COVER SHEET

5213
SEC Registration Number

GMA NETWORK, INC.

(Group's Full Name)

GMA Network Center, Timog Avenue corner EDSA, Quezon City

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

Mr. Ronaldo P. Mastrili
(Contact Person)

982-7777
(Group Telephone Number)

09 30
Month *Day*
(Fiscal Year)

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

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2008**

2. SEC Identification Number **5213**

3. BIR Tax Identification No. **000-917916-000V**

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

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

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

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding……………..
Common Stock, P1 par value	**3,361,047,000 shares**

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

    Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

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Management Discussion and Analysis of Financial Condition and Results of Operations for the Nine Months Ended September 30, 2008.

GMA Network, Inc. remains resilient and continues to be the undisputed No. 1 TV station in terms of profits and ratings in Mega Manila, amidst the recent global financial and economic crunches. Revenues recorded for the nine-month period reached an all-time high of ₱9.4 billion, 6% higher than the ₱8.8 billion posted in the same period in 2007 which included political ads of more than ₱500 million. Excluding this non-recurring revenue, top line would have grown by 13% or ₱1.1 billion.

	9M '08 *(in millions)*	9M '07 *(in millions)*	Inc/(Dec)	%
Statement of Income Data:				
Revenue				
Television and radio airtime	**8,800.4**	8,330.9	469.5	6%
Production and others	**563.4**	486.9	76.5	16%
	9,363.8	8,817.8	546.0	6%
Less: Revenue Deductions				
Agency and marketing commissions	**1,343.3**	1,280.8	62.4	5%
Co-producers' share	**127.6**	117.2	10.3	9%
Net Revenue	**7,893.0**	7,419.8	473.2	6%
Production Costs	**2,863.4**	2,851.2	12.2	0%
Gross Profit	**5,029.5**	4,568.6	461.0	10%
General and Administrative Expenses	**(2,230.6)**	(1,954.0)	(276.7)	14%
Interest Expense and Financing Charges	**(8.7)**	(17.1)	8.3	-49%
Interest Income	**58.9**	41.0	17.9	44%
Other Income	**54.8**	40.0	14.8	37%
Income Before Income Tax	**2,903.9**	2,678.5	225.3	8%
Provision for Income Tax	**943.3**	889.7	53.7	6%
Net Income	**1,960.5**	1,788.9	171.7	10%
Earnings Per Share				
Basic	**0.403**	0.397		
Diluted	**0.403**	0.397		

Revenues

Gross revenues, consisting of airtime revenues from television and radio, subscription revenue from international, and other revenues, improved by 6% or ₱546 million, sealing 9M performance at ₱9,364 million from ₱8,818 million in 2007.

Airtime revenues from TV and radio, which made up 94% of total revenues, hiked by ₱470 million or 6%, notwithstanding the absence of political ads amounting to roughly ₱500 million in 2007. While airtime revenues from Ch-7 continued to lead the pack – contributing 88% of gross revenues for the nine-month period – top-line contribution from relatively new businesses are slowly making their presence felt. QTV, the Network's second VHF channel, posted an increase of ₱58 million or 26% vs. last year. Revenues from international operations and other sources, on the other hand, grew 16% to ₱563 million, an increase of ₱76 million driven by the sustained growth in subscriber base for GMA Pinoy TV as well as from the launch of the second international channel GMA Life TV early this year.

	9M '08 *(in millions)*	9M '07 *(in millions)*	Inc/(Dec)	%
Television and radio airtime	**8,800.4**	8,330.9	469.5	6%
Production and others	**563.4**	486.9	76.5	16%
Gross revenues	**9,363.8**	8,817.8	546.0	6%

Expenses

Total operating expenses, which included production cost and general and administrative expenses, were up 6% to ₱5,094 million compared to last year's ₱4,805 million.

Production-related expenses remained flat YoY at ₱2,863 million. The 6% escalation in cash production cost was mainly an effect of the introduction of more in-house-produced shows this year vice canned programs. Nevertheless, this was more than offset by the decline in amortization of program rights brought about by the changes in programming mix for Ch 7 and by airing popular and classic reruns of *Koreanovelas* on QTV.

Production Costs	9M '08 *(in millions)*	9M '07 *(in millions)*	Inc/(Dec)	%
Talent fees	**1,504.1**	1,372.4	131.7	10%
Rentals and outside services	**394.7**	377.7	17.0	4%
Other program expenses	**606.9**	615.3	(8.4)	-1%
Sub-total - cash production cost	**2,505.6**	2,365.3	140.3	6%
Program Rights amortization	**357.8**	485.9	(128.1)	-26%
Total production cost	**2,863.4**	2,851.2	12.2	0%

Meanwhile, consolidated general and administrative expenses (GAEX) amounted to ₱2,231 million reflecting an increase of 14% or ₱277 million vs. last year. Intensified efforts and resources were poured in advertising and promotions, and research and survey services with the aim of upholding and entrenching the Network's No. 1 ratings position in Mega Manila and in the nationwide setting.

Personnel cost amounted to ₱856 million, representing an increase of 4% or ₱31 million, from last year's ₱824 million. The moderate increase resulted from the net effect of the one-time collective bargaining agreement (CBA) signing bonus granted in 2007. This partly mitigated the increase in salary base for rank & file employees coming from the aforementioned CBA and annual performance increase for confidential employees, on top of the y-o-y augmentation in manpower complement.

Outside services, consisting of advertising and promotions, management and professional fees, and sales incentives, jumped by 45% or ₱107 million primarily due to higher spending on promotional activities to further establish the Network's presence in the regions, as well as due to more intensive marketing campaigns for international operations in relation to the launch of its second channel, and other events in order to build and sustain brand image and equity for its existing Pinoy TV channel.

Taxes and licenses nearly doubled from ₱56 million to ₱107 million owing largely to the rise in local business tax corollary to the growth in revenue base. The annual NTC supervision fee likewise increased as a result of the growth in capital stock.

