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)

0 3	3 1
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

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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, 2010**

2. SEC Identification Number **5213**

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

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

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

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

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding……………....
Common Stock, 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 Three Months Ended March 31, 2010.

GMA Network, Inc. enjoyed one of its most profitable periods to date as it ended the first quarter of 2010 – its diamond anniversary year – with outstanding results.

Gross revenues skyrocketed to ₱3,625 million, close to a billion pesos more than same period last year fueled by TV and radio advertising geared toward the May elections. On top of this, subscriptions revenue from international operations remained a major source of top-line growth for the Company.

With the increase in total operating expenses kept at ₱318 million, net income settled at ₱855 million, equivalent to a 71% increase year-on-year.

Income data	**3M-2010** *(in millions Php)*	3M-2009 *(in millions Php)*	Inc/(Dec) *(in millions Php)*	%
Gross Revenues				
Television and radio airtime	**3,340.3**	2,418.0	922.3	38%
Subscription and others	**285.2**	233.5	51.7	22%
	3,625.5	2,651.5	974.0	37%
Less: Revenue Deductions				
Agency and marketing commissions	**521.0**	370.3	150.8	41%
Co-producers' share	**45.1**	27.1	18.0	66%
	566.1	397.3	168.8	42%
Net Revenues	**3,059.4**	2,254.1	805.2	36%
Production Costs	**1,127.0**	893.9	233.1	26%
Gross Profit	**1,932.4**	1,360.3	572.1	42%
General and Administrative Expenses	**(799.6)**	(715.0)	84.6	12%
Interest Expense and Financing Charges	**(0.1)**	(0.3)	(0.2)	(56%)
Interest Income	**21.0**	19.7	1.3	6%
Other Income	**6.1**	9.9	(3.7)	(38%)
Income Before Income Tax	**1,159.7**	674.5	485.2	72%
Provision for Income Tax	**305.2**	174.0	131.2	75%
Net Income	**854.6**	500.6	354.0	71%
Earnings Per Share				
Basic	**0.176**	0.103		
Diluted	**0.176**	0.103		

Revenues

Consolidated gross revenues – consisting of airtime revenues from television and radio, subscription revenue from international operations, and other revenues from subsidiaries – reached ₱3,625 million for the first quarter 2010, an improvement of 37% or ₱974 million over the ₱2,651 million top line in 2009.

Revenues	**3M-2010** *(in millions Php)*	3M-2009 *(in millions Php)*	Inc/(Dec) *(in millions Php)*	%
Television and radio airtime	**3,340.3**	2,418.0	922.3	38%
Subscription and others	**285.2**	233.5	51.7	22%
Total gross revenues	**3,625.5**	2,651.5	974.0	37%

Airtime revenues from TV and radio, which made up 92% of the total top line, posted ₱3,340 million, a 38% increase as all platforms were buoyed up by political ad placements. Channel 7 airtime revenues continued to be the Company's lifeblood delivering ₱3,100 million, 38% higher than last year. QTV Channel 11's airtime revenues climbed 16% to ₱111 million. Airtime revenues from radio operations grew by a phenomenal 91% to ₱130 million.

Revenues from other sources provided a P285 million boost to the top line, rising 22% over last year. Subscription revenues from international operations leaped 27% to ₱235 million from last year's ₱185 million driven by the sustained growth in subscriber count for GMA Pinoy TV as well as GMA Life TV. At the end of March 2010, GPTV's subscribers numbered 250,000, up 19% from last year, while GLTV reached 120,000 subscribers, a 7% growth over same period in 2009. The subscriber counts are equivalent to 1.5 million and 800,000 viewers for GPTV and GLTV, respectively. Meanwhile, subsidiaries brought in other revenues of ₱51 million, including ₱33 million grossed by GMA Films, largely due to *Panday*'s ₱27 million take.

Expenses

Total operating expenses – composed of production cost and general and administrative expenses – closed at ₱1,927 million, up 20% from ₱1,609 million a year ago.

Production Costs	**3M-2010** *(in millions Php)*	3M-2009 *(in millions Php)*	Inc/(Dec) *(in millions Php)*	%
Talent fees	**500.2**	434.2	66.0	15%
Rentals and outside services	**159.2**	139.3	19.9	14%
Tapes, sets and production supplies	**156.0**	91.4	64.6	71%
Other program expenses	**121.4**	74.5	46.8	63%
Sub-total - cash production cost	**936.8**	739.4	197.4	27%
Program rights amortization	**136.7**	107.6	29.1	27%
Depreciation	**53.5**	46.8	6.7	14%
Sub-total - non-cash production cost	**190.2**	154.5	35.7	23%
Total production costs	**1,127.0**	**893.9**	233.1	26%

Costs related to production, which accounted for 58% of total operating expenses, increased by 26% to ₱1,127 million for the first quarter 2010 compared to ₱894 million in 2009. Cash production costs of ₱937 million showed a 27% increase year-on-year as the Channel 7 and QTV aired more station-produced programs with upgraded production values to engage the audience, consequently incurring higher talent fees and charges for sets, wardrobe and other program expenses.

