

COVER SHEET

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SEC Registration Number

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

(Group'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 B o n i f a c i o G l o b a l C i t y 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 3 3 1

Month Day (Fiscal Year)

1 7 - Q

(Form Type)

[ ] [ ]

Month Day (Annual Meeting)

[ ]

(Secondary License Type, If Applicable)

[ ]

Dept. Requiring this Doc.

[ ]

Amended Articles Number/Section

5

Total No. of Stockholders

[ ]

Domestic

[ ]

Foreign

To be accomplished by SEC Personnel concerned

[ ]

File Number

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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 March 31, 2009
- 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. 5D Tower One, One McKinley Place,  
New Bonifacio Global City, 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 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.....

**Philippine Depository Receipts**

**900,269,000 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**  **No**

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

**Yes**  **No**

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SIGNATURE

## Part I - FINANCIAL INFORMATION

### Item I. Management Discussion and Analysis of Financial Condition and Results of Operations

The Company has undertaken not to conduct any business other than in connection with the issuance of the Philippine Depositary Receipts [PDRs (see note 5 of the financial statement)], the performance of obligations under the PDRs and the acquisitions and holding of shares of GMA Network Inc. in respect of which PDR's is issued.

Any cash dividends or other cash distributions distributed in respect of Common Shares received by the Company (or the Pledge Trustee on its behalf) shall be applied toward the operating expenses then due (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange) of the Company (the "Operating Expenses") for the current and preceding year (as certified by an independent auditor). A further amount equal to the operating expenses in the preceding year (as certified by an independent auditor) (the "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding year. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (as certified by the independent auditor of the PDR Issuer) shall be distributed to Holders pro rata on the first Business Day after such cash dividends are received by the Company

The Company's key performance indicators are focused only on the dividends received by the registrant to meet the PDR holders' expectations and monitor the cash and cash equivalent's level to meet its obligations with respect to the Company's current and preceding year's operation.

#### **1<sup>st</sup> Quarter Ended March 31, 2009**

The Company registered a net income of P645,197 for the quarter ended March 31, 2009, six (6) times higher than a year ago net loss of P130,276, primarily due to revenue from exercise fees on PDR conversion which was not present during the same period last year and lower operating expenses for PSE listing fees (net of unexpired portion booked under Prepaid expenses account). This is augmented by the increase in interest income by 188% resulting from higher cash and cash equivalents.

*Financial Condition.* Cash and cash equivalents increased by P747 thousand mainly due to interest income on bank deposits and short-term placements. Accrual of higher operating expenses in 2009 resulted to an increase in "Accounts payable and other accrued expenses".

#### **1<sup>st</sup> Quarter Ended March 31, 2008**

The Company posted a net loss of P130,276 for the quarter ended March 31, 2008, higher than a year ago net loss of P3,693 owing to higher operating expenses for PSE listing fees, taxes and professional fees net of unexpired portion of listing fees which is booked under the Prepaid expenses account. PSE listing fee was not present in 2007 as the Company was not yet operational during the same period.. Also, interest income increased by 727% due to increase in cash coming from collection of Due from GMA compared with last year's interest on initial capital stock subscription.

*Financial Condition.* Cash and cash equivalents increased by P46 million mainly due to partial collection of Due from GMA covering portion of proceeds of sale of PDRs. Accrual of higher operating expenses in 2008 resulted to an increase in "Accounts payable and other accrued expenses".

## Item 2. Financial Statements

The unaudited financial statements for the period ended March 31, 2009 and audited financial statements for the year ended December 31, 2008 are filed as part of this form. It is prepared in accordance with Philippine GAAP.

