

COVER SHEET

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SEC Registration Number

G M A H O L D I N G S , I N C .

(Company's Full Name)

5 D T o w e r O n e , O n e M c K i n l e y P l a c e
N e w G l o b a l B o n i f a c i o C i t y , F o r t
B o n i f a c i o , T a g u i g C i t y

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

Mr. Ronaldo P. Mastrili

(Contact Person)

982-7777

(Group Telephone Number)

0 9 3 0

Month Day

1 7 - Q

(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

7

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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, 2017**
- 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

<u>Title of Each Class</u>	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding.....
Philippine Depository Receipts (PDRs)	824,307,900 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 NINE MONTHS ENDED SEPTEMBER 30, 2017

GMA Holdings Inc. ended the nine-month period of 2017 with a net income of ₱2.07 million, 194% higher than last year's net income of ₱705 thousand, as a result of higher exercise fees coupled with lower operating expenses.

Year-to-date revenues registered higher at ₱3.51 million versus last year's ₱1.85 million, due to higher exercise fees of ₱2.08 million generated from the conversion of 46,523,200 PDR shares to common shares as compared to ₱332 thousand exercise fees from 7,437,900 PDR shares converted in 2016. On the other hand, interest income decreased to ₱1.43 million from last year's ₱1.52 million due to lower interest rate on the cash placement with Unicapital.

For the nine months ended September 30, 2017, operating expenses concluded at ₱755 thousand vis-à-vis ₱832 thousand in 2016 mainly due to lower listing fees and professional fees, partly negated by higher miscellaneous expenses, PDR conversion expenses, and taxes and licenses. This year's listing fees of ₱373 thousand went down by ₱87 thousand from last year's ₱461 thousand as a result of lower market cap. The ₱124 thousand unexpired portion of listing fee was presented under "Other current assets" in the statement of financial position. Also, professional fees for the nine-month period of 2017 amounted to ₱307 thousand, a decrease of 3% as compared with ₱318 thousand in 2016, which included accrual of audit fee, BDO trust fee and BGE professional fee.

Year-to-date miscellaneous expenses totaled ₱41 thousand, 46% more than last year's ₱28 thousand mainly due to higher meal charges during annual stockholders meeting. Moreover, PDR conversion fees for the nine months ended September 30, 2017 increased to ₱8 thousand versus last year's ₱3 thousand, due to higher number of PDR shares converted to common shares this year versus last year. Meanwhile, taxes and licenses representing amortization of local business tax for the nine-month period of 2017, went up to ₱26 thousand from ₱24 thousand in comparative period due to higher 2016 revenue which is the tax base for 2017 payment.

Financial Condition

Total assets as of September 30, 2017 amounted to ₱50.01 million, higher by 3% from ₱48.71 million as of end-2016 primarily due to the increase in cash and cash equivalents, on account of interest received from Unicapital cash placement. Receivables also increased subsequent to higher exercise fees.

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 September 30, 2017, 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 September 30, 2017, 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 September 30, 2017.

- 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, 2017 to September 30, 2017, 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 September 30, 2017, there were no known trends, events or uncertainties that were 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 September 30, 2017, 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.

Statements of Financial Position [September 30, 2017 (Unaudited) vs. December 31, 2016 (Audited)]

- Current assets increased by ₱1.30 million to ₱29.18 million, mainly as a result of the increase in cash and cash equivalents, on account of interest received from Unicapital cash placement.
- Current liabilities increased by ₱228 thousand to ₱47.91 million due to higher income tax payable resulting from higher exercise fees.

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

As of September 30, 2017, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

GMA HOLDINGS, INC.**STATEMENTS OF FINANCIAL POSITION**

	September 30, 2017 Unaudited	December 31, 2016 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 13 and 14)	₱ 27,512,410	₱26,888,153
Accounts receivable (Notes 13 and 14)	992,460	555,810
Other current assets	679,661	441,598
Total Current Assets	29,184,531	27,885,561
Noncurrent Asset		
Available-for-sale investment (Notes 7, 13 and 14)	20,825,264	20,825,264
	₱ 50,009,795	₱48,710,825
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 8, 13 and 14)	₱ 435,188	₱400,523
Due to shareholders (Notes 12, 13 and 14)	47,271,600	47,271,600
Income tax payable	199,961	3,526
Dividends payable	-	2,689
Total Liabilities	47,906,749	47,678,338
Equity		
Capital stock (Note 9)	100,000	100,000
Retained earnings (Note 9)	2,177,782	1,107,223
Unrealized loss on available-for-sale investment (Note 7)	(174,736)	(174,736)
Total Equity	2,103,046	1,032,487
	₱ 50,009,795	₱48,710,825