Non-cash production costs of ₱190 million were likewise higher than last year as amortization of program rights increased 27% mainly from the higher cost of first-run licensed materials aired on QTV.

Consolidated general and administrative expenses (GAEX) amounted to ₱800 million, reflecting an increase of 12% versus ₱715 million for the first quarter 2009. Personnel costs followed by outside services mainly accounted for the year-on-year increase.

General & Administrative Expenses	**3M-2010** *(in millions Php)*	3M-2009 *(in millions Php)*	Inc/(Dec) *(in millions Php)*	%
Personnel costs	**331.6**	288.9	42.7	15%
Outside services	**125.2**	93.5	31.7	34%
Facilities costs	**92.8**	78.6	14.2	18%
Taxes and licenses	**49.6**	47.0	2.6	6%
Other cash GAEX	**116.5**	115.1	1.4	1%
Subtotal - Cash GAEX	**715.6**	623.0	92.7	15%
Depreciation and amortization	**84.0**	92.0	(8.0)	(9%)
Total GAEX	**799.6**	715.0	84.6	12%

Personnel costs amounted to P332 million, up 15% from last year. The rise in manpower count, compounded by annual salary rate hikes, drove the increase.

Outside services – consisting of advertising and promotions, management and professional fees, and sales incentives – increased by 34% to ₱125 million. The increase was largely due to collection-based sales incentives that soared following the string of record-high airtime revenues from the second quarter 2009 to date, and their ensuing collection.

Facilities cost – composed of utilities and repairs and maintenance – ended at ₱93 million, increasing 18%, primarily due to.various maintenance work undertaken at both the head office and regional relay stations.

Taxes and licenses increased 6% to P50 million due to higher royalty taxes on subscription revenue aligned with the improvement in this segment. Other cash GAEX inched up 1% to P117 million.

Non-cash GAEX of P84 million was 9% lower than last year with the full depreciation of some non-production-oriented facilities and equipment, such as vehicles and office furniture, that are still in use.

Interest and financing charges on short-term loans

Interest expense and financing charges for the period of ₱0.1 million was 56% lower compared to last year's ₱0.3 million. These reflected minimal bank charges as the Company had no short-term loans during both periods.

Interest income from short-term investments

Interest income from short-term investments increased by 16% to ₱21 million from last year's ₱20 million on account of Company's higher cash balance available for money market placements.

Other Income

Other income ended at ₱1.7 million, down 82% from ₱9.7 million in 2009 mainly reflective of the significant decline in the US dollar-to-peso conversion rate that resulted in a ₱10 million net foreign exchange loss.

Net Income

With the momentous upswing in revenues this election year, complemented by the tight rein on expenses, net income for the first quarter zoomed 71% to ₱855 million versus last year's ₱501 million. Likewise, earnings before interest, taxes, depreciation and amortization (EBITDA) jumped to ₱1,413 million, 57% higher than ₱902 million for the same period a year ago.

Balance Sheet Accounts

Consolidated assets totaled ₱14,820 million at the end of the first quarter, 13% higher year-on-year. The strong surge in revenues propelled receivables to ₱4,634 million. Collection efforts likewise kept up the pace, increasing cash and cash equivalents to ₱3,948 million, and reducing days-sales-outstanding to 121 days at the close of March 2010, down from the 2009 year-end level of 149 days.

The substantial growth in net income drove return on assets to improve to 23% from last year's 15%, while return on equity likewise improved to 29% versus 20% last year.

Cash Flows	**3M-2010** *(in millions Php)*	3M-2009 *(in millions Php)*
Net cash provided by operating activities	**1,844.2**	1,293.4
Net cash used in investing activities	**(89.5)**	(115.7)
Net cash provided by (used in) financing activities	**(0.2)**	6.1
Effect of exchange rate changes on cash and cash equivalents	**(7.2)**	3.1
Net increase (decrease) in cash and cash equivalents	**1,747.3**	1,186.8
Cash and cash equivalents, beginning of year	**2,200.2**	1,688.1
Cash and cash equivalents, end of year	**3,947.5**	2,874.9

Operating Activities

Net cash from operations registered at ₱1,844 million for the first quarter 2010. This resulted from the pre-tax income of ₱1,160 million and income tax payments of ₱69 million, adjusted mainly by depreciation expense of ₱133 million and changes in working capital of ₱681 million. The primary component of the changes in working capital was the ₱678 million decrease in trade and other receivables as a result of intensified collection efforts.

Investing Activities

Net cash used in investing activities amounted to ₱90 million. The ₱114 million addition to property and equipment was the primary driver, aligned with the continued expansion in the regions. This was offset by the ₱19 million interest earned from cash placements.

Financing Activities

Net cash used in financing activities amounted to just ₱0.2 million, as the Company's highly liquid, debt-free and cash-rich position enabled it to fund its operational and other cash requirements solely from internally-generated funds.

