COVER SHEET

CS200602356

SEC Registration Number

GMA HOLDINGS, INC.

(Company's Full Name)

5D Tower One, One McKinley Place New Global Bonifacio City, Fort Bonifacio, Taguig City

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

Mr. Ronaldo P. Mastrili

(Contact Person)

982-7777

(Group Telephone Number)

06 30

Month *Day*

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

7

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

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 **June 30, 2016**

2. SEC Identification Number **CS200602356**

3. BIR Tax Identification No. **244-658-896-000**

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

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

6. ____________ (SEC Use Only)
   Industry Classification Code

7. **Unit 5D Tower One, One McKinley Place,**
   New Bonifacio Global City, Fort Bonifacio,Taguig City **1604**
   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 Sections 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……………..
Philippine Depositary Receipts (PDRs)	**845,778,700 shares**

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [✓] 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 [✓] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.
    Yes [✓] No [ ]

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2016

GMA Holdings, Inc. ended the first half of 2016 with a net income of ₱293 thousand, equivalent to a slight decrease of 9% from last year's ₱320 thousand net income as a result of lower exercise fees generated for the conversion of 570,400 PDR shares against 1.61 million PDR shares converted during January to June of 2015.

Revenues for the first semester of 2016 registered a tad lower at ₱1.04 million versus last year's ₱1.09 million brought about by less exercise fees amounting to ₱25 thousand from the conversion of 570,400 PDR shares versus ₱72 thousand for the 1.61 million PDR shares conversion in 2015. Moreover, interest income slightly decreased to ₱1.01 million from last year's ₱1.02 million due to lower interest income earned on cash placement.

For the six months ended June 30, 2016, operating expenses concluded at ₱541 thousand vis-a-vis ₱568 thousand in 2015 mainly due to lower professional fees partly negated by higher listing fees and taxes and licenses. This year's professional fees decreased to ₱212 thousand versus ₱263 thousand in 2015, wherein a fee was paid in previous year for the amendment of Articles of Incorporation (to show complete address).

Listing fees for the first half of 2016 amounted to ₱307 thousand, an increase of 7% as compared with ₱288 thousand in 2015 due to higher market cap. The ₱307 thousand unexpired portion of listing fee was included under "Prepaid expenses and other current assets" in the statement of financial position.

Taxes and licenses representing amortization of local business tax for the first half of 2016 went up to ₱16 thousand from ₱10 thousand in comparative period due to higher tax base.

Financial Condition

Total assets as of June 30, 2016 amounted to ₱49.19 million, inching up by 2% from ₱48.22 million as of end-2015 primarily due to the increase in the fair market value of available-for-sale investment, which was estimated using the discounted cash flow method.

KEY PERFORMANCE INDICATORS

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

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

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

   As of June 30, 2016, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

   As of June 30, 2016, there were no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

   There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created as of June 30, 2016.

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

   For the period January 1, 2016 to June 30, 2016, there were no commitments for capital expenditures.

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

   The Company's results of operations depend largely on its ability to meet PDR holders' expectations from the dividends it receives and to monitor cash and cash equivalents levels to meet its obligations with respect to the Company's current and preceding year's operation. As of June 30, 2016, there are no known trends, events or uncertainties that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

   As of June 30, 2016, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

g) Causes for material changes in the Financial Statements.

   <u>Statements of Financial Position [June 30, 2016 (Unaudited) vs. December 31, 2015 (Audited)]</u>

   - Cash and cash equivalents decreased by ₱764 thousand to ₱26.08 million as a result of payment of PSE listing fees and local business taxes.

   - Current liabilities decreased by ₱57 thousand to ₱47.58 million due to lower payables to government agencies.

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

   As of June 30, 2016, there are no seasonal aspects that had a material effect on the financial condition or results of operations.