### GMA HOLDINGS, INC.

#### BALANCE SHEETS

MARCH 31, 2009 AND DECEMBER 31, 2008

	March 2009 Unaudited	December 2008 Audited
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 6 and 12)	₱ 86,147,687	₱ 85,400,478
Accounts receivable (Notes 11 & 12)	556,893	203,727
Prepaid expenses and other current asset	210,000	587,681
	₱ 86,914,579	₱ 86,174,257
<b>LIABILITY AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liability</b>		
Accounts payable and accrued expenses (Note 7, 11 and 12)	₱ 242,958	₱ 167,258
Due to selling shareholders (Notes 10, 11 and 12)	81,367,427	81,367,427
Income tax payable	84,869	65,444
Total Liabilities	81,695,254	81,600,128
<b>Stockholders' Equity</b>		
Capital stock	100,000	100,000
Retained earnings	5,119,325	4,474,128
Total Stockholders' Equity	5,219,325	4,574,128
	₱ 86,914,579	₱ 86,174,257

*See Accompanying Notes to Financial Statements*

**GMA HOLDINGS, INC.****STATEMENTS OF INCOME****For the Three Months ended March 31, 2009 and 2008**

	Three Months Ended March 31	
	2009	2008
<b>REVENUES</b>		
<b>Exercise fees (Note 5)</b>	<b>₱ 299,450</b>	<b>₱ –</b>
<b>Interest income from bank deposits (Note 6)</b>	<b>749,840</b>	260,019
	<b>1,049,290</b>	260,019
<b>OPERATING EXPENSES (Note 8)</b>	<b>234,700</b>	338,291
	<b>814,590</b>	(78,272)
<b>INCOME BEFORE INCOME TAX</b>	<b>814,590</b>	(78,272)
<b>PROVISION FOR INCOME TAX (Note 9)</b>	<b>(169,393)</b>	52,004
	<b>₱ 645,197</b>	<b>₱ (130,276)</b>
<b>NET INCOME (LOSS)</b>	<b>₱ 645,197</b>	<b>₱ (130,276)</b>

*See accompanying Notes to Financial Statements.*

**GMA HOLDINGS, INC.****STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the Three Months ended March 31, 2009 and 2008**

	<b>Capital Stock</b>	<b>Retained Earnings</b>	<b>Stockholders' Equity</b>
<b>At January 1, 2009</b>	<b>₱ 100,000</b>	<b>₱ 4,474,128</b>	<b>₱ 5,474,128</b>
<b>Net income for the period</b>		<b>645,197</b>	<b>645,197</b>
<b>At March 31, 2009</b>	<b>₱ 100,000</b>	<b>₱ 5,119,325</b>	<b>₱ 5,219,325</b>
<b>At January 1, 2008</b>	<b>₱ 100,000</b>	<b>₱ 989,469</b>	<b>₱ 1,089,469</b>
<b>Net income (loss) for the period</b>		<b>(130,276)</b>	<b>(130,276)</b>
<b>At March 31, 2008</b>	<b>₱ 100,000</b>	<b>₱ 859,193</b>	<b>₱ 959,193</b>

*See Accompanying Notes to Financial Statements*



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**GMA HOLDINGS, INC**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008**

	<b>Three Months Ended March 31</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	<b>₱ 814,590</b>	<b>₱ (78,272)</b>
Adjustments for interest income from short-term placements and bank deposits	<b>(749,840)</b>	<b>(260,019)</b>
Loss before working capital changes	<b>64,750</b>	<b>(338,291)</b>
Decrease (Increase) in:		
Accounts receivable	<b>216,886</b>	<b>(203,727)</b>
Prepaid expenses and other current asset	<b>(210,000)</b>	<b>(587,681)</b>
Due from GMA		<b>46,690,152</b>
Increase in:		
Accounts payable and accrued expenses	<b>75,701</b>	<b>88,993</b>
Cash generated from operations	<b>147,337</b>	<b>45,649,446</b>
Interest received	<b>749,840</b>	<b>260,019</b>
Final tax paid on interest income	<b>(149,968)</b>	<b>(52,004)</b>
Net cash provided by operating activities	<b>₱ 747,209</b>	<b>₱ 45,857,461</b>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>₱ 747,209</b>	<b>₱ 45,857,461</b>
<b>CASH AT BEGINNING OF THE PERIOD</b>	<b>85,400,478</b>	<b>1,324,572</b>
<b>CASH AT END OF PERIOD</b>	<b>₱ 86,147,687</b>	<b>₱ 47,182,033</b>