GMA NETWORK, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED BALANCE SHEETS

	March 31, 2010 Unaudited	December 31, 2009 Audited
ASSETS		
Current Assets		
Cash and cash equivalents (Note 22 and 23)	**3,947,519,716**	2,200,193,818
Short-term investments (Note 22 and 23)	**20,105,920**	23,460,312
Trade and other receivables (Note 22 and 23)	**4,634,438,109**	5,310,223,152
Program rights	**605,346,978**	640,175,411
Prepaid expenses and other current assets	**425,773,706**	385,985,665
Total Current Assets	**9,633,184,429**	8,560,038,358
Noncurrent Assets		
Available-for-sale financial assets (Note 22 and 23)	**104,906,848**	104,906,848
Investments and advances (Note 15)	**399,797,750**	394,327,610
Property and equipment at cost	**3,009,969,123**	3,024,036,141
Land at revalued amounts	**1,403,122,465**	1,403,122,465
Investment properties - net	**59,060,311**	59,716,748
Deferred tax assets	**42,764,981**	42,173,115
Other noncurrent assets	**167,144,320**	175,132,835
Total Noncurrent Assets	**5,186,765,798**	5,203,415,762
Total Assets	**14,819,950,227**	13,763,454,120
LIABILITIES AND EQUITY		
Current Liabilities		
Trade payables and other current liabilities (Note 22 and 23)	**1,958,388,697**	1,961,301,659
Income tax payable	**645,020,331**	407,847,673
Obligations for program rights (Note 22 and 23)	**71,340,183**	61,475,710
Dividends Payable (Note 22 and 23)	**3,352,528**	3,367,963
Total Current Liabilities	**2,678,101,739**	2,433,993,005
Noncurrent Liabilities		
Pension liability	**238,366,962**	280,534,771
Deferred tax liabilities - net	**168,806,513**	168,806,513
Total Noncurrent Liabilities	**407,173,475**	449,341,284
Total Liabilities	**3,085,275,214**	2,883,334,289
Equity		
Capital stock (Note 17)	**4,864,692,000**	4,864,692,000
Additional paid-in capital (Note 17)	**1,659,035,196**	1,659,035,196
Revaluation increment in land - net	**744,158,022**	744,158,022
Unrealized gain on available-for-sale financial assets - net	**2,171,187**	2,171,187
Retained earnings (Note 7 and 17)	**4,498,891,794**	3,644,336,613
Treasury stock (Note 7 and 17)	**(28,483,171)**	(28,483,171)
Underlying shares of the acquired Philippine deposit receipts	**(5,790,016)**	(5,790,016)
Total Equity	**11,734,675,012**	10,880,119,831
Total Liabilities & Equity	**14,819,950,227**	13,763,454,120

GMA NETWORK, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31 Unaudited	
	2010	2009
GROSS REVENUES (Note 18)	**3,625,456,764**	2,651,484,113
LESS: REVENUE DEDUCTIONS		
Agency and marketing commissions	**521,038,277**	370,269,579
Co-producers' share	**45,060,856**	27,072,101
	566,099,133	397,341,680
NET REVENUES	**3,059,357,631**	2,254,142,433
PRODUCTION COSTS (Note 19)	**1,126,959,699**	893,853,448
GROSS PROFIT	**1,932,397,932**	1,360,288,985
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(799,648,080)**	(715,006,669)
OTHER INCOME (EXPENSES)		
Interest rxpense and financing charges	**(142,373)**	(321,699)
Interest income	**20,973,471**	19,704,390
Equity in net income (losses) of associates and joint ventures (Note 15)	**4,420,958**	184,142
Other income (Note 21)	**1,712,915**	9,688,445
INCOME BEFORE INCOME TAX	**1,159,714,823**	674,537,594
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	**305,751,507**	175,372,712
Deferred	**(591,866)**	(1,398,247)
	305,159,642	173,974,464
NET INCOME	**854,555,181**	500,563,130
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	**854,555,181**	500,563,130
Basic Earnings Per Share (Note 7)	**0.176**	0.103
Diluted Earnings Per Share (Note 7)	**0.176**	0.103

GMA NETWORK, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 17)	Additional Paid-in Capital (Note 17)	Revaluation Increment in Land - Net of Tax	Unrealized Gain (Loss) on Available-for-sale Financial Assets - Net of Tax	Retained Earnings (Note 17)	Treasury Stock (Note 7 and 17)	Underlying Shares of the Acquired Philippine Deposit Receipts (Note 7 and 17)	Total Equity
Balances at January 1, 2010	**4,864,692,000**	**1,659,035,196**	**744,158,022**	**2,171,187**	**3,644,336,613**	**(28,483,171)**	**(5,790,016)**	**10,880,119,831**
Total comprehensive income	-	-	-	-	**854,555,183**	-	-	-
Balances at March 31, 2010	**4,864,692,000**	**1,659,035,196**	**744,158,022**	**2,171,187**	**4,498,891,796**	**(28,483,171)**	**(5,790,016)**	**11,734,675,014**
Balances at January 1, 2009	4,864,692,000	1,651,547,885	744,158,022	1,843,368	2,527,155,258	(28,483,171)	(5,790,016)	9,755,123,346
Total comprehensive income	-	-	-	-	500,563,129	-	-	500,563,129
Prior period adjustment	-	-	-	-	(11,304,067)	-	-	(11,304,067)
Collection of subscriptions receivable	-	6,443,798	-	-	-	-	-	6,443,798
Cash dividends	-	-	-	-	(25,000,000)	-	-	(25,000,000)
Balances at March 31, 2009	4,864,692,000	1,657,991,683	744,158,022	1,843,368	2,991,414,320	(28,483,171)	(5,790,016)	10,225,826,206