GMA HOLDINGS, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30, 2016 Unaudited	December 31, 2015 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 13 and 14)	**₱26,082,764**	₱26,846,541
Accounts receivable (Notes 13 and 14)	**184,387**	199,515
Other current assets	**781,474**	366,999
Total Current Assets	**27,048,625**	27,413,055
Noncurrent Asset		
Available-for-sale investment (Notes 7, 13 and 14)	**22,143,347**	20,805,523
	₱49,191,972	₱48,218,578
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 8, 13 and 14)	**₱309,420**	₱366,179
Due to shareholders (Notes 12, 13 and 14)	**47,271,600**	47,271,600
Income tax payable	**98**	269
Total Current Liabilities	**47,581,118**	47,638,048
Noncurrent Liability		
Deferred income tax liability (Note 11)	**401,347**	–
Total Liabilities	**47,982,465**	47,638,048
Equity (Note 9)		
Capital stock	**100,000**	100,000
Retained earnings	**367,507**	675,007
Unrealized loss on available-for-sale investment- net of tax (Note 7)	**742,000**	(194,477)
Total Equity	**1,209,507**	580,530
	₱49,191,972	₱48,218,578

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME

	2nd Quarter Ended June 30			Six Months Ended June 30		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
REVENUES						
Interest income (Notes 6 and 7)	**510,360**	574,545	292,116	**1,010,345**	1,022,444	578,229
Exercise fees (Note 5)	**4,897**	6,683	-	**25,464**	72,085	-
	515,257	581,228	292,116	**1,035,809**	1,094,529	578,229
OPERATING EXPENSES (Note 10)	**269,612**	309,583	277,927	**540,731**	568,108	549,565
INCOME BEFORE INCOME TAX	**245,645**	271,645	14,189	**495,078**	526,421	28,664
PROVISION FOR INCOME TAX (Note 11)						
Current	**98**	1,442	-	**509**	1,442	-
Final	**102,072**	159,722	58,423	**202,069**	204,489	115,646
	102,170	161,164	58,423	**202,578**	205,931	115,646
NET INCOME (LOSS)	**143,475**	110,481	(44,234)	**292,500**	320,490	(86,982)
OTHER COMPREHENSIVE INCOME (LOSS)						
Items to be reclassified to profit or loss in subsequent periods **-**						
Unrealized gain (loss) on available-for-sale investment - net of tax (Note 7)	**923,213**	(169,116)	-	**936,477**	(456,552)	-
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,066,688**	(58,635)	(44,234)	**1,228,977**	(136,062)	(86,982)
Basic/Diluted Earnings (Loss) Per Share (Note 15)	**14.35**	11.05	(4.42)	**29.25**	32.05	(8.7)

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 9)	Retained Earnings (Note 9)	Unrealized Gain on Available-for-sale Investment - Net of Tax (Note 7)	Total Equity
Balances as at January 1, 2016	**100,000**	**675,007**	**(194,477)**	**580,530**
Net income	**-**	**292,500**	**-**	**292,500**
Other comprehensive income	**-**	**-**	**936,477**	**936,477**
Total comprehensive income	**-**	**292,500**	**936,477**	**1,228,977**
Cash dividends (Note 9)	**-**	**(600,000)**	**-**	**(600,000)**
Balances as at June 30, 2016	**100,000**	**367,507**	**742,000**	**1,209,507**
Balances as at January 1, 2015	100,000	539,814	531,451	1,171,265
Net income	-	320,490	-	320,490
Other comprehensive income (loss)	-	-	(456,552)	(456,552)
Total comprehensive income (loss)	-	320,490	(456,552)	(136,062)
Cash dividends (Note 9)	-	(500,000)	-	(500,000)
Balances as at June 30, 2015	100,000	360,304	74,899	535,203
Balances as at January 1, 2014	100,000	189,628	-	289,628
Net loss	-	(86,982)	-	(86,982)
Balances as at June 30, 2014	100,000	102,646	-	202,646

See accompanying Notes to Financial Statements.

GMA HOLDING INC.

