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)

1	7	-	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, 2009**

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, 2009.

The Network stays afloat in the face of a volatile business environment as it sealed the first quarter of 2009 with half a billion in net profits, equivalent to a double-digit growth of 10.4% year-on-year.

Amidst the uncertainty in the world economy which impacts on the local advertising industry, consolidated gross revenues managed to increase by 3% to ₱2,651 million from same period last year. Top-line contribution from international operations continued to be a major source of growth for the Company, while airtime revenues from the second VHF channel – QTV-11 – likewise showed considerable improvement over the same period in 2008.

Total operating expenses were kept at bay, with a single-digit growth of only 6%, ending the period at ₱1,609 million. Production costs, posted an even lower growth rate of 5%, wrapping up the quarter at ₱847 million. On the other hand, general and administrative expenses increased by 8% to ₱762 million.

	1Q '09 *(in millions)*	**1Q '08** *(in millions)*	**Inc/(Dec)** *(in millions)*	**%**
Statement of Income Data:				
Revenue				
Television and radio airtime	**2,418.0**	2,395.2	22.8	1%
Production and others	**233.5**	168.9	64.6	38%
	2,651.5	2,564.1	87.4	3%
Less: Revenue Deductions				
Agency and marketing commissions	**370.3**	373.3	(3.0)	-1%
Co-producers' share	**27.1**	45.6	(18.6)	-41%
Net Revenue	**2,254.1**	2,145.2	108.9	5%
Production Costs	**847.0**	807.9	39.1	5%
Gross Profit	**1,407.1**	1,337.3	69.9	5%
General and Administrative Expenses	**(761.8)**	(708.2)	53.6	8%
Interest Expense and Financing Charges	**(0.3)**	(1.4)	(1.1)	-77%
Interest Income	**19.7**	19.8	(0.1)	-1%
Other Income	**9.9**	17.1	(7.2)	-42%
Income Before Income Tax	**674.5**	664.5	10.0	2%
Provision for Income Tax	**174.0**	210.9	(37.0)	-18%
Net Income	**500.6**	453.6	47.0	10%
Earnings Per Share				
Basic	**0.103**	0.096		
Diluted	**0.103**	0.096		

Revenues

Consolidated gross revenues, consisting of airtime revenues from television and radio, subscriptions revenue from international operations, and other revenues from subsidiaries, were up 3% or ₱87 million, sealing first-quarter performance at ₱2,651 million from ₱2,564 million in 2008, despite the contraction in major advertisers' ad spending.

	1Q '09 *(in millions)*	1Q '08 *(in millions)*	Inc/(Dec) *(in millions)*	%
Television and radio airtime	**2,418.0**	2,395.2	22.8	1%
Production and others	**233.5**	168.9	64.6	38%
Gross revenues	**2,651.5**	2,564.1	87.4	3%

Airtime revenues from TV and radio continue to lead the pack with a 91% share in the total revenue pie, albeit posting a modest increase of 1% at ₱2,418 million. Revenues from Channel 7 were almost flat at ₱2,254 million, 0.6% lower than last year's performance, though nonetheless remaining as the Company's lifeblood, with top-line contribution equivalent to 85% of total revenues. Then again, QTV's airtime revenues climbed 38% to ₱96 million for the first three months buoyed by another successful run of the *American Idol* series and from the creative executions carried out in the platform. In the same manner, airtime revenues from Radio operations improved by 17% to ₱68 million vs. ₱58 million generated last year.

Meanwhile, subscription revenues from GMA International provided the much needed boost to the generally depressed airtime revenues, jumping 56% over last year. Apart from the steady growth in subscriber count from its main channel, GMA Pinoy TV, the launch of its second channel – GMA Life TV – contributed further to the revenue upswing in this segment. Subscriber count was up 23% against same period last year. On the other hand, GMA Films produced two profitable movies for this quarter, the Richard Gutierrez-KC Concepcion tandem *When I Met You* and Robin Padilla's suspense-thriller *Sundo*.

Expenses

Total operating expenses, which include production cost and general and administrative expenses, were conscientiously managed, growing by only 6% to ₱1,609 million compared to last year's ₱1,516 million.