GMA NETWORK, INC. AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱1,159,714,824**	₱674,537,594
Adjustments for:		
Depreciation and amortization (Note 19 and 20)	**133,105,670**	135,553,525
Movements in pension liability	**(42,167,809)**	15,536,434
Interest income from bank deposits and short-term investments	**(20,973,470)**	(19,704,390)
Unrealized foreign exchange loss (gain) (Note 21)	**5,951,983**	(3,589,282)
Equity in net losses of associates and joint ventures	**(4,420,958)**	(184,142)
Amortization of software costs	**4,403,063**	3,313,480
Loss (gain) on sale of property and equipment and investment properties (Note 21)	**(4,340,834)**	–
Interest expense and financing charges on short-term loans	**142,373**	321,176
Dividend income (Note 21)	**(37,781)**	(7,673)
Operating income before working capital changes	**1,231,377,061**	805,776,720
Decreases in:		
Trade and other receivables	**678,149,252**	571,361,906
Program rights (Note 19)	**34,828,433**	35,460,309
Obligations for program rights	–	(9,811,247)
Increases in:		
Prepaid expenses and other current assets	**(39,788,041)**	(58,981,086)
Trade payables and other current liabilities	**2,912,962**	14,695,804
Obligations for program rights	**11,651,381**	–
Net cash generated from operations	**1,930,407,828**	1,358,502,407
Income taxes paid	**(68,578,849)**	(65,150,567)
Net cash provided by operating activities	**1,844,240,275**	1,293,351,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment	**(114,156,205)**	(106,728,710)
Software costs	**(2,262,641)**	–
Short-term investments	–	(18,381,477)
Additions to advances to associates and joint ventures (Note 15)	**(1,049,182)**	482,956
Interest received	**18,609,260**	18,803,722
Decrease in other noncurrent assets	**5,848,093**	–
Proceeds from disposal of short-term investments	**3,354,392**	–
Proceeds from sale of property and equipment and investment properties	**114,823**	3,110,523
Cash dividends received	**37,781**	7,673
Increase in other noncurrent assets	–	(13,012,496)
Net cash used in investing activities	**(89,503,679)**	(115,717,808)

(Forward)

	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends	**(₱15,435)**	(₱–)
Interest and financing charges paid	**(142,373)**	(321,176)
Collection of subscriptions receivable	–	6,443,798
Net cash provided by (used in) financing activities	**(157,808)**	6,122,622
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(7,252,892)**	3,063,562
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,747,325,898**	1,186,820,216
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,200,193,818**	1,688,107,116
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱3,947,519,716**	₱2,874,927,332

1. Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for 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 presentation currency under Philippine Financial Reporting Standards (PFRS). 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 PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) issued by the Financial Reporting Standards Council.
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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 Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) which the Group has adopted during the year:

- 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. As the Group has no such transaction, the adoption of this interpretation has no impact on the consolidated financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements*, 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. No member of the Group is an operator and, therefore, this interpretation has no impact on the consolidated financial statements.

- 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 Group's defined benefit plan has been in deficit, therefore the adoption of this interpretation has no impact on its financial position or performance.

Future Changes in Accounting Policies

The Group did not early adopt the following standards and Philippine Interpretations that have been approved but are not yet effective:

- PFRS 3, *Business Combinations (Revised)*, and PAS 27, *Consolidated and Separate Financial 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 PAS 27 requires that a change in the ownership 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 changes in the standards will have no impact on the consolidated financial statements.

- 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 consolidated financial statements as the Group has not entered into any such hedges.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*, will become effective for financial years beginning on or after July 1, 2008. It 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.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, will become effective for financial years beginning on or after January 1, 2012. 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 consolidated financial statements because the Group does not have such activity.

Improvements to Existing Accounting Standards

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

- PAS 1, *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 consolidated balance sheets.

- PAS 8, *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 19, *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 PAS 37, *Provisions, 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 requirement 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 other PFRS.

- 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, *Investment 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 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*, requires that expenditure on advertising and promotional activities be recognized as an expense when the Group 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 or 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 investment 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 "costs to sell".

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

   2009 figures were restated to conform to the 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.

   25% 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 ₱375 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 and March 19, 2007, the BOD approved the Parent Company's declaration and distribution of ₱0.54 per share cash dividends totaling to ₱2,500.00 million to all stockholders of record as of declaration dates.

   On May 21, 2008, the BOD approved the Parent Company's declaration and distribution of ₱0.25 per share cash dividends totaling to ₱1,214.16 million to all stockholders of record as of June 11, 2008.