UNAUDITED STATEMENT OF CASH FLOWS

	2nd Quarter Ended June 30			Six Months Ended June 30		
	2016	**2015**	**2014**	**2016**	**2015**	**2014**
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	**245,647**	271,645	14,189	**495,078**	526,421	28,664
Non-cash adjustments to reconcile income before income tax to net cash flows:						
Interest income (Notes 6 and 7)	**(510,361)**	(574,545)	(292,116)	**(1,010,345)**	(1,022,444)	(578,229)
Working capital adjustments:						
Decreases (Increases) in:						
Accounts receivable	**(5,485)**	(7,485)	80,630	**(1,729)**	(80,736)	80,630
Prepaid expenses and other current assets	**143,393**	142,963	181,398	**(414,475)**	(418,297)	(516,050)
Increase (Decrease) in accounts payable and accrued expenses	**(163,771)**	(11,796)	(45,591)	**(56,930)**	86,888	(559,525)
Net cash used in operating activities	**(290,577)**	(179,218)	(61,490)	**(988,401)**	(908,168)	(1,544,510)
Interest received	**451,767**	642,154	370,398	**1,027,202**	1,037,855	598,294
Income and final taxes paid	**(102,171)**	(161,165)	(58,423)	**(202,578)**	(205,931)	(115,646)
Net cash provided by (used in) operating activities	**59,019**	301,771	250,485	**(163,777)**	(76,244)	(1,061,862)
CASH FLOW FROM FINANCING ACTIVITY						
Payment of cash dividends	(600,000)	-	-	(600,000)	-	-
NET INCRESE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(540,981)**	301,771	250,485	**(763,777)**	(76,244)	(1,061,862)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**26,623,745**	26,287,206	46,617,641	**26,846,541**	26,665,221	47,929,988
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6, 13 and 14)	**26,082,764**	**26,588,977**	**46,868,126**	**26,082,764**	**26,588,977**	**46,868,126**

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.
NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

GMA Holdings, Inc. (the Company) is incorporated in the Philippines to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose real and personal property of every kind and description. The registered office address of the Company is 5D Tower One, One McKinley Place, New Global Bonifacio City, Fort Bonifacio, Taguig City. The Company was registered with the Securities and Exchange Commission (SEC) on February 15, 2006.

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

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

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

No reportable segment information is presented as the Company's limited operations are adequately presented in the statements of comprehensive income.

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

Basis of Preparation
The Company's financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of following amendments and improvements to PFRS and Philippine Accounting Standards (PAS) which the Company adopted during the year:

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*.
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations.*
- PFRS 14, *Regulatory Deferral Account.*

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative*:
- PAS 16and PAS 41, *Agriculture - Bearer Plants.* PAS 41, *Agriculture*. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply.
- PAS 16and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*.
- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*.
- Annual Improvements to PFRS (2012-2014 cycle)
  - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal.*
  - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*.
  - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*.
  - PAS 19, *Employee Benefits- Regional Market Issue Regarding Discount Rate*.
  - PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*.

The adoption of these standards did not have any impact on the financial statements of the Company.

<u>Future Changes in Accounting Policies</u>
The Company will adopt the following PFRS when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS to have a significant impact on its financial statements.

Effective January 1, 2018

- PFRS 9, *Financial Instruments.* In July 2014, the International Accounting Standards Board (IASB) issued the final version of International Financial Reporting Standard (IFRS) 9, *Financial Instruments.* The new standard (renamed PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015.

- IFRS 15, *Revenue from Contracts with Customers*. IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption permitted.

Effective January 1, 2019

- IFRS 16,*Leases*. On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standard (IAS) 17, the current leases standard, and the related Interpretations.

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

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

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

With Deferred Effective Date

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

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3. **Summary of Significant Accounting Policies**

<u>Current versus Noncurrent Classification</u>

The Company presents assets and liabilities in statement of financial position based on current/noncurrent classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;

- Expected to be realized within twelve months after the reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when:

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

The Company classifies all other assets and liabilities as noncurrent.

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

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

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

Details as to how the fair value of assets and liabilities are measured are provided in Note 14.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity and a financial liability or equity instruments of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

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

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company has no financial asset and financial liabilities at FVPL, HTM investments and derivatives designated as hedging instruments in an effective hedge as at June 30, 2016 and December 31, 2015.

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

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

This category includes cash and cash equivalents and accounts receivable.

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

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

The Company’s AFS investment as at June 30, 2016 and December 31, 2015 consists of unquoted debt securities.

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

This category includes accounts payable and other current liabilities (excluding statutory payables), due to shareholders and dividends payable.