Production-related expenses that accounted for 53% of total operating expenses manifested an even lower increase of 5% at ₱847 million compared to last year's ₱808 million. While cash production cost grew by 7%, mainly as an offshoot of more in-house-produced shows this year vice canned programs, this was partly offset by the decline in amortization of program rights brought about by the changes in programming mix for Channel 7 and by the airing of popular and classic reruns of *Koreanovelas* on QTV.

Production Costs	1Q '09 *(in millions)*	1Q '08 *(in millions)*	Inc/(Dec) *(in millions)*	%
Talent fees	**434.2**	437.4	(3.2)	-1%
Rentals and outside services	**139.3**	104.0	35.3	34%
Other program expenses	**165.9**	152.3	13.6	9%
Sub-total - cash production cost	**739.4**	693.7	45.7	7%
Program Rights amortization	**107.6**	114.2	(6.6)	-6%
Total production cost	**847.0**	807.9	39.1	5%

Consolidated general and administrative expenses (GAEX) amounted to ₱762 million reflecting an increase of 8% or ₱54 million versus ₱708 million in 2008. Personnel cost alongside facilities cost were the major drivers for the year-on-year increase, as the Company continued to expand and operate additional facilities nationwide in pursuit maintaining its ratings lead in Mega Manila and in further closing the gap in the national setting.

Personnel cost amounted to ₱289 million, representing an increase of 10% or ₱26 million, from last year's ₱263 million. On top of the adjustments in the collective bargaining agreement for rank-and-file employees and annual merit increases for confidential employees, the sheer rise in terms of manpower count year-on-year drove salaries and employment benefits to a double-digit escalation.

Facilities cost – composed of utilities and repairs and maintenance – likewise hiked 15% or ₱10 million ending the period at ₱79 million versus ₱68 million in 2008, partly due to the operations of the GMA Studios which was launched in October last year.

At the same time, taxes and licenses recorded an increase of ₱14M or 41% from previous year's ₱33 million as an offshoot of higher local business tax attuned to the growth in revenue base. Apart from this, royalty taxes paid in relation to subscriptions revenues from international operations accounted for a considerable portion of the increase in taxes, as revenues from this segment continued to trek upwards.

Outside services, consisting of advertising and promotions, management and professional fees, and sales incentives, were reduced by 8% to ₱93 million primarily due to the Company cutting back its own spending on promotional activities, mostly billboards.

Other cash GAEX were likewise reduced by 13% or ₱17 million to P115 million as certain research and survey services were no longer availed by the Network. Transportation and travel likewise went down resulting from lower gasoline and fuel charges for this period.

Total non-cash GAEX climbed 26% from ₱110 million in 2008 to ₱139 million this year. While amortization of software cost continued to drop, depreciation expense hiked by P29 million or 28% The higher depreciation resulted from the regional expansion projects and from the recently inaugurated GMA Studios, which boasts state-of-the art broadcast equipment and studio facilities. These facilities enable the Network to further revolutionize its production values, manifested most recently in its new game show, *Hole in the Wall*, which utilizes a more complex studio setup.

GAEX	1Q '09 *(in millions)*	1Q '08 *(in millions)*	Inc/(Dec) *(in millions)*	%
Personnel costs	**288.9**	262.7	26.2	10%
Facilities costs	**78.6**	68.2	10.4	15%
Outside services	**93.5**	102.0	(8.6)	-8%
Taxes and licenses	**47.0**	33.3	13.7	41%
Others	**115.1**	131.7	(16.6)	-13%
Subtotal - Cash GAEX	**623.0**	597.9	25.1	4%
Depreciation and amortization	**135.6**	106.2	29.3	28%
Amortization of software cost	**3.3**	4.1	(0.8)	-20%
Subtotal - Non-cash GAEX	**138.9**	110.3	28.5	26%
Total GAEX	**761.8**	708.2	53.6	8%

Interest and financing charges on short-term loans

There were barely interest expense and financing charges for the period compared to last year's ₱1.4 million as the Company and its subsidiaries remained debt-free, sustaining its operations purely from internally-generated funds.