*See Accompanying Notes to Financial Statements*

**1. Corporate Information**

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

On July 30, 2007, the Company issued Philippine Deposit Receipts (PDRs), which were listed and traded in the Philippine Stock Exchange (PSE) (see Note 5)

The Company will not engage in any business other than in connection with the issuance of Philippine Depositary Receipts [(PDRs), the performance of obligations under the PDRs and the acquisition and holding of underlying shares of GMA Network Inc. (GMA7) in respect of the PDRs issued. This includes maintaining in the Company's listing with the PSE and maintaining its status as a Philippine person for as long as the Philippine law prohibits ownership of GMA's shares by non-Philippine person.

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

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**2. Basis of Preparation**

The unaudited interim financial statements of the Company have been prepared using the historical cost basis. The unaudited interim financial statements are presented in Philippine peso, which is the Company's functional and reporting currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying unaudited interim financial statements of the Company 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 and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the following new Philippine Interpretations, which the Company has adopted effective January 1, 2008:

- Philippine Interpretation IFRIC 11, *PFRS 2 - Group and Treasury Share Transactions*, 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 adoption of this interpretation did not have any impact on the Company's financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, becomes effective for annual periods beginning on or after January 1, 2008. This interpretation covers contractual arrangements arising from entities providing 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. The Company expects that this interpretation will have no impact on the financial statements as no such arrangement currently exists.
  
- Philippine Interpretation IFRIC 14, *PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*, 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 adoption of this interpretation has no impact on the Company's financial position or performance.

#### Future Changes in Accounting Policies

- PFRS 2, *Share-based Payment (Revised)*, will become effective for financial years beginning on or after January 1, 2009. It restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirements to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In case the award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, it must be accounted for as a cancellation. The revised standard will have no impact on the Company's financial statements.
  
- PFRS 3, *Business Combination (Revised)*, and PAS 27, *Consolidated and Separate Statements (Revised)*, will become effective for financial years beginning on or after July 1, 2009. The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. The revised PAS27 requires that a change in the ownership of interest of a subsidiary be accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses, incurred by the subsidiary, as well as the loss of control of a subsidiary. The changes introduced by the revised standards must be applied prospectively and will affect future acquisitions and transactions with minority interests. The revised standards will have no impact on the Company's financial statements.
  
- 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 balance sheets and statements of income and companies will need to provide explanation and reconciliation of the differences. The Company assessed that the adoption of this standard will have no significant impact on the financial statements.

- PAS 1, *Presentation of Financial Statements (Revised)*, becomes effective for financial years beginning on or after January 1, 2009. The standard separates owner and non-owner changes in equity. The statement 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 Company is currently assessing the impact of the revised standard on its 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 transitional requirements in the standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs, if any, will be capitalized on qualifying assets starting January 1, 2009. The Company does not expect this revised standard to have an impact on its financial statements.
- PAS 32, *Financial Statements: Presentation, and PAS 1, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)*, will become effective for financial years beginning on or after January 1, 2009. The amendment to PAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to PAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. The Company expects that the amendments will have no impact on its financial position or performance.
- PAS 39, *Financial Instruments: Recognition and Measurement – Eligible Hedged Items (Amendment)*, will become effective for financial years beginning on or after July 1, 2009. The amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. It clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. The amendment will not have any impact on the financial statements as the Company has not entered into any such hedges.
- 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 transactions 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 Company expects that this interpretation will have no impact on its financial statements as no such schemes currently exist.
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, will become effective for financial years beginning on or after January 1, 2009. The interpretation is to be applied retroactively. It clarifies when and how revenue and related

expenses from the sale of real estate should be recognized if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the interpretation provides guidance on how to determine whether an agreement is within the scope of PAS 11, *Construction Contracts*, or PAS 18, *Revenue*. The Interpretation will not have an impact on the financial statements because the Company does not have such activity.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in Foreign Operations*, will become effective for financial years beginning on or after October 1, 2008. It provides guidance in identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the Company the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The interpretation will have no impact on the Company's financial instruments.

