilities*	**129,206,094**	**923,747,817**	**44,359,584**	**-**	**1,097,313,495**
Obligation for program rights	**-**	**17,452,501**	**116,874,007**	**41,047,630**	**175,374,138**
Dividends payable	**8,908,589**	**-**	**-**	**-**	**8,908,589**
Other long-term employee benefits	**-**	**-**	**-**	**264,762,676**	**264,762,676**
	138,114,683	**1,441,200,318**	**1,186,233,591**	**305,810,306**	**3,071,358,898**

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

	December 31, 2012				
	On Demand	> 3 Months	3 to 12 Months	More than 1 year	Total
Cash and cash equivalents	1,040,436,077	246,849,483	-	-	1,287,285,560
Short-term investments	-	-	8,538,142	-	8,538,142
Trade receivables:					
Television and radio airtime	366,211,590	2,525,579,945	269,872,570	-	3,161,664,105
Subscriptions	134,262,878	483,973,758	-	-	618,236,636
Others	22,598,165	126,102,688	-	-	148,700,853
Nontrade receivables					
Advances to officers and employees	750,832	29,537,820	-	-	30,288,652
Others	8,490,544	56,293,569	-	-	64,784,113
Refundable deposits	-	-	-	16,032,343	16,032,343
AFS financial assets	-	-	-	106,343,598	106,343,598
	1,572,750,086	3,468,337,263	278,410,712	122,375,941	5,441,874,002
Trade payables and other current liabilities *	308,759,732	311,338,268	147,919,076	-	768,017,076
Short-term loans		1,710,333,333	-	-	1,710,333,333
Obligation for program rights	-	124,996,401	59,589,218	63,955,130	248,540,749
Dividends payable	7,648,097	-	-	-	7,648,097
Other long-term employee benefits	-	-	-	253,946,273	253,946,273
	316,407,829	2,146,668,002	207,508,294	317,901,403	2,988,485,528

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

Foreign Currency Exchange Risk. The Group's exposure to foreign currency exchange risk results from its business transactions denominated in foreign currencies. It is the Group's policy to ensure that capabilities exist for active but conservative management of its foreign exchange risk.

	September 30, 2013		December 31, 2012	
Assets	*(in USD)*	*(in PhP)*	*(in USD)*	*(in PhP)*
Cash and cash equivalents	**9,494,879**	**413,407,032**	7,712,351	316,633,059
Trade receivables	**17,194,347**	**748,641,868**	16,365,000	671,783,250
	26,689,226	**1,162,048,900**	24,077,351	988,416,309

	September 30, 2013		December 31, 2012	
Liabilities	*(in USD)*	*(in PhP)*	*(in USD)*	*(in PhP)*
Short-term loans	**25,000,000**	**1,088,500,000**	-	-
Trade payables	**397,014**	**17,285,990**	1,441,304	59,165,529
Obligations for program and other rights	**1,726,301**	**75,163,146**	1,192,276	48,942,930
	27,123,315	**1,180,949,135**	2,633,580	108,108,459

In translating the foreign-currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱43.54 to US$1.00 and ₱41.05 to US$1.00, the Philippine peso to U.S. dollar exchange rates as of September 30, 2013 and December 31, 2012, respectively.

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

	Appreciation (Depreciation) of ₱	Effect on Income before Income Tax
September 30, 2013	**0.50**	**(₱0.22 million)**
	(0.50)	**0.22 million**
December 31, 2012	0.50	(2.68 million)
	(0.50)	2.68 million

Interest Rate Risk. The Group's exposure to changes in interest rates is minimal and is attributed to cash and cash equivalents.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before income tax from reporting date up to next reporting date. There is no impact on the Group's equity other than those already affecting profit or loss.

	Increase (Decrease) in	Effect on Income Before Income Taxes	
	Basis Points	**September 30, 2013**	December 31, 2012
Cash and cash equivalents	50	**12.00 million**	6.28 million
	(50)	**(12.00 million)**	(6.28 million)
Short-term loans	50	(7.63 million)	(7.82 million)
`	(50)	7.63 million	7.82 million

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history. The Group has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended. The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of the instruments. There is no concentration of credit risk.