Interest income from short-term investments

In the meantime, interest income from short-term investments ended at par with last year at ₱20 million. Although cash and cash equivalents were relatively higher, interest rates were lower this period.

Net Income

The moderate improvement in the top-line complemented by managed cost increases drove first quarter EBITDA to ₱902 million, 4% higher compared to 2008 figures. The legislated reduction in income tax rate from 35% to 30% effective this year further boosted net income to grow by 10.4% to ₱501 million from ₱454 million last year.

Balance Sheet Accounts

Consolidated assets totaled ₱13,080 million, representing an increase of 5% vs. end-2008. Cash and cash equivalents rose by a whopping 70% to ₱2,875 million from end-2008 level on the back of robust cash flows generated from intensified collection efforts to improve the accounts receivables balance. Consequently, trade receivables was trimmed by a remarkable 13% or ₱570 million, days sales outstanding (DSO) likewise improved from 141 days at end-2008 to 120 days at the close of the first quarter of 2009.

Return on assets (ROA) and return on equity (ROE) held steady at 15% and 20% on a year-on-year basis.

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS
March 31, 2009 and December 31, 2008

	Mar. 31, 2009 Unaudited	Dec. 31, 2008 Audited
ASSETS		
Current Assets		
Cash and Cash Equivalents	**2,874,927,332**	1,688,107,116
Short-term investment	**20,448,434**	2,066,957
Trade and other receivables - net	**3,890,511,726**	4,460,404,397
Program rights	**797,728,293**	833,188,602
Prepaid expenses and other current assets	**349,045,162**	290,064,076
Total Current Assets	**7,932,660,947**	7,273,831,148
Noncurrent Assets		
Investments and advances	**405,506,867**	405,805,681
Available for sale financial assets	**96,655,648**	99,766,171
Investment Properties	**63,207,297**	63,914,233
Property and equipment at cost	**2,978,942,108**	3,023,028,026
Land at revalued amounts	**1,403,122,465**	1,403,122,465
Deferred tax assets	**27,447,087**	35,971,633
Other noncurrent assets	**172,000,310**	160,848,427
Total Noncurrent Assets	**5,146,881,782**	5,192,456,636
Total Assets	**13,079,542,729**	12,466,287,784
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	**1,659,810,402**	1,631,146,271
Income tax payable	**620,125,881**	509,903,736
Current portion of obligation from program rights	**100,780,107**	110,459,407
Dividends Payable	**1,475,609**	1,564,709
Total Current Liabilities	**2,382,191,999**	2,253,074,123
Noncurrent Liabilities		
Pension liability	**302,214,396**	288,834,807
Deferred tax liabilities	**169,310,128**	169,255,508
Total Noncurrent Liabilities	**471,524,524**	458,090,315
Stockholders' Equity		
Capital stock - P1 par value	**4,864,692,000**	4,864,692,000
Additional paid in capital	**1,657,991,683**	1,651,547,885
Treasury stock	**(28,483,171)**	(28,483,171)
Revaluation increment in land	**744,158,022**	744,158,022
Unrealized gain (loss) on available-for-sale financial assets	**1,843,368**	1,843,368
Retained earnings	**2,991,414,320**	2,527,155,258
Underlying shares of the acquired Philippine deposit receipts	**(5,790,016)**	(5,790,016)
Total stockholders' equity	**10,225,826,206**	9,755,123,346
Total Liabilities & Stockholder's Equity	**13,079,542,729**	12,466,287,784

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2009 & 2008

	2009	2008
REVENUE (Note 18)	**2,651,484,113**	2,564,086,581
LESS: REVENUE DEDUCTIONS		
Agency and marketing commissions	**370,269,579**	373,261,537
Co-producers' share	**27,072,101**	45,628,527
	397,341,680	418,890,065
NET REVENUE	**2,254,142,433**	2,145,196,517
PRODUCTION COSTS (Note 19)	**847,020,731**	807,936,602
GROSS PROFIT	**1,407,121,702**	1,337,259,915
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(761,839,386)**	(708,231,531)
INTEREST EXPENSES AND FINANCING CHARGES	**(321,699)**	(1,400,123)
INTEREST INCOME	**19,704,390**	19,813,046
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURE	**184,142**	(607,424)
OTHER INCOME - Net (Note 21)	**9,688,445**	17,688,108
	-	-
INCOME BEFORE INCOME TAX	**674,537,594**	664,521,990
PROVISION FOR INCOME TAX	**173,974,464**	210,934,474
NET INCOME	**500,563,130**	453,587,516
Basic Earnings Per Share (Note 7)	**0.103**	0.096
Diluted Earnings Per Share (Note 7)	**0.103**	0.096