Other cash GAEX, on the other hand, went up by 19% or ₱51 million primarily attributable to the increase in research and survey expense as the Network commenced subscription to the nationwide ratings measurement service or National Urban Television Audience Measurement (NUTAM) and Metro Key Cities Audience Measurement (MCTAM) during the latter part of 2007.

Bucking the trend in cost increases, facilities cost - composed of utilities and repairs and maintenance – closed at ₱238 million, even lower than last year by ₱4.6 million or 2%. The rate hike in utilities cost was counterbalanced by the installation of additional energy saving devices within the Network premises.

In the same manner, depreciation and amortization of software cost under non-cash GAEX - grew by ₱40 million or 12% from comparative period last year as depreciation expense went up due to current year's additions to fixed assets, in particular the infrastructure related to the signal strengthening transmission facilities in the regions.

GAEX	**9M '08** *(in millions)*	**9M '07** *(in millions)*	**Inc/(Dec)**	**%**
Personnel costs	**855.6**	824.1	31.5	4%
Facilities costs	**238.1**	242.7	(4.6)	-2%
Outside services	**345.8**	239.0	106.8	45%
Taxes and licenses	**106.9**	55.5	51.4	93%
Others	**321.5**	270.2	51.3	19%
Subtotal - Cash GAEX	**1,867.9**	1,631.5	236.4	14%
Depreciation and amortization	**350.4**	313.7	36.7	12%
Amortization of software cost	**12.4**	8.8	3.6	41%
Subtotal - Non-cash GAEX	**362.7**	322.5	40.3	12%
Total GAEX	**2,230.6**	1,954.0	276.7	14%

Interest and financing charges on short-term loans

Interest expense and financing charges this year reached ₱8.7 million, equivalent to a reduction of ₱8.3 million or 49% compared with last year's ₱17 million. The decrease was due to the drop in the Company's short-term borrowings. As of end-September 2008, the company has practically no short-term loan.

Interest income from short-term investments

In the meantime, interest income from short-term investments grew by 44% to ₱59 million, up ₱18 million from ₱41 million in 2007. This was principally due to higher amount of money market placements especially during the first half of this year.

Net Income

The sterling third quarter top line performance this year coupled by operating expenses being contained at a manageable level propelled net income to grow by 10% y-o-y. Thus, after nine months, bottom line settled at ₱1,961, up ₱172 million vs. last year's ₱1,789 billion.

Balance Sheet Accounts

Consolidated assets totaled ₱12,201 million, representing an increase of 4% vs. end-2007. Cash and cash equivalents rose by 38% to ₱1,415 million from end-2007 level driven mainly by solid cash flows generated from operations on the back of aggressive efforts in reducing accounts receivables balance. As trade receivables declined by 6% or ₱301 million, trade days sales outstanding (DSO) likewise improved from 144 days at end-2007 to 138 days at the close of 9M 2008.

The improvement in net income caused return on assets (ROA) to inch up to 21% from last year's 20% while return on equity (ROE) held steady at 28% vs. last year despite the rise in total stockholders' equity.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2008 and December 31, 2007

	Sept. 30, 2008 Unaudited	Dec. 31, 2007 Audited
ASSETS		
Current Assets		
Cash and Cash Equivalents	**1,414,549,619**	1,022,617,783
Trade and other receivables - net	**4,448,692,274**	4,759,450,464
Program rights	**811,583,683**	817,132,463
Prepaid expenses and other current assets	**469,210,380**	289,918,367
Total Current Assets	**7,144,035,956**	6,889,119,077
Noncurrent Assets		
Investments and advances	**368,541,712**	362,726,235
Available for sale financial assets	**98,841,638**	99,435,171
Investment Properties	**41,613,874**	41,464,880
Property and equipment at cost	**2,952,879,971**	2,680,590,272
Land at revalued amounts	**1,388,054,505**	1,380,006,192
Deferred tax assets	**29,108,462**	31,274,686
Other noncurrent assets	**177,801,036**	200,604,080
Total Noncurrent Assets	**5,056,841,199**	4,796,101,516
Total Assets	**12,200,877,154**	11,685,220,593
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable	**9,700,000**	310,700,000
Accounts payable and other current liabilities	**1,755,592,349**	1,710,726,088
Income tax payable	**626,181,422**	624,537,238
Current portion of obligation from program rights	**83,663,047**	85,273,273
Due to related parties	**-**	-
Total Current Liabilities	**2,475,136,818**	2,731,236,599
Noncurrent Liabilities		
Pension liability	**252,252,234**	274,145,533
Deferred tax liabilities	**151,497,119**	141,242,806
Total Noncurrent Liabilities	**403,749,353**	415,388,339
Stockholders' Equity		
Capital stock - P1 par value	**4,864,692,000**	4,864,692,000
Additional paid in capital	**1,637,316,737**	1,592,615,799
Treasury stock	**(28,384,608)**	(20,664,588)
Revaluation increment in land	**733,610,450**	733,610,450
Unrealized gain (loss) on available-for-sale financial assets	**1,741,413**	1,741,413
Retained earnings	**2,118,805,007**	1,372,390,597
Underlying shares of the acquired Philippine deposit receipts	**(5,790,016)**	(5,790,016)
Total stockholders' equity	**9,321,990,983**	8,538,595,655
Total Liabilities & Stockholder's Equity	**12,200,877,154**	11,685,220,593

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the Nine Months Ended September 30, 2008 & 2007