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 of September 30, 2013 and December 31, 2012, the credit quality of the Group's financial assets is as follows:

	September 30, 2013			
	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Impaired	Total
Cash and cash equivalents *	**2,399,332,100**	**-**	**-**	**2,399,332,100**
Trade receivables:				**-**
Television and radio airtime	**228,406,247**	**924,041,497**	**883,389,756**	**2,035,837,500**
Subscription	**-**	**453,625,760**	**246,364,514**	**699,990,274**
Others	**-**	**79,106,848**	**68,952,131**	**148,058,979**
Nontrade receivables:				
Advances to officers and employees	**-**	**3,618,161**	**39,200**	**3,657,361**
Others	**-**	**8,046,114**	**11,242,641**	**19,288,755**
Refundable deposits	**15,493,300**	**-**	**-**	**15,493,300**
AFS financial assets	**106,343,598**	**-**	**-**	**106,343,598**
	2,749,575,245	**1,468,438,380**	**1,209,988,242**	**5,428,001,867**

** Excluding cash on hand amounting to P9.91 million as of September 30, 2013.*

	December 31, 2012			
	Neither Past Due Nor Impaired		Past Due but	
	High Grade	Standard Grade	not Impaired	Total
Cash and cash equivalents *	1,276,466,237	-	-	1,276,466,237
Short-term investments	8,538,142	-	-	8,538,142
Trade receivables:				-
Television and radio airtime	228,406,247	2,096,614,217	566,771,071	2,891,791,535
Subscription	228,237,158	-	389,999,478	618,236,636
Others	-	113,298,939	32,143,712	145,442,651
Nontrade receivables:				-
Advances to officers and employees	-	29,156,960	1,131,692	30,288,652
Others	-	48,250,485	16,533,628	64,784,113
Refundable deposits	16,032,343	-	-	16,032,343
AFS financial assets	106,343,598	-	-	106,343,598
	1,864,023,725	2,287,320,601	1,006,579,581	5,157,923,907

** Excluding cash on hand amounting to P10.82 million as of December 31, 2012.*

Capital Management

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

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

No changes were made in the objectives, policies or processes for periods ended September 30, 2013 and December 31, 2012.

The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total equity. Interest-bearing debt includes all short-term and long-term debt. The Company has ₱1,700.00 million peso-denominated short-term debt as at December 31, 2012 and was reduced to ₱500.00 million as of September 30, 2013. An additional dollar-denominated loan of US$25.00 million was availed as of September 30, 2013. The Group's total equity attributable to equity holders of Parent Company as of September 30, 2013 and December 31, 2012 amounted to ₱8,478.77 million and ₱8,206.60 million, respectively. Debt-to-equity ratios are 0.18 times and 0.21 times as at September 30, 2013 and December 31, 2012, respectively.

32. **Financial Assets and Liabilities**

The table below presents the carrying values and fair values of the Group's financial instruments, by category and by class, as of September 30, 2013 and December 31, 2012:

	September 30, 2013		December 31, 2012	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**2,409,239,104**	**2,409,239,104**	1,266,209,138	1,266,209,138
Short-term investments	**-**	**-**	8,538,142	8,538,142
Trade receivables:				
Television and radio airtime	**2,035,837,500**	**2,035,837,500**	2,891,791,535	2,891,791,535
Subscription	**699,990,274**	**699,990,274**	618,236,636	618,236,636
Others	**148,058,979**	**148,058,979**	145,442,651	145,442,651
Nontrade receivables:				
Advances to officers and employees	**3,657,361**	**3,657,361**	30,288,652	30,288,652
Others	**19,288,755**	**19,288,755**	64,784,113	64,784,113
Refundable deposits	**15,493,300**	**14,330,917**	16,032,343	15,589,855
	5,331,565,273	**5,330,402,890**	5,041,323,210	5,040,880,722
AFS financial assets	**106,343,598**	**106,343,598**	106,343,598	106,343,598
	5,437,908,871	**5,436,746,488**	5,147,666,808	5,147,224,320
Financial Liabilities				
Other financial liabilities:				
Short-term loans	**1,525,000,000**	**1,525,000,000**	1,700,000,000	1,700,000,000
Trade payables and other current liabilities *	**1,097,313,495**	**1,097,313,495**	768,017,076	768,017,076
Obligation for program rights				
Current	**134,326,508**	**134,326,508**	184,585,619	184,585,619
Noncurrent	**41,047,630**	**50,243,554**	63,955,130	82,709,118
Dividends payable	**8,908,589**	**8,908,589**	7,648,097	7,648,097
Other long-term employee benefits	**264,762,676**	**264,762,676**	253,946,273	264,380,312
	3,071,358,898	**3,080,554,822**	2,978,152,195	3,007,340,222

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

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

Cash and Cash Equivalents, Short-Term Investments and Trade and Nontrade Receivables

The carrying values of cash and cash equivalents, short-term investments and trade and nontrade receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments.