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Capital Stock	Additional Paid In Capital	Revaluation Increment in Land - Net	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Retained Earnings	Treasury Stock	Underlying Shares of the Acquired Philippine Deposit Receipts	Total Stockholders' Equity
At January 1, 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**
Prior period adjustment	-	-	-	-	(11,304,067)	-	-	**(11,304,067)**
Net Income	-	-	-	-	500,563,129	-	-	**500,563,129**
Total income and expense for the year	-	-	-	-	489,259,062	-	-	**489,259,062**
Collection of subscriptions receivable	-	6,443,798						**6,443,798**
Cash Dividends	-	-			(25,000,000)			**(25,000,000)**
	-	6,443,798	-	-	(25,000,000)	-	-	**(18,556,202)**
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**
	-	-	-					

	Capital Stock	Additional Paid In Capital	Revaluation Increment in Land - Net	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Retained Earnings	Treasury Stock	Underlying Shares of the Acquired Philippine Deposit Receipts	Total Stockholders' Equity
At January 1, 2008	4,864,692,000	1,592,615,799	733,610,450	1,741,413	1,372,390,597	(20,664,588)	(5,790,016)	8,538,595,655
Net Income	-	-	-	-	453,587,516	-	-	453,587,516
Total income and expense for the year	-	-	-	-	453,587,516	-	-	453,587,516
Collections of Subscriptions Receivable		13,252,315						13,252,315
Acquisition of Treasury Stock		-				(7,720,020)		(7,720,020)
At March 31, 2008	4,864,692,000	1,605,868,114	733,610,450	1,741,413	1,825,978,113	(28,384,608)	(5,790,016)	8,997,715,466

GMA NETWORK, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009 & 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱674,537,594**	₱664,521,990
Adjustments for:		
Depreciation and amortization (Note 20)	**135,553,525**	106,223,707
Net pension expense	**28,916,024**	29,746,849
Interest income from bank deposits and short-term investments	**(19,704,390)**	(19,813,046)
Loss (gain) on sale of property and equipment and investment properties	**–**	(9,453,584)
Other noncash expenses – net	**–**	
Amortization of software costs	**3,313,480**	4,124,116
Interest expense and financing charges on short-term loans	**321,176**	1,400,123
Unrealized foreign exchange loss (gain)	**(3,589,284)**	(2,085,625)
Equity in net losses of associates and joint ventures	**(184,142)**	607,424
Dividend income	**(7,673)**	(8,773)
Reversal of long-outstanding liabilities and accruals	**–**	–
Reversal of allowance for impairment loss on investment properties	**–**	–
Mark-to-market gain on derivatives and financial assets through profit or loss	**–**	–
Operating income before working capital changes	**819,156,310**	775,263,181
Program rights usage (Note 19)	**107,620,960**	114,221,383
Sick and vacation leaves expense	**26,347,634**	26,628,278
Provision for doubtful accounts	**–**	–
Impairment (reversal of allowance for impairment) of program rights carried at perpetuity	**–**	–
Decrease (increase) in:		
Trade and other receivables	**571,361,906**	714,839,879
Program rights	**(72,160,651)**	(191,732,656)
Prepaid expenses and other current assets	**(58,981,086)**	(45,952,289)
Increase (decrease) in:		
Trade payables and other current liabilities	**(11,651,830)**	19,353,940
Obligations for program rights	**(9,811,247)**	(92,588,023)
Pension liability	**(13,379,590)**	(87,041,304)
Cash generated from operations	**1,358,502,407**	1,418,168,435
Income taxes paid	**(65,150,567)**	(61,595,647)
Net cash provided by operating activities	**1,293,351,840**	1,356,572,788