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.**UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME**

	3rd Quarter Ended September 30			Nine Months Ended September 30		
	2017	2016	2015	2017	2016	2015
REVENUES						
Interest income (Notes 6 and 7)	₱476,304	₱505,108	₱627,476	₱1,431,813	₱1,515,454	₱1,537,045
Exercise fees (Note 5)	672,683	306,585	3,580	2,076,929	332,049	75,665
	1,148,987	811,693	631,056	3,508,742	1,847,503	1,612,710
OPERATING EXPENSES (Note 10)	272,500	291,738	268,343	755,345	832,469	836,451
INCOME BEFORE INCOME TAX	876,487	519,955	362,713	2,753,397	1,015,034	776,259
PROVISION FOR INCOME TAX (Note 11)	295,222	107,153	215,866	682,839	309,732	308,922
NET INCOME	581,265	412,802	146,847	2,070,558	705,302	467,337
OTHER COMPREHENSIVE INCOME (LOSS) <i>Items to be reclassified to profit or loss in subsequent periods-</i>						
Unrealized gain (loss) on available-for-sale investment - net of tax (Note 7)	-	59,032	435,277	-	995,509	(21,275)
TOTAL COMPREHENSIVE INCOME	₱581,265	₱471,834	₱582,124	₱2,070,558	₱1,700,811	₱446,062
Basic/Diluted Earnings Per Share (Note 15)	₱58.13	₱41.28	₱14.68	₱207.06	₱70.53	₱46.73

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 (loss) on Available-for-sale Investment - Net of Tax (Note 7)	Total Equity
Balances as at January 1, 2017	₱100,000	₱1,107,224	(₱174,736)	₱1,032,488
Net income	-	2,070,558	-	2,070,558
Total comprehensive income	-	2,070,558	-	2,070,558
Cash dividends (Note 9)	-	(1,000,000)	-	(1,000,000)
Balances as at September 30, 2017	₱100,000	₱2,177,782	(₱174,736)	₱2,103,046
Balances as at January 1, 2016	₱100,000	₱675,007	₱ (194,477)	₱580,530
Net income	-	705,302	-	705,302
Other comprehensive income	-	-	995,509	995,509
Total comprehensive income	-	705,302	995,509	1,700,811
Cash dividends (Note 9)	-	(600,000)	-	(600,000)
Balances as at September 30, 2016	₱100,000	₱780,309	₱801,032	₱1,681,341
Balances as at January 1, 2015	₱100,000	₱539,814	₱531,451	₱1,171,265
Net income	-	467,337	-	467,337
Other comprehensive loss	-	-	(21,275)	(21,275)
Total comprehensive income (loss)	-	467,337	(21,275)	446,062
Cash dividends	-	(500,000)	-	(500,000)
Balances as at September 30, 2015	₱100,000	₱507,151	₱510,176	₱1,117,327

See accompanying Notes to Financial Statements.