#### Improvements to Existing Accounting Standards

The Company did not early adopt the following improvements to existing accounting standards that have been approved but are not yet effective. The Company is currently assessing the impact of the following improvements to existing standards but anticipates that the changes will have no material effect on the financial statements.

- PFRS 7, *Financial Instruments: Disclosures*, removes the reference to "total interest income" as a component of finance costs.
- PAS1, *Presentation of Financial Statements*, provides that assets and liabilities classified as held for trading in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, are not automatically classified as current in the balance sheet.
- PAS8, *Accounting Policies, Changes in Accounting Estimates and Errors*, clarifies that only the implementation guidance that is an integral part of a PFRS is mandatory when selecting accounting policies.
- PAS 10, *Events after the Balance Sheet Date*, clarifies that dividends declared after the end of reporting period are not obligations.
- PAS 16, *Property, Plant and Equipment*, replaces the term "net selling price" with "fair value less costs to sell". It further clarifies that items of property, plant and equipment held for rental that are routinely sold in the ordinary course of business after rental are transferred to inventory when rental ceases and they are held for sale.
- PAS 18, *Revenue*, replaces the term "direct costs" with "transaction costs" as defined in PAS 39, *Financial Instruments: Recognition and Measurement*.
- PAS19, *Employee Benefits*, revises the definition of past service costs, return on plan assets and short-term and long-term employee benefits. Amendments to plans that result in reduction in benefits related to future services are accounted for as curtailment. It deletes the reference to the recognition of contingent liabilities to ensure consistency with PAS37, *Provisions for Contingent Liabilities and Contingent Assets*.

- PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, provides that loans granted in the future with no or low interest rates will not be exempt from the requirements to impute interest. The difference between the amount received and the discounted amount is accounted for as government grant. Various terms were revised to be consistent with the other PFRS.
- PAS 23, *Borrowing Costs*, revises the definition of borrowing costs to consolidate the two types of items that are considered components of borrowing costs into one – the interest expense calculated using the effective interest method, calculated in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*.
- PAS 27, *Consolidated and Separate Financial Statements*, states that when a parent entity accounts for a subsidiary in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, in its separate financial statements, this treatment continues when the subsidiary is subsequently classified as held for sale.
- PAS 28, *Investments in Associates*, establishes that if an associate is accounted for at fair value in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, only the requirement of PAS 28 to disclose the nature and extent of any significant restrictions on the ability of the associate to transfer funds to the entity in the form of cash or repayment of loans applies.
- PAS 29, *Financial Reporting in Hyperinflationary Economies*, revises the reference to the exception to measure assets and liabilities at historical costs, such that it notes property, plant and equipment as being an example, rather than implying that it is a definitive list. Various terms were revised to be consistent with the other PFRS.
- PAS 31, *Interest in Joint Ventures*, provides that if a joint venture is accounted for at fair value in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, only the requirement of PAS 31 to disclose the commitments of the venturer and the joint venture as well as summary financial information about the assets, liabilities, income and expense will apply.
- PAS 34, *Interim Financial Reporting*, requires that earnings per share be disclosed in interim financial reports if an entity is within the scope of PAS 33, *Earnings per Share*,
- PAS 36, *Impairment of Assets*, provides that if discounted cash flows are used to estimate “fair value less costs to sell”, additional disclosure is required about the discount rate, consistent with the disclosures required when the discounted cash flows are used to estimate “value in use”.
- PAS 38, *Intangible Assets*, provides that expenditure on advertising and promotional activities is recognized as an expense when the Company has either the right to access the goods or has received the services.
- PAS 39, *Financial Instruments: Recognition and Measurement*, changes in circumstances relating to derivatives are not reclassification and therefore maybe either removed from, or included in, the “fair value through profit and loss” (FVPL) classification after initial recognition. It removes the reference to a segment when determining whether an instrument qualifies as a hedge. It further requires the use of the revised effective interest rate when re-measuring a debt instrument on the cessation of fair value hedge accounting.