(Forward)

	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	**(₱106,728,710)**	(₱114,813,026)
Decrease (increase) in:		
Short-term investments	**(18,381,477)**	5,700,568
Investments and advances (Note 15)	**3,593,479**	(2,053,707)
Other noncurrent assets – net	**(13,012,496)**	(3,033,309)
Interest received	**18,803,722**	8,822,451
Proceeds from sale of property and equipment and investment properties		132,087
Cash dividends received	**7,673**	8,773
Net cash used in investing activities	**(115,717,808)**	(105,121,485)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends		
Notes payable		(300,000,000)
		13,252,315
Collection of subscriptions receivable	**6,443,798**	
Interest and financing charges paid	**(321,176)**	(2,755,723)
Acquisitions of:		
Treasury stock (Note 7)		(7,720,020)
Philippine deposit receipts (Note 7)	**–**	–
Net proceeds from issuance of common stock	**–**	–
Proceeds from availments of notes payable	**–**	–
Net cash used in financing activities	**6,122,622**	(297,223,428)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**3,063,562**	743,217
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,186,820,216**	954,971,092
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,688,107,116**	1,019,710,422
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱2,874,927,332**	₱1,974,681,514

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 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 requirement 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 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. As the Group has no such transaction, the revised standard will have no impact on the consolidated financial statements.

- 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.

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

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

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

- PAS 32, *Financial Instrument: 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 Group 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 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.

- 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 on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the Group 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 consolidated financial statements.

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.

- PFRS 7, *Financial Instruments: Disclosures*, removes the reference to "total interest income" as a component of finance costs.

- 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 18, *Revenue*, replaces the term "direct costs" with "transaction costs" as defined in PAS 39, *Financial Instruments: Recognition and Measurement*.

- 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 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, *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

   1Q '08 figures were restated to conform with current period's presentation.

5. Repayments of Debt

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

6. Dividends paid

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

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

   Twenty-five percent of the approved increased in authorized capital stock on May 10, 2007, has been subscribed and was fully paid for by means of stock dividends equivalent to the aggregate amount of ₱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, the BOD approved the Parent Company's declaration and distribution of cash dividend amounting to ₱1,000 million to all stockholders of record as of declaration date.

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

   Events After Balance Sheet Date

   On April 2, 2009, the BOD approved the Parent Company's declaration and distribution of cash dividends of ₱0.35 per share totaling ₱1,701.33 million to all stockholders of record as of April 21, 2009.

7. EPS Computation

The computation of basic EPS follows:

	2009	2008
Net income (a)	**₱500,563,130**	₱453,587,516
Less attributable to preferred shareholders	**154,478,334**	143,263,810
Net income attributable to common shareholders (b)	**₱346,084,796**	₱310,323,706
Common shares issued at the beginning of year	**3,364,692,000**	2,750,000,000
Effect of stock dividends		343,750,000
Issuance through IPO		121,794,667
Issuance through ESOP (see Note 17)		38,000,000
Treasury shares acquired during the year (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**	3,249,149,667
Basic EPS (b/c)	**₱0.103**	₱0.096

The computation of diluted EPS follows:

	2009	2008
Net income (a)	**₱500,563,130**	₱453,587,516
Weighted average number of common shares	**3,360,297,000**	3,249,149,667
Effect of dilution - assumed conversion of preferred shares	**1,499,901,437**	1,500,000,000
Weighted average number of common shares adjusted for the effect of dilution (d)	**4,860,198,437**	4,749,149,667
Diluted EPS (a/d)	**₱0.103**	₱0.096

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, 2009, there is no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

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

-- The 2009 Capital Expenditure budget of the parent company amounts to ₱660 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, 2009, 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, 2009, there are no significant elements of income or loss that did not arise from the issuer's continuing operations.