GMA HOLDING INC.**UNAUDITED STATEMENTS OF CASH FLOWS**

	3rd Quarter Ended September 30			Nine Months Ended September 30		
	2017	2016	2015	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱876,486	₱519,956	₱249,840	₱2,753,397	₱1,015,034	₱776,259
Adjustment for interest income (Notes 6 and 7)	(476,304)	(505,109)	(514,601)	(1,431,813)	(1,515,454)	(1,537,045)
Operating income (loss) before working capital changes	400,182	14,847	(264,761)	1,321,584	(500,420)	(760,786)
Decrease (increase) in:						
Accounts receivable	(253,085)	(190,045)	107,325	(404,325)	(191,774)	26,589
Other current assets	1,389	159,086	205,761	(438,103)	(256,069)	(212,536)
Increase (decrease) in:						
Accounts payable and other current liabilities	48,203	106,285	(11,098)	31,976	49,526	75,790
Cash flows provided by (used in) operations	196,689	90,173	37,227	511,132	(898,737)	(870,943)
Interest received	429,114	450,929	453,973	1,399,488	1,478,131	1,491,830
Income taxes paid	(95,261)	(101,022)	(102,991)	(286,363)	(303,091)	(308,922)
Net cash provided by operating activities	530,542	440,080	388,209	1,624,257	276,303	311,965
CASH FLOW FROM FINANCING ACTIVITY						
Payment of cash dividends (Note 9)	-	-	-	(1,000,000)	(600,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	530,542	440,080	388,209	624,257	(323,697)	311,965
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,981,868	26,082,764	26,588,977	26,888,153	26,846,541	26,665,221
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Notes 6, 13 and 14)	₱27,512,410	₱26,522,844	₱26,977,186	₱27,512,410	₱26,522,844	₱26,977,186

See accompanying Notes to Financial Statements.

GMA HOLDINGS, INC.

NOTES TO 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), a company under common control.

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, Statement of Compliance and Changes in Accounting Policies and Disclosures

Basis of Preparation

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.

Statement of Compliance

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendment to PFRS 12, *Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. Application of amendments will result in additional disclosures in the 2017 financial statements of the Company.
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted.

Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements to have a significant impact on its financial statements. The Company intends to adopt the following pronouncements when these become effective.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
- PFRS 15, *Revenue from Contracts with Customers*

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

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

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

- PFRS 9, *Financial Instruments*

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

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of adopting this standard.

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

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

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*

Deferred effectivity

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

3. Summary of Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in statements 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 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. At each reporting date, the management analyzes the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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.

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.

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.

Financial Assets

Initial Recognition and Measurement

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

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

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVPL
- Loans and receivables
- HTM investments
- AFS financial assets

The Company has no financial assets at FVPL and HTM investments as at September 30, 2017 and December 31, 2016.

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

This category includes cash and cash equivalents and accounts receivable.

AFS Investments. The Company's AFS financial asset pertains to debt securities. 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 to the AFS reserve until the investment is derecognized, at which time, the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the 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 its 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 asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

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

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

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 comprehensive income. Interest income continues to be accrued on the reduced carrying amount 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 other income in the statement of comprehensive income.

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.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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.

This category includes accounts payable and other current liabilities (excluding deferred output VAT) and due to shareholders.

Subsequent Measurement

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

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

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

Derecognition

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

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.

Other Current Assets

Other current assets include input VAT and prepaid taxes which represent prior year's excess tax credits from taxes withheld and are deductible from the Company's income tax payable.

Equity

Capital Stock. 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.

Retained Earnings. Retained earnings represent the Company's accumulated earnings, net of dividends declared.

Dividends. The Company recognizes a liability to make cash distribution to its equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Philippines, a distribution is authorized when it is approved by the BOD. A corresponding amount is recognized directly in the equity. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting date.

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 payment is 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 statement 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 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:

- When 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:

- When 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.

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 statement 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.

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 AFS 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 loss as of September 30, 2017 and 2016. The carrying value of AFS investment amounted to ₱20.83 million as at September 30, 2017 and December 31, 2016 (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 September 30, 2017 and December 31, 2016, respectively as management believes that sufficient taxable profit will not be available against which the deductible temporary differences can be utilized (see Note 11).

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 statement of comprehensive income. Exercise fees amounted to ₱2.08 million, ₱0.33 million and ₱0.08 million for the nine-month period ended September 30, 2017, 2016 and 2015, 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 nine months ended September 30:

	PDRs		Number of Shares	
	2017	2016	2017	2016
Balance at beginning of year	₱7,097,177,850	₱7,193,967,350	834,962,100	846,349,100
Exercise of PDRs	(395,447,200)	(63,222,150)	(46,523,200)	(7,437,900)
Balance at end of year	₱6,701,730,650	₱7,130,745,200	788,438,900	838,911,200

On April 8, 2016, the Company's BOD approved a cash distribution to PDR holders of ₱0.40 per share totaling to ₱338.54 million, in relation to dividends declared by GMA to all shareholders of record as at April 25, 2016. These were remitted to the PDR holders on May 17, 2016.