- PAS 40, *Investment Property*, revises the scope such that property under construction or development for future use as an investment property is classified as investment property. If fair value cannot be reliably determined, the instrument under construction will be measured at cost until such time that fair value can be determined or construction is complete. It revises the conditions for a voluntary change in accounting policy to be consistent with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and clarifies that the carrying amount of investment property held under lease is the valuation obtained, increased by any recognized liability.
- PAS 41, *Agriculture*, removes the reference to the use of pre-tax discount rate to determine fair value. It likewise removes the prohibition to take into account cash flows resulting from any additional transformations when estimating fair value. Furthermore, it replaces the term “point-of-sale costs”, with “cost to sell”.

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### 3. Summary of Significant Accounting Judgment, Estimates and Assumptions

The Company’s financial statements prepared in accordance with PFRS require management to make judgment, estimates and assumptions that affect amounts reported in the financial statements and related notes.

#### Judgment

*Functional Currency.* In the process of applying the Company’s accounting policies, management has determined that its functional currency is the Philippine peso, It is the currency of the primary economic environment in which the Company operates.

#### Estimates and Assumptions

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years are discussed below:

*Estimating Realizability of Deferred Tax Assets.* The Company’s assessment on the recognition of deferred tax assets on nondeductible temporary differences and carryforward benefits of net operating loss carryover (NOLCO) is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company’s future expectations on revenue and expenses.

No deferred tax asset was recognized as of March 31, 2009. Unrecognized deferred tax asset amounted to P46,720 as of March 31, 2008 (See Note 9)

*Fair Value of Financial Assets and Liabilities.* The Company carries certain financial assets and liabilities at fair value, which requires the use of accounting estimates and judgment. The significant components of fair value measurement were determined using verifiable objective evidence (i.e. foreign exchange rates, interest rates, volatility rate). However, the timing and amount of changes in fair value would differ if the Company utilized different valuation methodologies and assumptions. Any changes in the fair value of these financial assets and liabilities would affect the statements of income and statements of changes in stockholder’s equity.

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

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#### 4. Summary of Significant Accounting and Financial Reporting Policies

##### Financial Assets and Liabilities

*Date of Recognition.* The Company recognizes a financial asset or a financial liability in the balance sheets when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting

*Initial Recognition of Financial Instruments.* Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

Subsequent to initial recognition, the Company classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments and available-for-sale (AFS) financial assets. The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date. The Company's financial assets are of the nature of loans and receivables.

*Determination of Fair Value.* The fair value of financial instruments traded in active markets at balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

*Day 1 Profit.* Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statements of income, unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statements of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

##### Financial Assets

*Financial Assets at FVPL.* Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL.



Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognized in the statements of income.

Financial assets may be designated by management at initial recognition as at FVPL when any of the following criteria is met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on a different basis; or
- the assets are part of a group of financial assets, financial liabilities or both which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

The Company has no financial assets classified under this category as of March 31, 2009 and December 31, 2008.

*Loans and Receivables.* Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL. Loans and receivable are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within 12 months from balance sheet date. Otherwise, these are classified as noncurrent assets.

Classified under this category are the Company's cash and cash equivalents and accounts receivable. The carrying values of financial assets under this category amounted to ₱86,704,580 and ₱86,174,257 as of March 31, 2009 and December 31, 2008, respectively (see Note 12).

*HTM Investments.* HTM investments are quoted nonderivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has the positive intention and ability to hold to maturity. Where the Company sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS securities. After initial measurement, the investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in the statements of income when the HTM investments are derecognized or impaired, as well as through the amortization process. Assets under this category are classified as current assets if maturity is within 12 months from balance sheet date and as noncurrent assets if maturity date is more than a year from balance sheet date.

The Company has no investments classified as HTM as of March 31, 2009 and December 31, 2008.

*AFS Financial Assets.* AFS financial assets are nonderivative financial assets that are designated in this category or are not classified in any of the other categories. Subsequent to

initial recognition, AFS financial assets are carried at fair value in the balance sheets. Changes in the fair value of such assets are reported as revaluation reserve for AFS financial assets in the stockholders' equity section of the balance sheets until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statements of income. Interest earned on holding AFS investments are recognized in the statements of income using the effective interest rate. Assets under this category are classified as current assets if expected to be realized within 12 months from balance sheet date and as noncurrent assets if expected to be realized more than a year from balance sheet date.