Refundable Deposits

The fair value of guarantee and other deposits is based on the present value of the future discounted cash flows. Discount rates used range from 2.85% to 5.81%.

AFS Financial Assets

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

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

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

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

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

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

The financial instruments carried at fair value only pertain to the Group's AFS financial assets, which consist of quoted equity securities. As of September 30, 2013 and December 31, 2012, these securities are categorized under Level 1 of the fair value hierarchy. The Group has no financial instruments categorized under Level 2 and Level 3. There were no transfers between Level 1 and Level 2 fair value measurements and no transfer into and out of Level 3 fair value measurements.

33. **Causes for Material Changes in the Financial Statements**

Statements of Financial Position (September 30, 2013 vs. December 31, 2012)

- Cash and cash equivalents increased by 87% to ₱2,409 million in relation to additional availment of short-term loans. Also, climb in cash accounts was due to net cash provided from operating activities exceeding net cash used for financing and investing activities.
- Trade and other receivables decreased by 21% to ₱3,037 million as collections for the nine-month period were more than the net sales generated.
- Program rights were up by 1% to ₱1,201 million as program rights usage was minimally lower than acquisitions made.
- Obligation for program rights (current and noncurrent) likewise fell by 29% to ₱175 million as payments on account exceeds total acquisitions.
- Income tax payable increased by 37% to ₱269 million as income generated from International operations at the start of the year were already subjected to regular income tax rates netted by payments of first and second quarters income tax due.
- Retained earnings also hiked 29% to ₱1,208 million directly attributed to net income generated subsequently reduced by regular cash dividends declared on March 2013.

34. **Other Notes to 2013 and 2012 Operations and Financials**

The key performance indicators that the Company monitors are the following:

	September 30, 2013	September 30, 2012
Revenues	**9,752,385,112**	9,333,107,052
Airtime revenues	**8,866,200,122**	8,473,151,657
Cash operating expenses	**6,648,233,261**	6,319,320,165
EBITDA	**3,137,682,739**	3,046,401,407
Net income before tax	**2,151,511,151**	2,258,767,659
Net income after tax	**1,493,873,116**	1,590,387,906

	September 30, 2013	September 30, 2012
Current ratio	**2.05**	1.91
Asset-to-Equity ratio	**1.55**	1.59
Debt-to-Equity ratio	**0.18**	0.24
Interest Rate Coverage ratio	**45.59**	105.06
EBITDA margin	**32%**	33%
Net income margin	**15%**	17%

GMA NETWORK, INC. AND SUBSIDIARIES
SEGMENTED RESULTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 **EXHIBIT 1**

Business Segment Data
The following table shows revenue and expense information and certain asset and liability information regarding business segments for each of the period ended September 30:

	Television and Radio Airtime		International Subscriptions		Other Businesses		Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
NET REVENUES										
External sales	**8,866,200,122**	8,473,151,657	**725,106,758**	704,970,828	**161,078,232**	154,984,567	**-**	-	**9,752,385,112**	9,333,107,052
Inter-segment sales	**-**	-	**-**	-	**535,084,583**	525,983,335	**(535,084,583)**	(525,983,335)	**-**	-
	8,866,200,122	8,473,151,657	**725,106,758**	704,970,828	**696,162,815**	680,967,902	**(535,084,583)**	(525,983,335)	**9,752,385,112**	9,333,107,052
NET INCOME										
Segment results	**1,761,323,613**	1,881,559,866	**396,227,710**	377,281,748	**(6,559,131)**	(29,613,405)	**-**	-	**2,150,992,192**	2,229,228,209
Interest expense and other financing charges	**(47,083,219)**	(21,389,789)	**-**	-	**(112,452)**	(110,623)	**-**	-	**(47,195,671)**	(21,500,412)
Foreign exchange gain (loss)	**13,238,663**	(13,819,491)	**-**	(2,039,454)	**462,326**	(443,962)	**-**	-	**13,700,989**	(16,302,907)
Interest income	**13,098,310**	17,659,339	**-**	-	**944,804**	766,003	**-**	-	**14,043,114**	18,425,342
Other income (expenses)	**19,410,170**	49,276,963	**-**	-	**560,357**	2,640,464	**-**	(3,000,000)	**19,970,527**	48,917,427
Income tax	**(525,766,699)**	(573,856,736)	**(118,868,313)**	(86,080,634)	**(13,003,023)**	(8,442,383)	**-**	-	**(657,638,035)**	(668,379,753)
	1,234,220,838	1,339,430,152	**277,359,397**	289,161,660	**(17,707,119)**	(35,203,906)	**-**	(3,000,000)	**1,493,873,116**	1,590,387,906
ASSETS AND LIABILITIES										
Assets										
Segment assets	**11,767,497,262**	12,022,971,525	**1,221,467,178**	728,372,278	**832,072,339**	913,365,145	**(928,823,509)**	(1,166,952,598)	**12,892,213,270**	12,497,756,350
Investment in an associate - at equity	**38,350,619**	38,350,619	**-**	-	**10,000,000**	10,000,000	**-**	-	**48,350,619**	48,350,619
Deferred tax assets	**-**	-	**-**	-	**94,777,046**	63,535,217	**-**	-	**94,777,046**	63,535,217
	11,805,847,881	12,061,322,144	**1,221,467,178**	728,372,278	**936,849,385**	986,900,362	**(928,823,509)**	(1,166,952,598)	**13,035,340,935**	12,609,642,186
Liabilities										
Segment liabilities	**4,181,339,495**	4,620,407,191	**147,665,605**	71,667,579	**855,973,925**	969,159,221	**(701,058,811)**	(1,047,851,250)	**4,483,920,214**	4,613,382,741
Deferred tax liabilities	**118,801,162**	121,255,873	**-**	-	**-**	-	**-**	-	**118,801,162**	121,255,873
	4,300,140,657	4,741,663,064	**147,665,605**	71,667,579	**855,973,925**	969,159,221	**(701,058,811)**	(1,047,851,250)	**4,602,721,376**	4,734,638,614