On March 27, 2017, the Company's BOD approved a cash distribution to PDR holders of ₱0.73 per share totaling ₱594.82 million, in relation to dividends declared by GMA to all shareholders of record as at April 20, 2017. These were remitted to the PDR holders on May 16, 2017.

The BOD approved a resolution to pass on the entire amount of the cash dividends received from GMA without deducting the Company's 2017 and 2016 projected operating expenses on March 27, 2017 and April 8, 2016, respectively. Such expenses shall be covered by the interest income from the Company's cash and cash equivalents and AFS investment.

6. Cash and Cash Equivalents

	September 30, 2017	December 31, 2016
	Unaudited	Audited
Cash on hand and in banks	₱1,734,901	₱1,540,880
Short-term deposits	25,777,509	25,347,273
	₱27,512,410	₱26,888,153

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 ₱0.59 million, ₱0.67 million, and ₱0.69 million for the nine-month period ended September 30, 2017, 2016 and 2015, 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 from the UBP Tier Note amounted to ₱0.84 million for the nine-month period ended September 30, 2017 and 2016. While, ₱0.85 million for the nine-month period ended September 30, 2015.

The movement in AFS investment is as follows:

	September 30, 2017	December 31, 2016
	Unaudited	Audited
Balance at beginning of year	₱20,825,264	₱20,805,523
Change in fair value	-	19,741
Balance at end of period	₱20,825,264	₱20,825,264

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

	September 30, 2017 Unaudited	December 31, 2016 Audited
Balance at beginning of year	(P174,736)	(P194,477)
Gain due to changes in fair market value of AFS investment	-	19,741
Balance at end of period	(P174,736)	(P174,736)

8. Accounts Payable and Other Current Liabilities

	September 30, 2017 Unaudited	December 31, 2016 Audited
Accounts payable	P11,570	P9,643
Accrued expenses:		
Professional and trust fees	124,205	342,857
Others	4,361	3,702
VAT and withholding tax	295,052	44,321
	P435,188	P400,523

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, issued and outstanding common shares with P10.00 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	P8.50

b. Retained Earnings

On April 8, 2016, the Company's BOD approved the Company's declaration and distribution of cash dividends amounting to P0.60 million to all shareholders of record as at April 25, 2016 and were paid on May 17, 2016.

On March 27, 2017, the BOD approved the Company's declaration and distribution of cash dividends amounting to ₱1.00 million to all stockholders of record as at April 10, 2017 and were paid on May 9, 2017.

10. Operating Expenses

The components of the company's operating expenses for the nine-month period ended September 30 are as follows:

	2017	2016	2015
Listing fees	₱373,269	₱460,548	₱432,034
Professional fees	307,115	318,068	369,268
Miscellaneous	40,548	27,699	17,746
Taxes and licenses	26,259	23,632	15,287
PDR conversion expenses	8,154	2,522	2,116
	₱755,345	₱832,469	₱836,451

11. Income Taxes

The components of the Company's provision for current income tax for the nine-month period ended September 30 are as follows:

	2017	2016	2015
MCIT	₱396,476	₱6,641	₱1,513
Final tax interest	286,363	303,091	307,409
	₱682,839	₱309,732	₱308,922

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.

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 January to September of 2017 and as at December 31, 2016, the Company's financial statements include the following amounts resulting from the transactions with its related parties:

Category	Year	Amount/Volume of Transactions	Due to Shareholders	Terms	Conditions
Shareholders					
Portion of proceeds retained from issuance of PDRs	2017	-	47,271,600	On demand, non-interest bearing	Unsecured
	2016	-	47,271,600		
Belo, Gozon, Elma Law Firm	2017	(199,902)	67,955	On demand, non-interest bearing	Unsecured
	2016	67,857	267,857		

The outstanding balance of "Due to shareholders" account in the statements of financial position pertains to ₱0.05 per 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 deferred output VAT) 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 September 30, 2017 and December 31, 2016:

	As at September 30, 2017 (Unaudited)			Total
	On Demand	3 to 12 Months	More than 1 year	
Financial Assets				
Cash and cash equivalents	₱27,512,410	₱-	₱-	₱27,512,410
Accounts receivable	992,460	-	-	992,460
AFS investment	-	879,968	19,945,296	20,825,264
	₱28,504,870	₱879,968	₱19,945,296	₱49,330,134
Financial Liabilities				
Accounts payable and other current liabilities*	₱140,136	₱-	₱-	₱140,136
Due to shareholders	5,523,495	41,748,105	-	47,271,600
	₱5,663,631	₱41,748,105	₱-	₱47,411,736

*Excluding VAT and withholding tax amounting to ₱295,052 as at September 30, 2017.