The Company has no financial assets classified as AFS as of March 31, 2009 and December 31, 2008.

### Financial Liabilities

*Financial Liabilities at FVPL.* Financial liabilities are classified in this category if these result from trading activities or derivatives transaction that are not accounted for as accounting hedges, or when the Company elects to designate a financial liability under this category.

The Company has no financial liabilities classified under this category as of March 31, 2009 and December 31, 2008.

*Other Financial Liabilities.* This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes accounts payable and accrued expenses and due to shareholders (see Notes 7 and 12). The carrying values of financial liabilities under this category amounted to ₱ 81,610,385 and ₱81,534,685 as of March 31, 2009 and December 31, 2008, respectively (see Note 11).

### Derecognition of Financial Assets and Liabilities

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 and has neither transferred nor retained substantially all the risks and rewards of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

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

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

#### Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired.

*Assets Carried at Amortized Cost.* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced through the use of an allowance account. The amount of the loss shall be recognized in the statements of income.

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

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statements of income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, 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 for impairment losses account. If a future write-off is later recovered, the recovery is recognized in the statements of income under "Other income" account. Any subsequent reversal of an impairment loss is recognized in the statements of income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

*Assets Carried at Cost.* If there is objective evidence that an impairment loss has been incurred in an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

*AFS Financial Assets.* If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from stockholders' equity to the statements of income. Reversals in respect of equity instruments classified as AFS are not recognized in profit. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognized in profit or loss.

#### Offsetting Financial Instruments

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

#### Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and it can be reliably measured.

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

#### Taxes

*Current Tax.* Current tax assets and liabilities for the current and prior periods 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 substantively enacted at balance sheet date.

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

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

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

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance sheet date.

Income tax relating to the items recognized directly in stockholders' equity is recognized in stockholders' equity and not in the statements of income.

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

#### Contingencies

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

#### Events After Balance Sheet Date

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

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## **5. PDRs**

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

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

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

Upon exercise of the PDRs, an exercise price of ₱0.05 per share shall be paid by the PDR holders. The exercise price is shown as “Exercise fees” account in the statements of income.

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, these shares underlying the PDRs are, and will continue to be registered in the name of and owned by, 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 exchanges are based on prevailing traded values of GMA shares at the time of transaction with the corresponding PDR option price.

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

Under the “pass-through” test, the Company is deemed to have transferred substantially the risks and rewards of its investment in GMA. Accordingly, the investment in GMA and the liabilities related to the issuance of the PDRs were derecognized by the Company under the provisions of PAS 39, *Financial Instruments: Recognition and Measurement*.

The following are the details and movements of the PDRs and the underlying GMA shares for the three months ended March 31, 2008:

	PDRs	Number of shares
Balance at beginning of year	₱ 7,703,193,000	906,258,000
Exercise of PDRs	( 50,906,500)	5,989,000
Balance at end of the period	₱ 7,652,286,500	900,269,000

## 6. Cash and cash equivalents

This consists of:

	March 31, 2009	December 31, 2008
Cash in bank	₱ 33,695,881	₱ 33,432,980
Short-term placements	52,451,806	51,967,498
Balance at end of the period	₱ 86,147,687	₱ 85,400,478

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

Interest income, net of final tax, earned from cash and cash equivalents amounted to ₱599,872 and ₱208,015 for the period ended March 31, 2009 and 2008, respectively.