   On April 2, 2009, the BOD approved the Parent Company's declaration and distribution of ₱0.35 per share cash dividends of totaling ₱1,701.07 million to all stockholders of record as of April 21, 2009.

   On March 25, 2010, the BOD approved the Parent Company's declaration and distribution of ₱0.45 per share cash dividends totaling ₱2,187.09 million to all stockholders of record as of April 14, 2010.

7. EPS Computation

   The computation of basic EPS follows:

	3M-2010	3M-2009
Net income (a)	**₱854,555,181**	₱500,563,130
Less attributable to preferred shareholders	**263,723,500**	154,485,352
Net income attributable to common shareholders (b)	**₱590,831,681**	₱346,077,777
Common shares issued at the beginning of year	**3,364,692,000**	3,364,692,000
Treasury shares (see Note 17)	**(3,645,000)**	(3,645,000)
Underlying shares on acquired PDRs (see Note 17)	**(750,000)**	(750,000)
Weighted average number of common shares for basic EPS (c)	**3,360,297,000**	3,360,297,000
Basic EPS (b/c)	**₱0.176**	₱0.103

The computation of diluted EPS follows:

	3M-2010	3M-2009
Net income (a)	**₱854,555,181**	₱500,563,130
Weighted average number of common shares	**3,360,297,000**	3,360,297,000
Effect of dilution - assumed conversion of preferred shares	**1,500,000,000**	1,500,000,000
Reacquired preferred shares	**(98,563)**	(98,563)
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,860,198,437
Diluted EPS (a/d)	**₱0.176**	₱0.103

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 March 31, 2010, there are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

   The 2010 Capital Expenditure budget of the parent company amounts to ₱717 million. This will be partly financed by remaining proceeds from IPO listing and the balance 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 March 31, 2010, 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 March 31, 2010, 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. Segment Reporting

Segment information is prepared on the following basis:

Business Segments

For management purposes, the Group has determined three reportable segments that are organized and managed separately according to nature of business - the television and radio operation, international subscriptions and other businesses. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

The television and radio segment is principally the Group's television and radio broadcasting activities which generates revenue from sale of national and regional advertising time. The Group considers this the major business segment, accounting for the bulk of the Group's gross revenue, net income, assets and liabilities.

International subscription primarily involves subscription arrangements with international cable companies. Other businesses include movie production, consumer products and other services.

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

Geographical Segments

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

Inter-segment Transactions

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

Business Segment Data

The following table presents revenue and expense information and certain asset and liability information regarding business segments for the three-month periods ended March 31, 2010 and March 31, 2009.

	Television and Radio Airtime		Internationsal Subscriptions		Other Businesses		Eliminations		Consolidated	
	3M-2010	3M-2009	3M-2010	3M-2009	3M-2010	3M-2009	3M-2010	3M-2009	3M-2010	3M-2009
Revenues										
External sales	3,340,280,887	2,418,003,194	234,571,626	184,687,364	50,604,251	48,793,555	-	-	3,625,456,764	2,651,484,113
Inter-segment sales	-	-	-	-	122,022,280	89,103,978	(122,022,280)	(89,103,978)	-	-
Total revenues	**3,340,280,887**	**2,418,003,194**	**234,571,626**	**184,687,364**	**172,626,531**	**137,897,534**	**(122,022,280)**	**(89,103,978)**	**3,625,456,764**	**2,651,484,113**
Results										
Segment results	970,552,107	537,255,935	141,870,514	99,566,875	20,325,183	7,387,146	-	-	1,132,747,804	644,209,956
Finance costs	(118,939)	(321,176)	-	-	(23,434)	(524)	-	-	(142,373)	(321,699)
Foreign exchange gain (loss)	(9,951,355)	3,273,181	2,049	1,072,360	(128,179)	(42,816)	-	-	(10,077,485)	4,302,725
Interest income	20,781,326	19,303,737	-	-	192,145	400,652	-	-	20,973,471	19,704,390
Equity in net earnings (losses) of associates	-	-	-	-	4,420,958	226,958	-	-	4,420,958	226,958
Other income	11,515,389	6,334,628	-	-	277,061	80,636	-	-	11,792,450	6,415,264
Income tax	(297,833,558)	(169,753,892)	-	-	(7,326,084)	(4,220,572)	-	-	(305,159,642)	(173,974,464)
Net income	**694,944,969**	**396,092,414**	**141,872,563**	**100,639,235**	**17,737,650**	**3,831,481**			**854,555,182**	**500,563,130**
Assets and Liabilities										
Segment assets	13,820,099,058	12,113,981,528	563,421,610	570,947,400	667,326,413	559,248,714	(673,459,586)	(597,588,867)	14,377,387,495	12,646,588,774
Investment in associates - at equity	360,027,140	355,213,544	-	-	39,770,611	50,293,324	-	-	399,797,751	405,506,868
Deferred tax assets	-	-	-	-	42,764,981	27,447,087	-	-	42,764,981	27,447,087
Total assets	14,180,126,198	12,469,195,072	563,421,610	570,947,400	749,862,005	636,989,125	(673,459,586)	(597,588,867)	14,819,950,227	13,079,542,729
Segment liabilities	2,864,093,008	2,642,421,522	7,910,158	8,037,187	784,743,791	693,648,027	(740,278,255)	(659,645,722)	2,916,468,702	2,684,461,015
Deferred tax liabilities	168,806,513	169,255,508	-	-	-	-	-	-	168,806,513	169,255,508
Total liabilities	3,032,899,521	2,811,677,031	7,910,158	8,037,187	784,743,791	693,648,027	(740,278,255)	(659,645,722)	3,085,275,215	2,853,716,523

Geographical Segment Data

The following table presents revenue information regarding geographical segments for the three-month periods ended March 31, 2010 and March 31, 2009.