Derecognition of Financial Assets and Liabilities

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

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

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

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

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

Under the "pass-through" test, the Company is deemed to have transferred substantially the risks and rewards of the related investment in GMA. Accordingly, the investment in GMA and the related PDR liabilities have been derecognized under PAS 39, *Financial Instruments: Recognition and Measurement* (see Note 5).

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

<u>Impairment of Financial Assets</u>

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. An impairment exists of one or more events that occurred since the initial recognition of the asset (an incurred loss event), has an impact on the estimated future cash flows of the financial asset or a 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 where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

The amount of any impairment loss identified 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 EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. Interest income 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. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to interest expense in profit or loss.

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

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

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

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

Offsetting of Financial Instruments

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

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 dates of placement and are subject to an insignificant risk of change in value.

Other Current Assets

Other current assets includes prepaid taxes which represents prior year's excess tax credits from taxes withheld which are deductible from the Company's income tax payable, and input value-added tax (VAT).

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.

Revenue

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

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

Exercise Fees. Revenue is recognized upon conversion of PDRs to common shares.

Expenses

Expenses presented as "Operating expenses" account in the statements of comprehensive income are recognized as incurred.

Taxes

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

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

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

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

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

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

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

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or 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 or loss; and

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

Deferred income tax assets and liabilities are measured at the tax rates applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been to be enacted or substantively enacted at the reporting date.

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

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

Value Added Tax (VAT). Revenue, 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 “Other current assets” or “Accounts payable and other current liabilities” accounts in the statements of financial position.

Earnings Per Share (EPS)

Basic EPS amounts are calculated by dividing net income for the year by the weighted average number of ordinary shares outstanding during the year. The Company has no dilutive potential common shares outstanding, therefore, basic EPS is the same as diluted EPS.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Contingencies

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

Events after the Reporting Date

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

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4. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in compliance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be determinable under the circumstances.

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the 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 Company. Such changes are reflected in the assumptions when these occur.

Determining Fair Value of AFS Investment. The Company has no intention of selling its AFS investment in the near term. It is being held indefinitely and may be sold in response to liquidity requirements or changes in market condition.

The Company carries AFS investment at fair value. Since AFS investment cannot be derived from active markets, the fair value is determined using appropriate valuation technique, which is discounted cash flow methodology. The inputs to the model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair value.

The fair value of AFS investment is discussed in Note 14.

Impairment of AFS Investment. The Company follows the guidance of PAS 39 to determine when an available-for-sale investment is impaired. Judgment by management is required in the estimation of the amount and timing of future cash flows when determining if allowance is required. Such estimates are based on assumptions about a number of factors and actual results may differ. Allowance may be based on any deterioration in the internal rating of the investment since it was acquired. These internal ratings take into consideration factors such as any deterioration in risk, industry, and the financial health and near-term business outlook of the issuer, as well as identified structural weaknesses or deterioration in cash flows.

There was no provision for impairment losses as of June 30, 2016 and 2015. The carrying value of AFS investment amounted to ₱22.14 million and ₱20.81 million as at June 30, 2016 and December 31, 2015, respectively (see Note 7).

Estimating Realizability of Deferred Income Tax Assets. The Company's assessment on the recognition of deferred income tax assets on nondeductible temporary differences and carryforward benefits of NOLCO and excess MCIT is based upon the likely timing and level of forecasted taxable income in the subsequent periods. This forecast is based on the Company's future expectations on revenue and expenses.

The Company did not recognize deferred income tax assets as at June 30, 2016 and December 31, 2015, respectively as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 11).

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5. Philippine Deposit Receipts

On July 30, 2007 and August 21, 2007, the Company issued 822,115,000 and 123,317,000 PDRs relating to GMA shares, respectively. Total number of issued PDRs is 945,432,000 for a consideration of ₱8.50 per share or ₱8,036,172,000.

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

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

Upon exercise of the PDRs, an exercise price of ₱0.05 (VAT inclusive) per share shall be paid by the PDR holders. The exercise price is shown as “Exercise fees” account in the statements of profit or loss. Exercise fees amounted to ₱0.03 million, ₱0.07 million and nil for the six-month period ended June 30, 2016, 2015 and 2014, respectively.

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

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

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

Under the “pass-through” test, the Company is deemed to have transferred substantially the risks and rewards of its investment in GMA. Accordingly, the investment in GMA and the liabilities related to the issuance of the PDRs are not recognized by the Company.