	For the Quarter Ended September 30		For the Nine Months Ended September 30	
	2008	2007	**2008**	2007
REVENUE (Note 18)	**3,480,785,702**	3,142,005,215	**9,363,814,374**	8,817,844,418
LESS: REVENUE DEDUCTIONS				
Agency and marketing commissions	**486,962,632**	456,808,808	**1,343,272,858**	1,280,846,616
Co-producers' share	**47,322,019**	30,292,575	**127,587,916**	117,239,475
	534,284,651	487,101,383	**1,470,860,774**	1,398,086,091
NET REVENUE	**2,946,501,051**	2,654,903,833	**7,892,953,601**	7,419,758,327
PRODUCTION COSTS (Note 19)	**998,460,263**	977,947,695	**2,863,426,805**	2,851,205,776
GROSS PROFIT	**1,948,040,788**	1,676,956,137	**5,029,526,796**	4,568,552,551
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(747,115,207)**	(659,477,527)	**(2,230,645,420)**	(1,953,952,773)
INTEREST EXPENSES AND FINANCING CHARGES	**(2,382,173)**	(4,979,606)	**(8,712,997)**	(17,053,942)
INTEREST INCOME	**12,651,404**	17,620,257	**58,874,717**	40,974,865
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURE	**1,890,848**	(672,545)	**1,974,496**	583,210
OTHER INCOME - Net (Note 21)	**11,278,331**	(7,903,386)	**52,867,371**	39,432,650
	-	-		
INCOME BEFORE INCOME TAX	**1,224,363,991**	1,021,543,330	**2,903,884,963**	2,678,536,561
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**410,337,003**	364,539,252	**938,068,701**	937,324,095
Deferred	**(9,280,967)**	(14,259,580)	**5,269,168**	(47,662,215)
	401,056,035	350,279,672	**943,337,869**	889,661,880
NET INCOME	**823,307,955**	671,263,658	**1,960,547,093**	1,788,874,681
Basic Earnings Per Share (Note 7)	**0.168**	0.134	**0.403**	0.397
Diluted Earnings Per Share (Note 7)	**0.168**	0.134	**0.403**	0.397

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Capital Stock	Additional Paid In Capital	Revaluation Increment in Land - Net	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Retained Earnings	Treasury Stock	Underlying Shares of the Acquired Philippine Deposit Receipts	Total Stockholders' Equity
At January 1, 2008	4,864,692,000	1,592,615,799	733,610,450	1,741,413	1,372,390,597	(20,664,588)	(5,790,016)	**8,538,595,655**
Net Income	-	-	-	-	1,960,547,093	-	-	**1,960,547,093**
Total income and expense for the year	-	-	-	-	1,960,547,093	-	-	**1,960,547,093**
Collection of subscriptions receivable	-	44,700,938						**44,700,938**
Cash Dividends	-	-			(1,214,132,683)			**(1,214,132,683)**
Acquisition of treasury stock	-	-				(7,720,020)		**(7,720,020)**
	-	44,700,938	-	-	(1,214,132,683)	(7,720,020)	-	**(1,177,151,765)**
At September 30, 2008	**4,864,692,000**	**1,637,316,737**	**733,610,450**	**1,741,413**	**2,118,805,007**	**(28,384,608)**	**(5,790,016)**	**9,321,990,983**

	Capital Stock	Additional Paid In Capital	Revaluation Increment in Land - Net	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Retained Earnings	Treasury Stock	Underlying Shares of the Acquired Philippine Deposit Receipts	Total Stockholders' Equity
At January 1, 2007	4,250,000,000	-	733,610,450	(546,035)	1,940,160,034	-	-	6,923,224,449
Gain for the year recognized directly in equity				351,000				351,000
Net Income	-	-	-	-	1,788,874,681	-	-	1,788,874,681
Total income and expense for the year	-	-	-	351,000	1,788,874,681	-	-	1,789,225,681
Issuance of common stock - net of subscriptions receivable	153,059,031	1,739,459,448						1,892,518,479
Cash Dividends					(2,500,000,000)			(2,500,000,000)
Stock Dividends	375,000,000	-			(375,000,000)			-
At September 30, 2007	**4,778,059,031**	**1,739,459,448**	**733,610,450**	**(195,035)**	**854,034,715**	**-**	**-**	8,104,968,609

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended September 30, 2008 & 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**2,903,884,963**	2,678,536,561
Adjustments for:		
Depreciation and amortization	**350,350,662**	313,504,818
Net pension expense	**(21,893,299)**	78,589,065
Interest income from short-term investments	**(58,874,717)**	(40,974,865)
Unrealized foreign exchange loss (gain)	**(4,008,319)**	17,582,660
Interest expense and financing charges on short-term loans	**8,712,997**	17,053,942
Amortization of software costs	**12,388,336**	8,783,522
Equity in net losses of associates and joint ventures	**(1,974,496)**	(583,210)
Dividend income (Note 21)	**(401,253)**	
Loss (gain) on sale of property and equipment and	**(20,044,835)**	(1,068,387)
Mark-to-market (gain) loss on derivatives	**-**	-
Operating income before working capital changes	**3,168,140,039**	3,071,424,106
Program rights usage (Note 19)	**357,818,713**	485,882,080
Provision for doubtful accounts		15,000,000
Sick and vacation leaves expense	**38,324,217**	32,397,730
Decrease (increase) in:		
Trade and other receivables	**348,227,253**	(301,246,152)
Program rights	**(352,269,933)**	(337,490,790)
Prepaid expenses and other current assets	**(179,261,695)**	(79,346,981)
Increase (decrease) in:		
Trade payables and other current liabilities	**11,525,410**	278,927,294
Obligations for program rights	**(5,961,238)**	(69,729,278)
Pension liability		(11,774,103)
Cash generated from operations	**3,386,542,766**	3,084,043,906
Income taxes paid	**(929,273,149)**	(872,252,168)
Net cash provided by operating activities	**2,457,269,617**	2,211,791,738

(Forward)