	Local									
	Television and Radio Airtime		Other Businesses		Internationsal Subscriptions		Eliminations		Consolidated	
	3M-2010	3M-2009	3M-2010	3M-2009	3M-2010	3M-2009	3M-2010	3M-2009	3M-2010	3M-2009
Revenues										
External sales	3,340,280,887	2,418,003,194	50,604,251	48,793,555	234,571,626	184,687,364	-	-	3,625,456,764	2,651,484,113
Inter-segment sales	-	-	122,022,280	89,103,978	-	-	(122,022,280)	(89,103,978)	-	-
Total revenues	**3,340,280,887**	**2,418,003,194**	**172,626,531**	**137,897,534**	**234,571,626**	**184,687,364**	**(122,022,280)**	**(89,103,978)**	**3,625,456,764**	**2,651,484,113**

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 March 31, 2010, 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

* *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 of March 31:

	Percentage of Ownership		Country of
	2010	2009	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 -
Casual Online Interactive Games:			
X-Play Online Games Inc. (X-Play)	**50.0**	-	- do -

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)	Grant of non-interest-bearing advances	2010	₱11,567,888	₱2,610,287	₱–	₱(49,500)
		2009	–	11,544,000	–	2,631,963
RGMA	Marketing commission expense	2010	37,112,673.73	59,281,531	–	(20,306,611)
		2009	53,386,866	58,798,574	–	(28,790,636)
Mont-Aire	Debt to equity conversion, grant of noninterest-bearing advances	2010	–	84,475,370	–	–
		2009	–	84,475,370	–	–
Image One	Collection remittance	2010		–	–	(987,028)
		2009	–	–	–	(1,023,381)
Belo, Gozon, Elma Law (BGE Law), FLG Management and Development Corporation (FLG), San Mateo Management Corporation (San Mateo), 3LM Koblenz Mgt Corp (3LM Koblenz) and Majent Management and Development Corporation (Majent)	Legal and retainers' fees and others	2010	2,602,648	–	–	-
		2009	5,698,195	–	–	–

GMA Foundation

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
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.

On January 31, 2007, the agreement of GMPI with Image One was terminated.

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:

	3M-2010	3M-2009
Salaries and other short-term benefits	**₱41,206,154**	₱39,749,919
Pension benefits	**8,709,348**	9,643,593
	₱49,915,502	₱49,393,512

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:

	March 31, 2010		
	Investments	**Advances**	**Total**
Associates:			
RGMA	**₱175,215,509**	**₱59,375,356**	**₱234,590,865**
Mont-Aire	**38,350,619**	**84,475,370**	**122,825,989**
Joint ventures:			
INQ7	**–**	**2,610,287**	**2,610,287**
X-Play	**39,770,611**	**–**	**39,770,611**
	₱253,336,738	**₱146,461,013**	**₱399,797,750**

	December 31, 2009		
	Investments	Advances	Total
Associates:			
RGMA	₱175,474,885	₱59,281,531	₱234,756,416
Mont-Aire	38,350,619	84,475,370	122,825,989
Joint ventures:			
INQ7	–	2,610,287	2,610,287
X-Play	34,134,918	–	34,134,918
	₱247,960,422	₱146,367,188	₱394,327,610

16. Long-term Receivable from a Related Party

As of March 31, 2010, the Group has no long-term receivable from a related party.

17. Equity

The composition of capital stock as of March 31, 2010 and December 31, 2009 follows:

	Number of Preferred Shares		Number of Common Shares	
	2010	2009	**2010**	2009
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**	3,364,692,000
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 and was fully paid in February 2009.

Treasury Stock and Underlying Shares of Acquired PDRs

In 2008, the Parent Company reacquired common shares and preferred shares totaling 1,000,000 and 492,816, respectively, at acquisition cost of ₱7.82 million.

In 2007, the Parent Company reacquired 2,645,000 common shares at acquisition cost of ₱20.66 million and likewise acquired 750,000 PDRs at acquisition cost of ₱5.79 million.