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

	PDRs		Number of Shares	
	2016	2015	**2016**	2015
Balance at beginning of year	**₱7,193,967,350**	₱7,210,932,500	**846,349,100**	848,345,000
Exercise of PDRs	**(4,848,400)**	(13,724,950)	**(570,400)**	(1,614,700)
Balance at end of year	**₱7,189,118,950**	₱7,197,207,550	**845,778,700**	846,730,300

On April 8, 2016, the Company's BOD approved a cash distribution to PDR holders of ₱0.40 per share, in relation to dividends declared by GMA to all shareholders of record as at April 25, 2016. On the same date, the BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting its operating expenses and approved the use of the interest income from its cash and cash equivalents and AFS investment to cover for these expenses. The cash dividends were remitted to PRD holders on May 17, 2016.

On March 30, 2015, the Company approved a cash distribution to PDR holders of ₱0.25 per share, in relation to dividends declared by GMA, totaling to ₱211.75 million to all shareholders of record as at April 24, 2015. On April 17, 2015, the BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company's 2015 projected operating expenses. Such expenses shall be covered by the interest income from the Company's cash and cash equivalents and AFS investment. The cash dividends were remitted to PDR holders on May 19, 2015.

The Company retains the right to receive cash flows from its investments in GMA but it also assumes a contractual obligation to pay those cash flows to the PDR holders which is considered a "pass-through" arrangement. Thus, the Company did not recognize the dividend income received from GMA arising from the acquisition and holding of the underlying shares of GMA in its financial statements.

6. Cash and Cash Equivalents

	June 30, 2016 Unaudited	December 31, 2015 Audited
Cash on hand and in banks	**₱1,087,061**	₱722,018
Short-term deposits	**24,995,703**	26,124,523
	₱26,082,764	₱26,846,541

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

Interest income earned from cash in banks and short-term deposits amounted to ₱0.45 million, ₱0.46 million, and ₱0.58 million for the six-month period ended June 30, 2016, 2015 and 2014, respectively.

7. Available-for-Sale Investment

In 2014, the Company purchased at par a ten-year UBP Tier Note with a face value of ₱21.00 million bearing a fixed interest rate of 5.38%. The maturity date of this note is on February 20, 2025.

Interest income earned on the UBP Tier II Note amounted to ₱0.56 million, ₱0.56 million and nil for the six-month period ended June 30, 2016, 2015 and 2014, respectively.

The movement in AFS investment is as follows:

	June 30, 2016 Unaudited	December 31, 2015 Audited
Balance at beginning of year	**₱20,805,523**	₱21,759,216
Change in fair value	**1,337,824**	(953,693)
Balance at end of period	**₱22,143,347**	₱20,805,523

Movement of net unrealized gain (loss) on AFS investment is as follows:

	June 30, 2016 Unaudited	December 31, 2015 Audited
Balance at beginning of year	**(₱194,477)**	₱531,451
Gain (loss) due to changes in fair market value of AFS investment	**1,337,824**	(953,693)
Tax effect of the changes in fair market values	**(401,347)**	227,765
Balance at end of period	**₱742,000**	(₱194,477)

8. Accounts Payable and Other Current Liabilities

	June 30, 2016 Unaudited	December 31, 2015 Audited
Accounts payable	**₱9,241**	₱8,881
Accrued expenses:		
Professional and trust fees	**292,045**	350,000
Others	**2,461**	2,261
Output VAT	**2,870**	–
Deferred output VAT	**2,803**	2,618
Dividends payable	–	2,419
	₱309,420	₱366,179

Accounts payable and accrued expenses are noninterest-bearing and are normally settled within the next financial year. Accrued expenses represent audit fees, retainer fees and miscellaneous expenses.

9. Equity

a. Capital Stock

The Company has 10,000 authorized, subscribed and issued common shares with ₱10.00 par value per share.

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

Date of SEC Approval	Authorized Number of Shares	Number of Issued Shares	Issue/ Offer Price
July 30, 2007	945,432,000	945,432,000	₱8.50

b. Retained Earnings

On April 8, 2016, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱0.60 million to all stockholders of record as at April 29, 2016.