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

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

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

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

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

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

9. Business Segment Results

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

10. Changes in Composition of Issuer

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

11. Changes in Contingent Liabilities or Assets

As of March 31, 2009, 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 at March 31:

	Percentage of Ownership		Country of
	2009	2008	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) and Alta Tierra Resources, Inc. (Alta Tierra)	Grant of non-interest-bearing advances	2009	₱–	₱11,544,000	₱	₱2,631,963
		2008	14,081,026	11,544,000	–	2,631,963
RGMA	Advances for working capital requirements, net of marketing commission expense	2009	53,386,866	58,798,574	–	(28,790,636)
		2008	111,977,320	59,281,531	–	(14,538,295)
Mont-Aire	Debt to equity conversion, grant of noninterest-bearing advances	2009		84,475,370	–	–
		2008	-	84,475,370	–	–
Image One	Collection remittance	2009		–	–	(1,023,381)
		2008	4,300,103	–	–	(1,023,381)
Filmex	Advances for working capital requirements	2009	–	–	–	
		2008	–	–	–	
Belo, Gozon, Elma Law (BGE Law), FLG Management and Development Corporation (FLG), San Mateo Management Corporation (San Mateo) and Majent Management and Development Corporation (Majent)	Legal and retainers' fees and others	2009	5,698,195	–	-	-
		2008	152,823,088	–		-

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

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

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

Image One

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

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

BGE Law

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

FLG, San Mateo, 3LM Koblenz, Majent

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

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

	1Q ' 09	1Q '08
Salaries and other short-term benefits	**₱39,749,919**	₱37,846,821
Pension benefits	**9,643,593**	9,387,933
	₱49,393,512	₱47,234,754

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, 2009		
	Investments	**Advances**	**Total**
Associates:			
RGMA	**₱170,978,694**	₱58,798,574	₱229,777,268
Mont-Aire	**38,350,619**	84,475,370	122,825,988
Joint ventures:			
INQ7	**(8,933,713)**	11,544,000	2,610,287
X-Play	**47,683,654**		47,683,654
PEP	**2,609,670**	–	2,609,670
	₱250,688,923	₱154,817,944	₱405,506,867

	December 31, 2008		
	Investments	Advances	Total
Associate:			
RGMA	₱170,794,550	₱59,281,531	₱230,076,081
Mont-Aire	38,350,619	84,475,370	122,825,989
Joint ventures:			
INQ7	(8,933,713)	11,544,000	2,610,287
X-Play	47,683,654	–	47,683,654
PEP	2,609,670	–	2,609,670
	₱250,504,780	₱155,300,901	₱405,805,681

16. Long-term Receivable from a Related Party

- - As of March 31, 2009, the Group has no long-term receivable from a related party.

17. Equity

The composition of capital stock as of March 31, 2009 and December 31, 2008 follows:

	Number of Preferred Shares		Number of Common Shares	
	2009	2008	**2009**	2008
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 as 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 common shares totaling 2,645,000 at acquisition cost of ₱20.66 million.

The Parent Company likewise acquired 750,000 PDRs at acquisition cost of ₱5.79 million in 2007.

18. Revenue

This account consists of:

	1Q ‘09	1Q‘08
Television and radio airtime	**₱2,418,003,194**	₱2,395,175,010
Production and others	**233,480,919**	168,911,571
	₱2,651,484,113	₱2,564,086,581

19. Production Cost

This account consists of:

	1Q ‘09	1Q‘08
Talent fees	**₱434,185,870**	₱437,403,265
Program rights usage	**107,620,960**	114,221,383
Tapes, sets and productions supplies	**91,363,145**	108,609,714
Rental and outside services	**139,337,691**	104,009,937
Transportation and communication	**10,893,529**	16,489,384
Facilities and others	**63,619,535**	27,202,918
	₱847,020,731	₱807,936,602

20. General and Administrative Expenses

This account consists of:

	1Q ‘09	1Q‘08
Personnel costs	**₱288,891,079**	₱262,666,258
Depreciation and amortization	**138,867,004**	110,347,823
Outside services	**93,473,330**	102,028,633
Facilities costs	**78,574,220**	68,187,336
Taxes and licenses	**46,969,246**	33,315,254
Others	**115,064,507**	131,686,228
	₱761,839,386	₱708,231,531

21. Other Income

This account consists of the following income (expenses):

	1Q ‘09	1Q‘08
Foreign exchange gain/(loss) – net	**₱4,388,358**	₱4,214,054
Dividends	**7,673**	8,773
Others	**5,292,414**	13,465,280
	₱9,688,445	₱17,688,108