	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(615,456,088)**	(399,610,237)
Additions to land at revalued amount	**(8,048,313)**	(8,121,828)
Decrease (increase) in:		
Short-term investments	**2,907,361**	(1,345,005,820)
Available for sale financial assets	**593,532**	
Investments and advances	**(3,840,982)**	(1,269,502)
Investment properties	**(1,250,782)**	-
Other noncurrent assets - net	**10,414,708**	(60,615,045)
Interest received	**26,371,404**	38,642,071
Proceeds from sale of property and equipment and investment properties	**11,048,321**	132,087
Cash dividends received	**401,253**	
Net cash used in investing activities	**(576,859,586)**	(1,775,848,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Notes payable	**(301,000,000)**	(477,100,000)
Cash dividends	**(1,214,163,000)**	(1,099,965,016)
Net proceeds from issuance of common stock	**36,980,919**	1,892,518,479
Acquisitions of Treasury stock:		-
Interest and financing charges paid	**(10,054,663)**	(17,896,686)
Net cash used in financing activities	**(1,488,236,744)**	297,556,777
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**2,665,910**	(10,145,389)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**392,173,287**	733,500,241
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,019,710,422**	306,600,439
CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,414,549,619**	1,029,955,291

1. Basis of Preparation

The unaudited interim consolidated financial statements of the Group have been prepared using the historical cost basis, except for derivative financial instruments and available-for-sale (AFS) financial assets, which have been measured at fair value, and land used in operations, which is carried at revalued amounts. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and reporting currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) issued by the Financial Reporting Standards Council (FRSC).
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2. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new PFRS, amendment to the existing PAS and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC), which the Group has adopted during the year:

- PFRS 7, *Financial Instruments: Disclosures,* requires disclosures that enable users of financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the consolidated financial statements. While there has been no effect on the financial position or results of operations, comparative information has been revised where needed.

  The Group availed of the amendment to the transition provisions of this standard, as approved by the FRSC. This gives transition relief with respect to the presentation of comparative information for new risks disclosures about the nature and extent of risks arising from financial instrument in paragraphs 31–42 of PFRS 7. Accordingly, an entity that applies PFRS 7 for annual periods beginning on or after January 1, 2007 need not present comparative information unless previously required by PAS 32, *Financial Instruments: Presentation*. The adoption of this standard resulted in the inclusion of additional disclosures, such as aging analysis of trade receivables, contractual maturity analysis of financial liabilities and market sensitivity analysis in the consolidated financial statements (see Notes 6 and 30).

- PAS 1, *Amendment to Presentation of Financial Statements*, requires the Group to make additional disclosures to enable the users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The adoption of this amendment did not have any effects on the financial position of the Group. It did, however, give rise to additional disclosures. These new disclosures are shown in Note 30.

- Philippine Interpretation IFRIC 7, *Applying the Restatement Approach under PAS 29, Financial Reporting in Hyperinflationary Economies*, becomes effective for financial years beginning on or after March 1, 2006. This interpretation provides guidance on how to apply PAS 29 when an economy first becomes hyperinflationary, in particular the accounting for deferred income tax. The adoption of this interpretation did not have any impact on the consolidated financial statements.

- Philippine Interpretation IFRIC 8, *Scope of PFRS 2*, requires PFRS 2, *Share-based Payment*, to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to employees in accordance with the employee share scheme, the interpretation had no impact on the financial position or performance of the Group.

- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, becomes effective for financial years beginning on or after June 1, 2006. This interpretation establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The adoption of this interpretation had no impact on the financial position or performance of the Group.

- Philippine Interpretation IFRIC 10, *Interim Financial Reporting and Impairment*, becomes effective for financial years beginning on or after November 1, 2006. It provides that the frequency of financial reporting does affect the amount of impairment charge to be recognized in the annual financial reporting with respect to goodwill and AFS equity investments. It prohibits the reversal of impairment losses on goodwill and AFS equity investments recognized in the interim financial reports even if impairment is no longer present at the annual balance sheet date. As the Group had no impairment losses previously reversed, the adoption of this interpretation had no impact on the financial position or performance of the Group.

- Philippine Interpretation IFRIC 11, *PFRS 2 - Group and Treasury Share Transactions*, becomes effective for financial years beginning on or after March 1, 2007. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholders of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instruments of the parent. The Group does not expect this interpretation to have a significant impact on the consolidated financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangement*, becomes effective on January 1, 2008. This interpretation covers contractual arrangements arising from public-to-private service concession arrangements if control of the assets remains in public hands but the private sector operator is responsible for construction activities, as well as for operating and maintaining the public sector infrastructure. This interpretation will have no impact on the Group's consolidated financial statements as this is not relevant to its current operations.

- Philippine Interpretation IFRIC 14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, becomes effective for annual periods beginning on or after January 1, 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, *Employee Benefits*. The Group expects that this interpretation will have no impact on the financial position or performance of the Group.

Future Changes in Accounting Policies

- PFRS 8, *Operating Segments*, becomes effective for financial years beginning on or after January 1, 2009, and will replace PAS 14, *Segment Reporting*. It adopts a management approach to reporting segment information. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated balance sheets and consolidated statements of income and companies will need to provide explanations and reconciliations of the differences. The Group will assess the impact of this standard to its current manner of reporting segment information when it adopts the standard on January 1, 2009.

- PAS 1, *Revised Presentation of Financial Statements*, becomes effective for financial years beginning on or after January 1, 2009. The standard separates owner and non-owner changes in equity. The consolidated statements of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income, which presents all items of income and expense recognized in profit or loss, together with all other items of recognized income and expense, either in one single statement, or in two linked statements. The Group is currently assessing the impact of the revised standard on its consolidated financial statements.

- PAS 23, *Borrowing Costs*, becomes effective for financial years beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transition requirements of the standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs, if any, will be capitalized on qualifying assets starting January 1, 2009.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*, becomes effective for annual periods beginning on or after July 1, 2008. This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore, part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this interpretation will have no impact on the consolidated financial statements as no such schemes currently exist.

3. Seasonality or Cyclicality of Interim Operations

The company’s operations are not generally affected by any seasonality or cyclicality.

4. Nature and Amount of Changes in Estimates

   Q3 '07 figures were restated to conform with current period's presentation.

5. Repayments of Debt

   The company has no long-term debt in both periods presented.