On March 30, 2015, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱0.50 million to all stockholders of record as at December 31, 2014.

10. Operating Expenses

The components of the company's operating expenses for the six-month period ended June 30, 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Listing fees	**₱307,032**	₱288,023	₱345,148
Professional fees	**212,045**	263,245	157,500
Taxes and licenses	**15,755**	10,191	21,394
Transportation	**1,430**	393	-
PDR conversion expenses	**1,069**	2,116	-
Miscellaneous	**3,400**	4,140	25,523
	₱540,731	₱568,108	₱549,565

11. Income Taxes

The components of the Company's provision for current income tax for the six-month period ended June 30, 2016, 2015 and 2014 are as follows:

	2016	2015	2014
Final tax interest	**₱202,069**	₱204,489	₱115,646
MCIT	**509**	1,442	–
	₱202,578	₱205,931	₱115,646

In 2015, deferred income tax asset amounting to ₱0.23 million was partially recognized to offset against deferred income tax liability of the same amount arising from unrealized gain on AFS investment. As at June 30, 2016 and December 31, 2015, deferred income tax liability amounting to ₱0.40 million and nil, respectively, is presented under noncurrent liability in the statements of financial position.

12. Related Party Disclosures

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

Terms and Conditions of Transactions with Related Parties

Transactions with related parties have been entered into at terms no less favorable than could have been obtained if the transactions were entered into with unrelated parties. In first semester of 2016 and as at December 31, 2015, no transactions have been entered into by the Company with its related parties:

Category	Year	Amount/Volume of Transactions	Due to Shareholders	Terms	Conditions
Shareholders					
Portion of proceeds retained from issuance of PDRs	**2016**	**₱–**	**₱47,271,600**	Upon demand, non-interest bearing	Unsecured, settled in cash
	2015	–	47,271,600		

The outstanding balance of “Due to shareholders” account in the statements of financial position pertains to ₱0.05per PDR portion of the original proceeds retained by the Company, as the PDR issuer, in consideration for the rights granted under the PDRs. This amount will be used for the liquidation of expenses related to the issuance of the PDRs. Any excess is to be remitted to the selling shareholders.

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

13. Financial Risk Management Objectives and Policies

The Company’s principal financial instruments include cash and cash equivalents and AFS investment. The main purpose of these financial instruments is to finance the Company’s operations. The Company has other financial assets and liabilities such as accounts receivable, accounts payable and other current liabilities (excluding statutory payables) and due to shareholders, which arise directly from its operations.

The main risks arising from the Company’s financial statements are as follows:

- *Liquidity risk*. Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments.
- *Interest rate risk*. Fixed rate financial instrument is subject to fair value interest rate risk.
- *Credit risk*. Credit risk arises from default of the counterparty.

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

Liquidity Risk

The Company's objective in liquidity management is to ensure that the Company has sufficient liquidity to meet obligations under normal and adverse circumstances and is able to take advantage of investment opportunities as they arise.

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

The table below summarizes the maturity profile of the Company's financial assets used for liquidity risk management purposes and financial liabilities based on contractual undiscounted payments as at June 30, 2016 and December 31, 2015:

	As at June 30, 2016 (Unaudited)			
	On Demand	**3 to 12 Months**	**More than 1 year**	**Total**
Financial Assets				
Cash and cash equivalents	**₱26,082,764**	**₱–**	**₱–**	**₱26,082,764**
Accounts receivable	**–**	**175,007**	**9,380**	**184,387**
AFS investment	**–**	**–**	**22,143,347**	**22,143,347**
	₱26,082,764	**₱175,007**	**₱22,152,727**	**₱48,410,498**
Financial Liabilities				
Accounts payable and other current liabilities*	**₱303,747**	**₱–**	**₱–**	**₱303,747**
Due to shareholders	**47,271,600**	**–**	**–**	**47,271,600**
	₱47,575,347	**₱–**	**₱–**	**₱47,575,347**

**Excluding deferred output VAT and VAT payable amounting to ₱5,673 as at June 30, 2016.*

	As at December 31, 2015 (Audited)			
	On Demand	3 to 12 Months	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	₱26,846,541	₱–	₱–	₱26,846,541
Accounts receivable	–	190,135	9,380	199,515
AFS investment	–	–	20,805,523	20,805,523
	₱26,846,541	₱190,135	₱20,814,903	₱47,851,579
Financial Liabilities				
Accounts payable and other current liabilities*	₱363,561	₱–	₱–	₱363,561
Due to shareholders	47,271,600	–	–	47,271,600
	₱47,635,161	₱–	₱–	₱47,635,161

**Excluding deferred output VAT amounting to ₱2,618 as at December 31, 2015.*

Interest Rate Risk
The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's AFS investment which is subject to fair value interest rate risk.