## 7. Accounts Payable and Accrued Expenses

This account consists of:

	March 31, 2009	December 31, 2008
Accounts payable (see Note 11)	₱ 67,958	₱ 7,258
Accrued expenses	175,000	160,000
	₱ 242,958	₱ 167,258

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

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## 8. Operating Expenses

This account consists of:

	2009	2008
Listing fees	<b>₱ 70,000</b>	₱ 195,894
Professional fees	<b>135,000</b>	135,000
Taxes and licenses	<b>22,845</b>	6,295
Miscellaneous	<b>6,855</b>	1,102
	<b>₱ 234,700</b>	₱ 338,291

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## 9. Income Taxes

The components of the company's provision for income tax for the period ended March 31, 2009 and 2008 are as follows:

	2009	2008
Final tax on interest income from bank deposits	<b>₱ 149,968</b>	₱ 52,004
Regular corporate income tax	<b>19,425</b>	-
	<b>₱ 169,393</b>	₱ 52,004

As of March 31, 2008, the NOLCO that can be applied as deduction from future taxable income are as follows:

Year Incurred	Expiry Date	Amount
December 31, 2006	December 31, 2009	₱25,000
December 31, 2007	December 31, 2010	108,486
		<b>₱133,486</b>

NOLCO incurred in 2007 and 2006 amounting to ₱133,486 was applied as deduction from normal taxable income in 2008.

Also in 2008, deferred tax asset on NOLCO amounting to ₱46,720 as of March 31, 2008, was not recognized as management believes that taxable income against which the NOLCO can be used may not be available.



## 10. Related Party Disclosures

Transactions with related parties have been entered into at terms no less favorable than could have been obtained if the transactions were entered into with unrelated parties. The amounts included in the financial statements with respect to these transactions as of March 31, 2009 and December 31, 2008 and for the period then ended follow:

Related Parties	Relationship	Nature of Transactions	Period/Year	Transactions During the Period/Year	Due (to)/from GMA	Due to Shareholders
GMA	Affiliate*	Portion of proceeds from issuance of PDRs and reimbursements of crossing expenses	Mar2009	-	₱-	
			Dec 2008	₱ (50,458,960)	-	
Group Management and Shareholders		Portion of proceeds from issuance of PDRs	Mar2009	-	-	₱81,367,427
Development, Inc., FLG Management and Development Corporation, M.A. Jimenez Enterprises, Inc., Television International Corporation, Gozon Development Corporation, Gozon Foundation, Inc.			Dec2008	30,762,208		81,367,427

\*Affiliate refers to a company whose stockholders are also the stockholders of the Company.

## 11. Financial Risk Management Objectives and Policies

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

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

### Interest Rate Risk

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

The Company does not have any interest bearing obligations.

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

<u>Increase (Decrease) in Basis Points</u>	<u>Effect on Income Before Income Tax</u>
50	₱430,738
(50)	(430,738)

### Credit Risk

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

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

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

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

The Company classified its cash and cash equivalents and accounts receivable as high grade financial assets as of March 31, 2009 and December 31, 2008.

As of March 31, 2009, the aging analysis of accounts receivable is as follows:

Neither past due nor impaired	₱ 282,293
<30 days past due	15,050
31-60 days	77,550
61-90 days	182,000
	₱ 556,893
	₱ 556,893

### Liquidity Risk

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

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as of March 31, 2008:

	On Demand	3 to -12 months	Total
Accounts payable and accrued expenses	P242,958	P-	P242,958
Due to shareholders	-	81,367,427	81,367,427
	P242,958	P81,367,427	P81,610,385

### 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's capital management is undertaken by GMA.

## **12. Financial Assets and Liabilities**

The following table sets forth the carrying values and fair values of financial assets and liabilities by category and by class as of March 31, 2009 and December 31, 2008:

	March 31, 2009		December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Loans and receivables:				
Cash and cash equivalents	P86,147,687	P86,147,687	P85,400,478	P85,400,478
Accounts receivable	556,893	556,893	773,779	773,779
	P86,704,580	P86,704,580	P86,174,257	P86,174,257
<b>Financial Liabilities</b>				
Other financial liabilities:				
Accounts payable and accrued expenses	P 242,958	P 242,958	P 167,258	P 167,258
Due to shareholders	81,367,427	81,367,427	81,367,427	81,367,427
	P 81,610 385	P81,610,385	P81,534,685	P81,534,685

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

## **PART II. OTHER 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**  
Director & Chief Financial Officer

  
**RONALDO P. MASTRILI**  
Chief Accounting Officer

Date: May 15, 2009