18. Revenue

This account consists of:

	3M-2010	3M-2009
Television and radio airtime	**₱3,340,280,887**	₱2,418,003,194
Production and others	**285,175,876**	233,480,919
	₱3,625,456,764	₱2,651,484,113

19. Production Costs

This account consists of:

	3M-2010	3M-2009
Talent fees	**₱500,188,647**	₱434,185,870
Rental and outside services	**159,220,839**	139,337,691
Tapes, sets and production supplies	**156,009,891**	91,363,145
Program rights usage	**136,679,334**	107,620,960
Depreciation	**53,504,848**	46,832,717
Transportation and communication	**33,852,615**	10,893,529
Facilities and others	**87,503,526**	63,619,535
	₱1,126,959,699	₱893,853,448

20. General and Administrative Expenses

This account consists of:

	3M-2010	3M-2009
Personnel costs	**₱331,595,183**	₱288,891,079
Depreciation and amortization	**84,003,885**	92,034,287
Outside services	**125,205,525**	93,473,330
Facilities costs	**92,777,793**	78,574,220
Taxes and licenses	**49,553,669**	46,969,246
Others	**116,512,025**	115,064,507
	₱799,648,080	₱715,006,669

21. Other Income

This account consists of the following income (expenses):

	3M-2010	3M-2009
Foreign exchange gain (loss) – net	**(₱10,077,485)**	₱4,388,357
Gain (loss) on sale of property and equipment	**4,340,834**	2,677,581
Rental	**659,709**	670,344
Commissions from Artists Center	**537,952**	(2,675,000)
Dividends	**37,781**	7,673
Others	**6,214,126**	4,619,489
	₱1,712,917	₱9,688,444

22. Financial Risk Management Objectives and Policies

The Group’s principal financial instruments include nonderivative instruments such as cash and cash equivalents, short-term investments, guarantee and other deposits, short-term loans and obligations for program rights. The main purposes of these financial instruments include raising financing for the Group’s operations and managing identified financial risks. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the use of financial instruments are liquidity risk, foreign exchange risk, interest rate risk and credit risk.

The Board of Directors reviews and approves the Group's objectives and policies.

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

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

The following table summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of March 31, 2010:

	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Total**
Trade payables and other current liabilities	₱491,111,070	₱370,458,552	₱353,291,109	₱1,214,860,731
Obligations for program rights	–	–	71,340,183	71,340,183
Dividends payable	3,352,528	–	–	3,352,528
	₱494,463,598	₱370,458,552	₱424,631,292	₱1,289,553,442

** Excluding payable to government agencies amounting to ₱743.53 million as of March 31, 2010, the amount of which is not considered a financial liability.*

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

The Group's foreign currency-denominated monetary assets and liabilities amounted to ₱536.36 million (US$11.86 million) and ₱90.54 million (US$2.00 million), respectively, as of March 31, 2010 and ₱213.39 million (US$4.49 million) and ₱122.66 million (US$2.58 million), respectively, as of December 31, 2009.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱45.22 to US$1.00 and ₱46.20 to US$1.00, the Philippine peso to U.S. dollar exchange rates as of March 31, 2010 and December 31, 2009, respectively.

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

Increase (Decrease) in ₱ to US$ rate	Effect on Income Before Income Tax
₱0.50	(₱5,037,905)
(0.50)	5,037,905

The increase in ₱ to US$ rate means stronger peso against the U.S. dollar while a decrease in ₱ to US$ means stronger U.S. dollar against the peso.

Interest Rate Risk. The Group's exposure to changes in interest rates is minimal as the Group has no long-term obligations.

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

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

Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
50	₱19,816,231
(50)	(19,816,231)

Credit Risk. Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history. The Group has an internal mechanism to monitor the granting of credit and management of credit exposures. The Group has made provisions, where necessary, for potential losses on credits extended.

	Neither Past Due Nor Impaired	Past Due But Not Impaired	Total
Cash and cash equivalents*	₱3,943,140,286	₱–	₱3,943,140,286
Short-term investments	20,105,920	–	20,105,920
Trade and other receivables	2,572,369,239	1,965,936,260	4,538,305,499
Guarantee and other deposits	16,259,357	–	16,259,357
AFS financial assets	104,906,848	–	104,906,848
	₱4,084,412,411	₱2,572,369,239	₱8,622,717,910

** Excluding cash on hand amounting to ₱4.38 million as of March 31, 2010.*

The Group's past due trade receivables include those that are past due but are still collectible. These past due trade receivables are assessed by the management of the Group as good and collectible.

The Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

Counterparties to financial instruments consist of a large number of prime financial institutions. The Group does not expect any counterparty to default in its obligations, given the high credit ratings. The Group has no significant concentration of credit risk with any counterparty.

<u>Capital Management</u>

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

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

The Group monitors its capital gearing by measuring the ratio of interest-bearing debt to total stockholders' equity. Interest-bearing debt includes all short-term and long-term debt.