6. Dividends paid

   On March 19, 2007, the BOD approved the Parent Company's declaration and distribution of cash dividend of ₱0.35 a share amounting to ₱1,500 million to all stockholders of record as of declaration date.

   On May 10, 2007, the SEC approved the application of the Parent Company, filed on April 27, 2007, to increase its authorized capital stock from ₱5,000 million to ₱6,500 million, divided into 5,000 million common shares with par value of ₱1.00 each and 7,500 million preferred shares with par value of ₱0.20 each. The increase in authorized capital stock of ₱1,500 million consists of 1,500 million common shares.

   Twenty-five percent of the approved increased in authorized capital stock on May 10, 2007, has been subscribed and was fully paid for by means of stock dividends equivalent to the aggregate amount of P375 million declared out of the retained earnings of the Corporation as of December 31, 2006 payable to all stockholders of record of the Corporation.

   On July 2, 2007, the BOD approved the Parent Company's declaration and distribution of cash dividend amounting to ₱1,000 million to all stockholders of record as of declaration date.

   On May 21, 2008, the BOD approved the declaration and distribution of cash dividend amounting to ₱ 0.25 per share to all stockholders of record as of June 11, 2008 payable on June 27, 2008.

7. EPS Computation

   The computation of basic EPS follows:

	2008	2007
Net income (a)	**₱1,960,547,093**	₱1,788,874,681
Less attributable to preferred shareholders	**605,070,151**	594,758,640
Net income attributable to common shareholders (b)	**₱1,355,476,942**	₱1,194,116,041
Common shares issued at the beginning of year	**2,750,000,000**	2,750,000,000
Effect of stock dividends	**375,000,000**	208,333,333
Issuance through IPO	**182,692,000**	40,598,222
Issuance through ESOP (see Note 17)	**57,000,000**	12,666,667
Treasury shares acquired during the year (see Note 17)	**(3,645,000)**	–
Underlying shares on acquired PDRs (see Note 17)	**(750,000)**	–
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,011,598,222
Basic EPS (b/c)	**₱0.403**	₱0.397

The computation of diluted EPS follows:

	2008	2007
Net income (a)	**₱1,960,547,093**	₱1,788,874,681
Weighted average number of common shares	**3,360,297,000**	3,011,598,222
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,297,000**	4,511,598,222
Diluted EPS (a/d)	**₱0.403**	₱0.397

As mentioned in Note 6, the SEC approved the increase in the Parent Company's authorized capital stock from ₱2,000 million to ₱5,000 million on February 17, 2006.

As further mentioned in Note 6, the SEC likewise approved the increase in the Parent Company's authorized capital stock from ₱5,000 million to ₱6,500 million on May 10, 2007.

8. Material Events

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

- - As of September 30, 2008, there is no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

-- The 2008 CaPex budget of the parent company amounts to ₱1,260 million. This will be partly financed by proceeds from IPO listing and the remainder from internally generated funds.

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

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

D. Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration or an obligation.

- - As of September 30, 2008, there are no events which may trigger a direct or contingent financial obligation that is material to the Company.

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

- - As of September 30, 2008, there are no significant elements of income or loss that did not arise from the issuer's continuing operations.

F. Any seasonal aspects that had a material effect on the financial condition or results of operations.

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

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

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

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

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

9. Business Segment Results

The Group considers television operations as the major business segment. This accounts for more than **90%** of the Group's gross revenue, net income, assets and liabilities. Other operations account for less than **10%** of the Group's gross revenue, net income, asset and liabilities.

10. Changes in Composition of Issuer

There are no changes in the composition of the Issuer since the last balance sheet date.

11. Changes in Contingent Liabilities or Assets

As of September 30, 2008, the Group has no contingent assets or liabilities.

12. Material Contingencies

There are no contingent liabilities, events or transactions that will materially affect the company's financial position and results of operations.

13. SFAS 16 / IAS 16, "Property, Plant and Equipment."

See Exhibit 1.

14. SFAS 24 / IAS 24, "Related Party Disclosures."

	Country of Incorporation	Percentage of Ownership
Entertainment Business:		
Citynet Network Marketing and Productions, Inc.	Philippines	100
GMA Network Films, Inc.	- do -	100
GMA New Media, Inc. (GNMI)	- do -	100
GMA Worldwide (Philippines), Inc.	- do -	100
RGMA Network Marketing & Productions, Inc.*	- do -	100
Scenarios, Inc.	- do -	100
Advertising Business:		
Alta Productions Group, Inc. (Alta)	- do -	100
GMA Marketing & Productions, Inc. (GMPI)	- do -	100
Others:		
MediaMerge Corporation **	- do -	100
Ninja Graphics, Inc. (Ninja) ***	- do -	51

*** *Started operations in 2004*
**** *Indirectly owned through GNMI; formerly Digital Kitchen, Inc*
**** *Indirectly owned through Alta; ceased commercial operations in 2001*

The ownership interests in associates and joint ventures accounted for under the equity method consist of the following as at September 30:

	Percentage of Ownership		Country of
	2008	2007	Incorporation
Associates:			
Real Estate -			
Mont-Aire Realty and Development Corporation (Mont-Aire)	**49.0**	49.0	Philippines
Advertising Business:			
RGMA Network, Inc. (RGMA)	**49.0**	49.0	- do -
Joint ventures -			
Internet Publishing:			
INQ7 Interactive, Inc. (INQ7)	**50.0**	50.0	- do -
Philippine Entertainment Portal, Inc. (PEP)	**50.0**	50.0	- do -

* *Includes 15% indirect investment through Alta*

Transactions with related parties are as follows:

Related Party	Nature of Transaction	Year	Transactions During the Year	Due from Related Parties/ Advances	Due to Related Parties	Trade Receivables (Trade Payables)
INQ7, GMA Kapuso Foundation, Inc. (GMA Foundation) and Alta Tierra Resources, Inc. (Alta Tierra)	Grant of non-interest-bearing advances	2008	₱–	₱11,544,000	₱ 3,984,553	₱2,631,963
		2007	360,000	11544,000	–	2,631,963
RGMA	Advances for working capital requirements, net of marketing commission expense	2008	580,207-	59,823,703	–	(15,386,542)
		2007	-	59,590,516	–	(44,774,569)
Mont-Aire	Debt to equity conversion, grant of noninterest-bearing advances	2008		84,475,370	–	–
		2007	192,241	84,475,370	–	–
Image One	Collection remittance	2008		–	–	
		2007	–	–	–	(2,893,239)
Filmex	Advances for working capital requirements	2008	–	–	–	
		2007	–	–	–	
Belo, Gozon, Elma Law (BGE Law), FLG Management and Development Corporation (FLG), San Mateo Management Corporation (San Mateo) and Majent Management and Development Corporation (Majent)	Legal and retainers' fees and others	2008	15,579,060	–	-	(561,000)
		2007	12,300,555	–		(1,758,400)

GMA Foundation and Alta Tierra
The Parent Company and Alta Tierra have certain common stockholders. Some of the trustees of GMA Foundation are also the stockholders of the Parent Company.

RGMA
RGMA became an associate of the Parent Company in 2007. In previous years, the Parent Company and RGMA have certain common stockholders. The advances made by the Parent Company to RGMA were intended for future capital subscription.

Mont-Aire
Mont-Aire became an associate of the Parent Company in 2006. The advances made by the Parent Company to Mont-Aire in previous years were intended for future capital subscription.

Image One
In 2006, the Parent Company's investments in Image One were declared as property dividends to the major stockholders of the Parent Company.

GMPI has an existing agreement with Image One whereby GMPI shall be the sole and exclusive contractor for the marketing and sale of advertising spots of Image One's electronic outdoor and indoor billboards. In consideration for the said services, GMPI receives from Image One a marketing fee based on a certain percentage of Image One's annual collection.

BGE Law

BGE Law is the legal counsel of the Group. The Parent Company's Chairman of the Board is a principal partner of BGE Law.

FLG, San Mateo, 3LM Koblenz, Majent

These companies are owned or partly owned by some officers of the Parent Company and GMPI. GMPI employs the services of these related parties in sourcing and hiring competent and capable personnel and in conducting studies to improve GMPI's capability in providing efficient services to clients.

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

	9M ' 08	9M '07
Salaries and other short-term benefits	**₱136,346,918**	₱121,798,203
Pension benefits	**28,163,799**	26,053,920
	₱164,507,718	₱147,852,123

15. SFAS 28 / IAS 28, "Accounting for Investments in Associates."

The Group's investments in associates are accounted for under the equity method. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture of the Group. The investments in associates are carried in the unaudited interim consolidated balance sheets at cost plus post-acquisition changes in the Group's share in the net assets of the associates, less any impairment in value. The unaudited interim consolidated statements of income include the Group's share in the results of operations of the associates. Unrealized gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associates, against the investments in the associates. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

The carrying values of investments accounted for under the equity method and the related advances are as follows:

	September 30, 2008		
	Investments	**Advances**	**Total**
Associates:			
RGMA	**₱174,684,954**	₱59,823,704	₱234,508,657
Mont-Aire	**38,367,704**	84,475,370	122,843,074
Joint ventures:			
INQ7	**(8,933,713)**	11,544,000	2,610,287
PEP	**8,579,694**	–	8,579,694
	₱212,698,638	₱155,843,073	₱368,541,712

	December 31, 2007		
	Investments	Advances	Total
Associate:			
RGMA	₱169,485,771	₱59,243,496	₱228,729,267
Mont-Aire	38,331,617	84,475,370	122,806,987
Joint ventures:			
INQ7	(8,933,713)	11,544,000	2,610,287
PEP	8,579,694	–	8,579,694
	₱207,463,369	₱155,262,866	₱362,726,235

16. Long-term Receivable from a Related Party

- - As of September 30, 2008, the Group has no long-term receivable from a related party.

17. Equity

The composition of capital stock as of September 30, 2008 and December 31, 2007 follows:

	Number of Preferred Shares		Number of Common Shares	
	2008	2007	**2008**	2007
Authorized - ₱0.20 par value per preferred share /₱1.00 par value per common share	**7,500,000,000**	7,500,000,000	**5,000,000,000**	5,000,000,000
Subscribed and issued at beginning of year	**7,500,000,000**	7,500,000,000	**3,364,692,000**	2,750,000,000
Subscribed and issued at end of year	**7,500,000,000**	7,500,000,000	**3,364,692,000**	3,364,692,000

On April 26, 2007, the BOD and stockholders approved the increase in the Parent Company's authorized capital stock from ₱5,000 million to ₱6,500 million, divided into 5,000 million common shares with ₱1.00 par value and 7,500 million preferred shares with ₱0.20 par value. On the same date, the BOD and stockholders approved the declaration of stock dividends amounting to ₱375 million representing 375 million common shares to all stockholders of record as of April 25, 2007. The stock dividends will be taken from the increase in authorized capital stock. The increase in the Parent Company's authorized capital stock was approved by the SEC on May 10, 2007.

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

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

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

IPO

The BOD of the PSE, in its regular meeting on June 27, 2007, approved the Parent Company's application to list its common shares with the PSE. On July 16, 2007, the SEC declared the Parent Company's Registration Statement in respect of the IPO effective and issued the "Certificate of Permit to Offer Securities for Sale" in respect of the offer shares.

On July 30, 2007, the Parent Company completed its IPO of 91,346,000 common shares, at an offer price of ₱8.50 a share, from its authorized and unissued capital stock by way of a primary offer (the Domestic Share Offer). In addition, 822,115,000 Philippine Deposit Receipts (PDRs), at an issue price of ₱8.50 per PDR, were issued by GMA Holdings, Inc. (GHI), an affiliate. Of the PDRs issued by GHI, 91,346,000 PDRs covered 91,346,000 common shares of the Parent Company (the Primary PDR Offer) and 730,769,000 PDRs covered 730,769,000 common shares of certain shareholders of the Parent Company (the Secondary PDR Offer).