Geographical Segment Data
The following table shows revenue information regarding geographical segments for each of the period ended September 30:

	Local									
	Television and Radio Airtime		Other Businesses		International Subscriptions		Eliminations		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
NET REVENUES										
External sales	**8,866,200,122**	8,473,151,657	**161,078,232**	154,984,567	**725,106,758**	704,970,828	**-**	-	**9,752,385,112**	9,333,107,052
Inter-segment sales	**-**	-	**535,084,583**	525,983,335	**-**	-	**(535,084,583)**	(525,983,335)	**-**	-
	8,866,200,122	8,473,151,657	**696,162,815**	680,967,902	**725,106,758**	704,970,828	**(535,084,583)**	(525,983,335)	**9,752,385,112**	9,333,107,052

GMA NETWORK, INC. AND SUBSIDIARIES
ROLLFORWARD OF PROPERTY AND EQUIPMENT
AS OF SEPTEMBER 30, 2013 **EXHIBIT 2**

	DECEMBER 31, 2012	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	SEPTEMBER 30, 2013
At cost					
Buidings and leasehold improvements	2,772,239,043	24,880,208	-	2,247,763	2,799,367,014
Broadcast equipment	5,317,832,415	283,730,734	(4,849,146)	22,963,043	5,619,677,046
Communication & mechanical equipment	822,526,941	57,327,053	(4,411,618)	(1,467,354)	873,975,022
Transportation equipment	418,713,866	54,856,146	(11,927,659)	-	461,642,353
Furniture, fixtures and equipment	191,303,457	3,693,142	(7,406,477)	169,670	187,759,792
	9,522,615,722	424,487,283	(28,594,900)	23,913,122	9,942,421,227
Accumulated Depreciation					
Buidings and leasehold improvements	(1,207,772,931)	(100,814,097)	-	-	(1,308,587,028)
Broadcast equipment	(3,902,638,948)	(279,475,172)	4,849,146	-	(4,177,264,974)
Communication & mechanical equipment	(627,621,802)	(74,530,879)	4,453,806	-	(697,698,875)
Transportation equipment	(212,537,494)	(57,148,907)	10,425,124	-	(259,261,277)
Furniture, fixtures and equipment	(158,229,349)	(8,195,147)	7,388,972	(71,812)	(159,107,336)
	(6,108,800,524)	(520,164,202)	27,117,048	(71,812)	(6,601,919,490)
Equipment for installation	157,833,034	70,173,267	-	(23,841,310)	204,164,991
Construction In Progress	49,443,844	-	-		49,443,844
	207,276,878	70,173,267	-	(23,841,310)	253,608,835
Net book value	**3,621,092,076**	**(25,503,652)**	**(1,477,852)**	**-**	**3,594,110,572**

SIGNATURE

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

Issuer: **GMA NETWORK, INC.**

By:

FELIPE S. YALONG
TREASURER, EVP & CHIEF FINANCE OFFICER

RONALDO P. MASTRILI
VP –FINANCE

Date: November 14, 2013