22. Financial Risk Management Objectives and Policies

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 BOD 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 table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of March 31, 2009:

	On Demand	Less than 3 Months	3 to 12 Months	Total
Notes payable	**₱–**	**₱–**	**₱–**	**₱–**
Trade payables and other current liabilities	**536,073,509**	**275,290,825**	**267,113,878**	**1,078,478,211**
Obligations for program rights	**–**	**71,171,629**	**29,608,478**	**100,780,107**
Dividends payable	**1,475,609**			**1,475,609**
	₱537,549,118	**₱346,462,454**	**₱296,722,356**	**₱1,180,733,927**

** Excluding payable to government agencies amounting to ₱581.33 million and ₱630.58 million as of March 31, 2009 and December 31, 2008, respectively, the amounts of which are not considered financial liabilities.*

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 ₱340.77 million (US$7.05 million) and ₱131.62 million (US$2.72 million), respectively, as of March 31, 2009 and ₱213.39 million (US$4.49 million) and ₱122.66 million (US$2.58 million), respectively, as of December 31, 2008.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱48.33 to US$1.00 and ₱47.52 to US$1.00, the Philippine peso to U.S. dollar exchange rates as of March 31, 2009 and December 31, 2008, 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.

Increase (Decrease) in ₱ to US$ rate	Effect on Income Before Income Tax
₱0.50	(₱2,163,771)
(0.50)	2,163,771

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.

Increase (Decrease) in Basis Points	Effect on Income Before Income Tax
50	₱14,374,637
(50)	(14,374,637)

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	₱2,874,927,332	₱ –	₱ 2,874,927,332
Short-term investments	20,448,434		20,448,434
Trade and other receivables	2,509,075,426	1,381,436,300	3,890,511,726
Guarantee and other deposits	15,016,907	–	15,016,907
AFS financial assets	96,655,648	–	96,655,648
	₱5,516,123,746	₱1,381,436,300	₱6,897,560,047

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.

Capital Management

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 stockholders' equity as of March 31, 2009 and December 31, 2008 follow:

	2009	2008
Total interest-bearing debt (a) - Notes payable	**₱-**	₱-
Total stockholders' equity (b)	**₱10,255,826,206**	₱9,755,123,346
Interest-bearing debt to total stockholders' 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 September 30, 2008 and December 31, 2007, respectively:

	March 31, 2009 (Unaudited)		December 31, 2008 (Audited)	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	**₱2,874,927,332**	**₱2,874,927,332**	₱1,688,107,116	₱1,688,107,116
Short-term investments	**20,448,434**	**20,448,434**	2,066,957	2,066,957
Trade and other receivables - net	**3,890,511,726**	**3,890,511,726**	4,460,404,397	4,460,404,397
Guarantee and other deposits (included under "Other noncurrent assets" account in the consolidated balance sheets)	**15,016,907**	**14,557,049**	13,995,285	13,447,654
	6,800,904,399	**6,800,444,541**	6,164,573,755	6,164,026,124
AFS financial assets	**96,655,648**	**96,655,648**	99,766,171	99,766,171
	₱5,975,348,209	**₱6,897,100,189**	₱6,264,339,926	₱6,263,792,295
Financial Liabilities				
Other financial liablities:				
Notes payable	**₱-**	**₱-**	₱-	₱-
Trade payables and other current liabilities*	**1,078,478,211**	**1,078,478,211**	1,000,570,023	1,000,570,023
Obligations for program rights	**100,780,107**	**100,780,107**	110,459,407	110,459,407
Dividends Payable	**1,475,609**	**1,475,609**	1,564,709	1,564,709
	₱1,180,733,927	**₱1,180,733,927**	₱1,112,594,139	₱1,112,594,139

** Excluding payable to government agencies amounting to ₱581.33 million and ₱630.58 million as of March 31, 2009 and December 31, 2008, 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, 2009 and 6.10% to 6.21% as of December 31, 2008.