The total gross proceeds from the Domestic Share Offer and Primary PDR Offer amounted to ₱ 1,552.88 million while the total gross proceeds for the Secondary PDR Offer amounted to ₱6,211.54 million. The Parent Company did not receive any proceeds from the Secondary PDR Offer. The net proceeds from the Domestic Share Offer and Primary PDR Offer were intended to be used primarily for improvements to existing facilities, investments in capacity expansion and general corporate purposes. Direct costs incurred relative to the IPO amounting to ₱135.00 million were charged against the corresponding additional paid in capital arising therefrom.

ESOP

On April 26, 2007, the Parent Company's BOD and shareholders approved the Parent Company's ESOP. The Parent Company allocated a maximum of 57.00 million shares from its unissued common shares to be made available to its regular employees, talents and consultants under the terms of the ESOP. The purpose of the ESOP is to allow regular employees of the Group, as well as qualified Filipino consultants and talents, to be part owners of the Parent Company and to share in its profits by giving them the opportunity to own common shares.

Under the terms of the ESOP, regular employees with at least three years of service with the Group are allowed to subscribe to a maximum number of shares equivalent to six times of their gross monthly salary at the offer price. Employees with less than three years of service are allowed to subscribe to a maximum of three times their gross monthly salary at the offer price during listing. The shares to be subscribed by the employees, however, cannot be less than the minimum number of shares set by the Parent Company. In the event that the total number of shares applied for by all the employees exceeded the number of shares made available under the ESOP, the number of shares applied for by each employee will be reduced proportionately.

At least 25% of the subscription had to be paid while the balance will be payable over maximum period of one and a half years in 36 equal semi-monthly installments through payroll deductions, without interest. In the case of talents and consultants, the number of shares allotted shall be determined by the Parent Company.

The ESOP is administered by a board of administrators consisting of five members who are appointed by the Parent Company's BOD. The board of administrators oversees the implementation of the ESOP and decides on any matters which may arise regarding its implementation. The Parent Company's Executive Committee has the authority to modify the terms of the ESOP as it may deem necessary or beneficial for the Parent Company.

The ESOP was fully subscribed. As of September 30, 2008, subscriptions receivable amounted to ₱24.25 million.

Treasury Stock and Underlying Shares of Acquired PDRs

As of September 30, 2008, the Parent Company's reacquired common shares totaling 3,645,000 at acquisition cost of ₱28.38 million.

The Parent Company likewise acquired 750,000 PDRs at acquisition cost of ₱5.79 million.

18. Revenue

This account consists of:

	9M '08	9M '07
Television and radio airtime	**₱8,800,423,806**	₱8,330,921,563
Production and others	**563,390,568**	486,922,855
	₱9,363,814,374	₱8,817,844,418

19. Production Cost

This account consists of:

	9M '08	9M '07
Talent fees	**₱1,504,080,315**	₱1,372,358,707
Program rights usage	**357,818,713**	485,882,080
Tapes, sets and productions supplies	**330,516,351**	245,969,027
Rental and outside services	**394,662,506**	377,672,977
Transportation and communication	**94,540,650**	66,106,035
Facilities and others	**181,808,270**	303,216,950
	₱2,863,426,805	₱2,851,205,776

20. General and Administrative Expenses

This account consists of:

	9M '08	9M '07
Personnel costs	**₱855,575,997**	₱824,078,282
Depreciation and amortization	**362,738,998**	322,466,599
Outside services	**345,758,492**	238,989,333
Facilities costs	**238,091,490**	242,708,815
Taxes and licenses	**106,948,609**	55,521,340
Others	**321,531,835**	270,188,404
	₱2,230,645,420	₱1,953,952,773

21. Other Income

This account consists of the following income (expenses):

	9M '08	9M '07
Foreign exchange gain (loss) – net	**₱745,809**	(₱13,203,042)
Dividends	**401,253**	2,586,370
Others	**51,720,309**	50,049,322
	₱52,867,371	₱39,432,650

22. Financial Assets and Liabilities

The table below presents the carrying values and fair values of the Group's financial instruments by category and by class as of September 30, 2008 and December 31, 2007, respectively:

	September 30, 2008 (Unaudited)		December 31, 2007 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱1,414,549,619**	**₱1,414,549,619**	₱1,019,710,422	₱1,019,710,422
Short-term investments			2,907,361	2,907,361
Trade and other receivables - net	**4,448,692,274**	**4,448,692,274**	4,759,450,464	4,759,450,464
Guarantee and other deposits (included under "Other noncurrent assets" account in the consolidated balance sheets)	**13,264,677**	**13,245,342**	11,408,161	11,093,904
	5,876,506,570	**5,876,487,235**	5,793,476,408	5,793,162,151
AFS financial assets	**98,841,638**	**98,841,638**	99,435,171	99,435,171
	₱5,975,348,209	**₱5,975,328,873**	₱5,892,911,579	₱5,892,597,322
Financial Liabilities				
Other financial liablities:				
Notes payable	**₱9,700,000**	**₱9,296,452**	₱310,700,000	₱306,748,099
Trade payables and other current liabilities*	**1,165,677,739**	**1,165,677,739**	1,004,468,609	1,004,468,609
Obligations for program rights	**83,663,047**	**83,663,047**	85,273,273	85,273,273
	₱1,259,040,786	**₱1,258,637,238**	₱1,400,441,882	₱1,396,489,981

* *Excluding payable to government agencies amounting to ₱589.91 million and ₱706.26 million as of September 30, 2008 and December 31, 2007, respectively, the amounts of which are not considered financial liabilities.*

Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investments and Trade and Other Receivables. The carrying values of cash and cash equivalents, short-term investments and trade and other receivables approximate fair values primarily due to the relatively short-term maturity of these financial instruments.