The Group's ratios of interest-bearing debt to total equity as of March 31, 2010 and December 31, 2009 follow:

	2010	2009
Total interest-bearing debt (a) - Notes payable	**₱–**	₱–
Total equity (b)	**₱11,734,675,012**	₱10,880,119,831
Interest-bearing debt to total equity (a/b)	–	–

23. 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 March 31, 2010 and December 31, 2009, respectively:

	2010		2009	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱3,947,519,716**	**₱3,947,519,716**	₱2,200,193,818	₱2,200,193,818
Short-term investments	**20,105,920**	**20,105,920**	23,460,312	23,460,312
Trade and other receivables - net	**4,634,438,109**	**4,634,438,109**	5,310,223,152	5,310,223,152
Guarantee and other deposits (included under "Other noncurrent assets" account in the consolidated balance sheets)	**16,259,357**	**15,751,351**	15,311,853	14,833,451
	8,618,323,102	**8,617,815,096**	7,549,189,135	7,548,710,733
AFS financial assets	104,906,848	104,906,848	104,906,848	104,906,848
	₱8,723,229,950	**₱8,722,721,944**	₱7,654,095,983	₱7,653,617,581
Financial Liabilities				
Other financial liablities:				
Notes payable	**₱–**	**₱–**	₱–	₱–
Trade payables and other current liabilities*	**1,214,860,730**	**1,214,860,730**	1,178,110,208	1,178,110,208
Obligations for program rights	**71,340,183**	**71,340,183**	61,475,710	61,475,710
Dividends Payable	**3,352,528**	**3,352,528**	3,367,963	3,367,963
	₱1,289,553,441	**₱1,289,553,441**	₱1,242,953,881	₱1,242,953,881

** Excluding payable to government agencies amounting to ₱743.53 million and ₱783.19 million as of March 31, 2010 and December 31, 2009, 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 5.55% to 6.32% as of March 31, 2010 and 6.10% to 6.21% as of December 31, 2009.

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.

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.

24. Causes for Material Changes in the Financial Statements

Balance Sheet (March 31, 2010 vs. December 31, 2009)

- Cash and cash equivalents increased by 79% to ₱3,948 million due to net cash generated from normal operating activities exceeding net cash used for financing and investing activities.
- Trade and other receivables decreased by 13% to ₱4,634 million as collections for the first three months outpaced net sales.
- Program rights dropped by 5% to ₱605 million due to higher usage vis-à-vis rate of acquisition.
- Obligation for program rights increased by 16% to ₱71 million as total acquisitions on account exceeded payments.
- Income tax payable increased by 58% to ₱645 million, while retained earnings increased 23% to ₱4,499 million, aligned with the substantial net income.

25. Other Notes to 1st Quarter 2010 Operations and Financials

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

	3M-2010	3M-2009
Gross Revenues	**₱3,625,456,764**	₱2,651,484,113
Gross Airtime Revenues	**₱3,340,280,887**	₱2,418,003,194
Cash Operating Expenses	**₱1,652,419,713**	₱1,362,372,152
EBITDA	**₱1,413,071,792**	₱901,642,868
Net Income Before Tax	**₱1,159,714,825**	₱674,537,594
Net Income After Tax	**₱854,555,181**	₱500,563,130

	As of March 31, 2010	As of December 31, 2009
Current Ratio	**3.60x**	3.52x
Net Debt-to-Equity	**0.00x**	0.00x
EBITDA Margin	**39%**	34%
Net Income Margin	**24%**	19%

GMA NETWORK, INC. AND SUBSIDIARIES

ROLLFORWARD OF PROPERTY AND EQUIPMENT- CONSOLIDATED

DECEMBER 31, 2010

EXHIBIT 1

	December 31, 2009	Additions	Disposals	Reclassifications	March 31, 2010
At cost					
Buidings and leasehold improvements	2,642,176,964	2,997,261	(195,858)	-	2,644,978,368
Broadcast equipment	4,050,581,203	70,649,878	(254,688)	449,243	4,121,425,637
Communication & mechanical equipment	576,176,068	7,399,755	-	(62,857)	583,512,966
Transportation equipment	336,738,297	19,954,933	(33,226,448)	8,200	323,474,981
Furniture, fixtures and equipment	203,071,408	2,676,429	(51,541,730)	-	154,206,107
	7,808,743,940	103,678,256	(85,218,724)	394,586	7,827,598,058
Accumulated Depreciation					
Buidings and leasehold improvements	(857,985,042)	(31,947,554)	-	-	(889,932,596)
Broadcast equipment	(3,172,825,900)	(67,016,754)	59,427	-	(3,239,783,226)
Communication & mechanical equipment	(416,995,146)	(15,733,804)	-	-	(432,728,950)
Transportation equipment	(204,385,627)	(15,017,827)	29,944,703	-	(189,458,751)
Furniture, fixtures and equipment	(118,002,400)	(2,742,562)	-	-	(120,744,962)
	(4,770,194,114)	(132,458,499)	30,004,130	-	(4,872,648,484)
Equpment for installation	32,528,097	29,256,244	-	(16,232,617)	45,551,724
Construction In Progress	2,915,025	6,552,799	-		9,467,823
Net book value	**3,073,992,947**	**7,028,799**	**55,214,594**	**(15,838,031)**	**3,009,969,123**

GMA NETWORK, INC. AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2010

Exhibit 2

(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	4,641	2,138	537	967	496	503
Allowance for Doubtful Accounts	(208)					
Net AR - Trade	4,432					
Non-Trade Receivables						
Advances to Talents & Employees	99					
Advances to Suppliers & Others	96					
Interest Receivable	7					
	202					
Net Receivables	4,634					

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: May 17, 2010