Fair Value Interest Rate Risk. Fixed rate financial instruments are subject to this risk. The Company's AFS investment earns interest at a fixed rate of 5.38% throughout the period of investment.

The following table below demonstrates the sensitivity of fair value changes due to possible change in interest rates with all other variables held constant (through the impact on other comprehensive income).

	Increase (Decrease) in Basis Points	Effect on Equity	
		June 30, 2016	December 31, 2015
AFS investment	50	**(₱245,074)**	(₱931,494)
	(50)	**1,253,819**	577,078

Credit Risk
Credit risk arising from cash and cash equivalents and AFS investment, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instruments. It is the Company's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Company has an internal mechanism to monitor the granting of credit and management of credit exposures. The Company has made provisions, where necessary, for potential losses on credits extended. The Company does not require any collateral for its financial assets.

As at June 30, 2016 and December 31, 2015, the financial assets are generally viewed by management as good and collectible considering the credit history of the counterparties. Past due or impaired financial assets are very minimal in relation to the Company's total financial assets.

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

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

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

The Company classified its cash and cash equivalents (excluding cash on hand) and AFS investment as high grade financial assets as at June 30, 2016 and December 31, 2015.

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

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

No changes were made in the objectives, policies or processes as at June 30, 2016 and for the two years ended December 31, 2015 and 2014.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱0.47 million and ₱0.78 million as at June 30, 2016 and December 31, 2015, respectively.

14. Financial Assets and Liabilities

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

Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Other Current Liabilities (excluding Statutory Payables) and Due to Shareholders
The carrying amounts of these financial instruments approximate their fair values due to the short-term maturities of these financial instruments.

AFS Investment
The estimated fair value of AFS debt investment is based on the discounted values of future cash flows. The discount rates used are based on the spot yield curve calculated from the market yields plus counterparty's credit spread. The fair value is under level 3 of the fair value hierarchy.

The following table below demonstrates the sensitivity of credit spread (through the impact on other comprehensive income).

	Increase (Decrease) in Basis Points	Effect on Equity	
		June 30, 2016	December 31, 2015
AFS investment	50	**(₱588,948)**	(₱592,292)
	(50)	**610,009**	614,393

15. Basic/Diluted Earnings (Loss) Per Share Computation

Basic/diluted EPS is computed as follows:

	June 30, 2016	June 30, 2015	June 30, 2014
Net income (loss) attributable to equity holders (a)	**₱292,500**	₱320,490	(₱86,982)
Common shares issued at beginning and end of year (b)	**10,000**	10,000	10,000
Basic/diluted earnings (loss) per share (a/b)	**₱29.25**	₱32.05	(₱8.70)

The Company has no dilutive potential common shares outstanding therefore basic EPS is same as diluted EPS.

SCHEDULE OF FINANCIAL RATIOS

Financial Ratios	**Description**	**June 30, 2016 Unaudited**	**December 31, 2015 Audited**
Current/liquidity ratio	Current assets over current liabilities	0.57	0.58
Asset to equity ratio	Total asset over total equity	40.67	83.06
Debt to equity ratio	Total liabilities over total equity	39.67	82.06

		June 30, 2016 Unaudited	**June 30, 2015 Unaudited**	**June 30, 2014 Unaudited**
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	48%	48%	5%

OTHER FINANCIAL INFORMATION

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

SIGNATURES

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

Issuer: **GMA HOLDINGS, INC.**

By:

FELIPE S. YALONG
Chief Operating Officer/Chief Financial Officer

RONALDO P. MASTRILI
Comptroller/Chief Accounting Officer

August 15, 2016