Guarantee and Other Deposits. The fair value of guarantee and other deposits is based on the present value of the future discounted cash flows. Discount rates used range from 5.24% to 6.05% as of September 30, 2008 and 4.91% to 5.66% as of December 31, 2007.

AFS Financial Assets. These are investments in quoted and unquoted shares of stock. The fair value of quoted shares is based on quoted market prices. In the absence of a reliable basis in determining fair values of unquoted shares, the investments are carried at cost, net of impairment in value.

Notes Payable. The carrying value of notes payable that are re-priced every 3 months approximates fair value because of the recent and regular re-pricing based on current market rates. The fair value of notes payable with fixed interest rate is determined by discounting the future cash flows using the prevailing rate as of reporting date. Discount rates used range from 5.24% to 6.05% as of September 30, 2008 and 4.91% to 5.66% as of December 31, 2007.

Trade Payables and Other Current Liabilities and Obligations for Program Rights. The carrying values of trade payables and other current liabilities and obligations for program rights approximate fair values due to the relatively short-term maturity of these financial instruments.

23. Causes for Material Changes in the Financial Statements

Balance Sheet (September 30, 2008 vs. December 31, 2007)

- Cash and cash equivalents increased by 38% to ₱1,415 million due to cash generated from normal operations being higher than cash used for financing activities.
- Program rights dropped by 1% to ₱812 million mainly due to higher usage vis-à-vis rate of acquisition.
- Deferred tax liabilities went up by 7% due to increase provision for accrued sick leave and vacation leave.
- Obligation for program rights decreased by 2% to ₱84 million as payments exceeded total acquisitions on account.
- Total interest-bearing loans and borrowings decreased by ₱301 million to barely ₱10 million as a result of payment.
- The change in income tax payable is the result of the ordinary course of business of the Company.

24. Other Notes to 3rd Quarter 2008 Operations and Financials

The key performance indicators that we monitor are the following:

	9M 2008	9M 2007
Gross Revenue	9,363,814,374	8,817,844,418
Gross Airtime Revenue	8,800,423,806	8,330,921,563
Cash Operating Expense	4,373,514,514	3,996,809,870
EBITDA	3,574,280,953	3,462,964,318
Net Income Before Tax	2,903,884,963	2,678,536,561
Net Income After Tax	1,960,547,093	1,788,874,681
Diluted EPS	0.403	0.397

	As of Sept. 30, 2008	As of Dec. 31, 2007
Current Ratio	2.89x	2.52x
Net Debt-to-Equity	0.00x	0.04x
EBITDA margin	38%	37%
Net income margin	21%	19%

GMA NETWORK, INC.AND SUBSIDIARIES **Exhibit 1**
CONSOLIDATED ROLLFORWARD OF PROPERTY, PLANT & EQUIPMENT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2008

Cost	Balance as of December 31, 2007	Additions	Disposal	Reclassifications	Balance as of September 31, 2008
Buildings and Improvements	1,638,209,318	13,466,120	(1,739,669)	1,749,579	1,651,685,348
Broadcast Equipment	3,400,780,176	106,656,391	(134,812)	113,164,921	3,620,466,676
Furnitures & Fixtures	178,518,391	4,114,338	(480,588)	11,681,408	193,833,550
Electro-Mechanical Equipment	161,178,873	14,641,921	(2,792,465)	14,657,718	187,686,047
Computer & Data Communication Equipment	237,929,406	29,852,828	(1,010,516)	9,197,929	275,969,646
Transportation Equipment	331,279,983	48,023,893	(52,352,282)	841,081	327,792,675
	5,947,896,147	**216,755,490**	**(58,510,331)**	**151,292,635**	**6,257,433,942**
Accumulated Depreciation:					
Buildings and Improvements	654,126,577	61,008,099	(1,658,036)	-	713,476,640
Broadcast Equipment	2,685,412,598	180,376,074	(125,064)	(473,590)	2,865,190,018
Furnitures & Fixtures	113,466,216	7,975,703	(480,588)	(26,545)	120,934,786
Electro-Mechanical Equipment	135,555,000	26,754,592	(2,792,465)	853,389	160,370,516
Computer & Data Communication Equipment	167,171,808	29,772,257	(944,759)	51,978	196,051,283
Transportation Equipment	162,252,107	41,754,992	(50,012,135)	1,108,985	155,103,949
	3,917,984,306	**347,641,716**	**(56,013,048)**	**1,514,216**	**4,211,127,191**
Equipment for installation	191,789,220	86,131,190	-	(177,388,076)	100,532,334
Construction in Progress	458,889,211	288,929,914	56,767,510	1,454,251	806,040,886
Net Book Value	**2,680,590,272**	**244,174,878**	**54,270,227**	**(26,155,405)**	**2,952,879,971**

LAND	331,991,263	8,048,313	-	-	340,039,576
APPRAISAL INCREMENT-LAND	1,048,014,929	-	-	-	1,048,014,929
	1,380,006,192	**8,048,313**	**-**	**-**	**1,388,054,505**

GMA NETWORK, INC. AND SUBSIDIARIES **Exhibit 2**
AGING OF ACCOUNTS RECEIVABLE
AS OF SEPTEMBER 30, 2008
(Amounts in Php millions)

Type of Accounts Receivable	Total	Not Yet Due	Current	31-150 days	151 days to 1 year	Over 1 year
Trade Receivables						
Trade Receivables	4,439	2,630	537	356	261	655
Allowance for Doubtful Accounts	(178)					
Net AR - Trade	4,261					
Non-Trade Receivables						
Advances to Talents & Employees	62					
Advances to Suppliers	61					
Interest Receivable	36					
Others	30					
	188					
Net Receivables	4,449					

SIGNATURE

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

Issuer: **GMA NETWORK, INC.**

By:

FELIPE S. YALONG
TREASURER, SVP & CHIEF FINANCE OFFICER

RONALDO P. MASTRILI
VP –FINANCE

Date: November 14, 2008