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, 2009 vs. December 31, 2008)

- Cash and cash equivalents increased by 70% to ₱2,875 million due to net cash generated from normal operating activities being higher than cash used for financing activities and investing activities.
- Accounts receivables were reduced by 13% to ₱3,891 million as collections for the first quarter exceeded cumulative net sales for the period.
- Program rights dropped by 4% to ₱798 million mainly due to higher usage vis-à-vis rate of acquisition.
- Obligation for program rights decreased by 9% to ₱101 million as payments exceeded total acquisitions on account.
- The change in income tax payable is the result of the ordinary course of business of the Company.

25. Other Notes to 1st Quarter 2009 Operations and Financials

The key performance indicators that we monitor are the following:

	1Q `09	1Q `08
Gross Revenue	**2,651,484,113**	2,564,086,581
Gross Airtime Revenue	**2,418,003,194**	2,395,175,101
Cash Operating Expense	**1,362,372,152**	1,291,598,927
EBITDA	**901,642,868**	870,678,273
Net Income Before Tax	**674,537,594**	664,521,990
Net Income After Tax	**500,563,130**	453,587,516
Diluted EPS	**0.103**	0.096

	As of Mar. 31, 2009	As of Dec. 31, 2008
Current Ratio	**3.33x**	3.23x
Net Debt-to-Equity	**0.00x**	0.00x
EBITDA margin	**34%**	36%
Net income margin	**19%**	19%

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 15, 2009

GMA NETWORK, INC. AND SUBSIDIARIES
ROLLFORWARD OF PROPERTY AND EQUIPMENT- CONSOLIDATED
MARCH 31, 2009

EXHIBIT 1

	December 31, 2008	ADDITIONS	DISPOSALS	RECLASSIFICATIONS	March 31, 2009
At cost					
Buidings and leasehold improvements	2,425,929,483	1,919,643	(388,381)	3,260,628	2,430,721,373
Broadcast equipment	3,790,144,484	24,879,442	(4,941,204)	16,963,128	3,827,045,850
Communication & mechanical equipment	530,553,710	5,824,732	(5,720)	2,840,152	539,212,874
Transportation equipment	322,302,097	5,100,341	(10,309,155)	3,002,119	320,095,402
Furniture, fixtures and equipment	204,013,027	759,143	(94,139)	-	204,678,031
	7,272,942,801	38,483,301	(15,738,599)	26,066,027	7,321,753,530
Accumulated Depreciation					
Buidings and leasehold improvements	(725,589,163)	(30,422,398)	178,008	-	(755,833,552)
Broadcast equipment	(2,928,195,612)	(71,102,103)	4,940,349	(363,938)	(2,994,721,305)
Communication & mechanical equipment	(356,462,953)	(17,255,973)	5,667	363,938	(373,349,321)
Transportation equipment	(158,002,509)	(16,438,338)	9,256,058	-	(165,184,789)
Furniture, fixtures and equipment	(138,018,050)	(3,295,829)	85,484	-	(141,228,395)
	(4,306,268,287)	(138,514,641)	14,465,565	-	(4,430,317,363)
Equpment for installation	53,889,179	17,418,661	-	(38,506,853)	32,800,987
Construction In Progress	2,464,334	52,240,619	-		54,704,953
Net book value	**3,023,028,027**	**(30,372,060)**	**1,273,033**	**(12,440,826)**	**2,978,942,108**
LAND					
Cost	340,039,577.00				340,039,577.00
Appraisal Increment	1,063,082,888.00				1,063,082,888.00
	1,403,122,465.00				**1,403,122,465.00**

GMA NETWORK, INC. AND SUBSIDIARIES
ACCOUNTS RECEIVABLES AGING
MARCH 31, 2009
(Amounts in Php millions)

EXHIBIT 2

Type of Accounts Receivable	Total	Not Yet Due	Current	31-150 days	151 days to 1 year	Over 1 year
Trade Receivables						
Trade Receivables	3,961	1,948	433	814	568	199
Allowance for Doubtful Accounts	(194)					
Net AR - Trade	3,767					
Non-Trade Receivables						
Advances to Talents & Employees	48					
Advances to Suppliers	60					
Interest Receivable	4					
Others	12					
	124					
Net Receivables	3,891					