	As at December 31, 2016 (Audited)			Total
	On Demand	3 to 12 Months	More than 1 year	
Financial Assets				
Cash and cash equivalents	₱26,888,153	₱-	₱-	₱26,888,153
Accounts receivable	555,810	-	-	555,810
AFS investment	-	879,968	19,945,296	20,825,264
	₱27,443,963	₱879,968	₱19,945,296	₱48,269,227
Financial Liabilities				
Accounts payable and other current liabilities*	₱356,202	₱-	₱-	₱356,202
Due to shareholders	5,523,495	41,748,105	-	47,271,600
	₱5,879,697	₱41,748,105	₱-	₱47,627,802

*Excluding VAT amounting to ₱44,321 as at December 31, 2016.

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	
		September 30, 2017	December 31, 2016
AFS investment	50	(₱653,500)	(₱653,500)
	(50)	709,352	709,352

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 credit worthy 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 will make provisions, when necessary, for potential losses on credits extended. The Company does not require any collateral for its financial assets.

As at September 30, 2017 and December 31, 2016, the financial assets are generally viewed by management as good and collectible considering the credit history of the counterparties. No financial assets were identified by the Company as past due or impaired 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 September 30, 2017 and December 31, 2016.

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 September 30, 2017 and for the two years ended December 31, 2016 and 2015.

The Company's capital management is undertaken by GMA. The Company's capital includes the total equity, before other comprehensive income, which amounted to ₱2.28 million and ₱1.21 million as at September 30, 2017 and December 31, 2016, respectively.

14. Financial Assets and Liabilities

The following methods and assumptions were 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, Other current assets, Accounts payable and other current liabilities (excluding Deferred output VAT), Due to Shareholders and Income tax payable. 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 were based on the spot yield curve derived from government securities of different tenors plus an estimate of the counterparty's credit spread, which is based on the counterparty's credit rating. The fair value is under level 2 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	
		September 30, 2017	December 31, 2016
AFS investment	50	(₱536,113)	(₱536,113)
	(50)	554,042	554,042

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

Basic/diluted EPS for the nine-month period ended September 30 are computed as follows:

	2017	2016	2015
Net income attributable to equity holders (a)	₱2,070,558	₱705,302	₱467,337
Common shares issued at beginning and end of year (b)	10,000	10,000	10,000
Basic/diluted earnings per share (a/b)	₱207.06	₱70.53	₱46.73

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

SCHEDULE OF FINANCIAL RATIOS

Financial Ratios	Description	September 30, 2017 Unaudited	December 31, 2016 Audited	
Current/liquidity ratio	Current assets over current liabilities	0.61	0.58	
Asset to equity ratio	Total asset over total equity	23.78	47.18	
Debt to equity ratio	Total liabilities over total equity	22.78	46.18	
		September 30, 2017 Unaudited	September 30, 2016 Unaudited	September 30, 2015 Unaudited
Return on equity	Net income over total equity	98%	42%	42%
Return on asset	Net income over total assets	4%	1.4%	0.9%
EBITDA margin	Earnings before interest, tax and depreciation and amortization over total revenue	78%	55%	48%

OTHER FINANCIAL INFORMATION

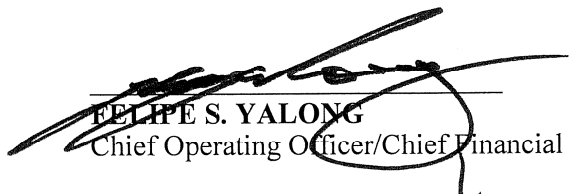
The Company has no other information that needs to be disclosed other than disclosures made under SEC Form 17-C, if any.

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 R. MASTRILI
Comptroller/Chief Accounting Officer


November 16, 2017