

SEC Number A1999-0454
TIN 203-420-423

A 1 9 9 9 - 0 4 5 4 4

SEC Registration Number

A B S - C B N H O L D I N G S C O R P O R A T I O N

(Company's Full Name)

4 t h F l o o r , B e n p r e s B u i l d i n g , E x c h

a n g e R o a d c o r n e r M e r a l c o A v e n u e ,

P a s i g C i t y

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

Mr. Enrique I. Quiason

(Contact Person)

631-0981

(Company Telephone Number)

1 2 3 1

Month Day
(Fiscal Year)

1 7 - A

(Form Type)

Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

SEC

Dept. Requiring this Doc.

Amended Articles Number/Section

6

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

April 14, 2008

Securities and Exchange Commission
Money Market Operations Department
SEC Building, EDSA near Ortigas Avenue
Mandaluyong City

Attention: **Ms. Justina F. Callangan**
Director – Corporate Finance Department

Gentlemen:

Attached is the Company's annual report for the year ended December 31, 2007.

There is no other information known to management that needs to be disclosed as of the coverage date of this report. If any required information is not disclosed, it is not applicable to the Company.

We hope you find everything in order.

Thank you.

Respectfully yours,



Enrique I. Quiason
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17A**

**ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND
SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended December 31, 2007
2. SEC Identification No. A1999-04544 3. BIR Tax Identification No. 203-420-423
4. Exact name of the registrant as specified in its charter
ABS-CBN HOLDINGS CORPORATION
5. Philippines 6. _____ (SEC use only)
Province, Country or other jurisdiction of Industry Classification code:
Incorporation or organization
7. 4/F Benpres Building, Meralco Ave. corner Exchange Road, Pasig City, 1600 .
Address of principal office Postal code
8. (632) 631-3111
Registrant's telephone number, including area code
9. Worldtech Holdings Corporation
Former name, former address, and former fiscal year, if changed since last year
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock Outstanding
And Amount of Debt Outstanding |
|---------------------------------------|--|
| Philippine Depository Receipts | 271,959,300 shares |
11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes No
12. Check whether the registrant:
- a) has filed all reports to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes No
- b) has been subject to such filing requirements for the past 90 days.
Yes No
13. State the aggregate market value of the voting stock held by non-affiliates of the registrant:
Not applicable
(Note: Item No. 14 in the Form is Not Applicable)

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

ABS-CBN Holdings Corporation (the "Company") was incorporated on March 30, 1999 as Worldtech Holdings Corporation, for the primary purpose of investing, purchasing and holding real and personal property including but not limited to shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities or obligations. On September 16, 1999, the Securities and Exchange Commission approved the change in the Company's corporate name to ABS-CBN Holdings Corporation.

The Company issued Philippine Deposit Receipts (PDRs) in September 1999. The PDRs were then listed on the Philippine Stock Exchange the following month.

For as long as the PDRs are outstanding, the Company will not engage in any activities other than in connection with the issuance of PDRs, the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation (ABS-CBN) in respect of which PDRs are issued.

Any cash dividends received or other cash distributions in respect of the underlying ABS-CBN shares shall be applied towards the operating expenses of the Company and any amounts remaining shall be distributed pro rata among outstanding PDR holders.

The PDRs unlocked the share value of ABS-CBN, allowing foreigners to participate in a media enterprise whose ownership is constitutionally limited to Filipinos. With foreigners allowed to buy PDRs, ABS-CBN shares which have long been undervalued, can now play catch-up with regional media counterparts.

Transaction with and/ or dependence on related parties

Not Applicable.

Employees

The Company has no full-time employees as of December 31, 2007 and anticipates no employee within the ensuing year. Labor union is not present in the Company.

Item 2. Properties

The Company does not own any real property. It does not even lease any real property and has no intention of acquiring any real property in the next twelve months.

Item 3. Legal Proceedings

The Company is not a party to any legal action.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's PDRs and Related Stockholder Matters

Market Information

The Company offered PDRs relating to ABS-CBN shares since September 29, 1999. The following are share prices of PDRs:

	<u>Stock Prices</u>	
	<u>High</u>	<u>Low</u>
2008		
First Quarter	33.00	23.00
2007		
First Quarter	26.50	18.75
Second Quarter	33.50	26.00
Third Quarter	37.50	29.50
Fourth Quarter	34.50	30.00
2006		
First Quarter	13.00	10.25
Second Quarter	17.75	11.50
Third Quarter	17.25	15.75
Fourth Quarter	22.75	16.50
2005		
First Quarter	18.75	14.75
Second Quarter	16.00	10.50
Third Quarter	14.75	10.25
Fourth Quarter	16.25	12.50

Shareholder Information

The number of shareholders of record as of December 31, 2007 was 6. Common shares subscribed as of December 31, 2007 were 400 or ₱40,000, including subscriptions receivable of ₱10,000.

List of stockholders as of December 31, 2007:

<u>Name of Stockholders</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
1. Lopez, Inc.	200	50
2. Oscar M. Lopez	40	10
3. Manuel M. Lopez	40	10
4. Presentacion L. Psinakis	40	10
5. Angel S. Ong	40	10
6. Eugenio Lopez III	40	10

Dividend Information

The Company is authorized to pay dividends on the shares in cash, in additional shares, in kind, or in a combination of the foregoing. Dividends paid in cash are subject to approval by the Board and no stockholder approval is required. Dividends paid in the form of additional shares are subject to approval by the Board and holders of at least two-thirds of the outstanding capital stock of the Company. Holders of outstanding Shares on a dividend record date for such Shares will be entitled to the full dividend declared without regard to any subsequent transfer of such Shares.

Any cash dividends or other cash distributions in respect of the underlying ABS-CBN shares shall be applied by the Company towards its operating expenses and any amounts remaining shall be distributed pro rata among outstanding PDR holders.

Dividends declared as interest due to PDR holders – ₱ 116.04 million in 2007, none in 2006 and 2005.

There are no restrictions that limit the ability to pay dividends on common equity.
Recent Sales of Unregistered Securities - None.

Item 6. Management's Discussion and Analysis of Plan of Operation

The Company has undertaken not to conduct any business other than in connection with the issuance of Philippine Depositary Receipts [PDRs (see Note 4 of the financial statements)], the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation (ABS-CBN) in respect of which PDRs are issued.

Any cash dividends or other cash distributions distributed in respect of ABS-CBN shares received by the Company (or the Security Agent on its behalf) shall be applied towards its operating expenses then due (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange) of the Company (the "Operating Expenses") for the current and preceding year. Any further amount equal to the operating expenses in the preceding year (The "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding year. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (referred to as "Interest") shall be distributed to Holders *pro rata* on the day after such cash dividends are received by the Company.

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

In May 2007, the Company received cash dividends of ₱122.37 million for its investment in ABS-CBN shares and in turn distributed interest of ₱116.04 million or ₱0.4267 per PDRs to its holders.

Results of Operations of ABS-CBN Holdings Corporation for the year ended December 31, 2007 compared with year ended December 31, 2006

The Company posted revenues of ₱1.93 million for the year ended December 31, 2007, an increased from year ago of ₱1.79 million. It is mainly due to interest income earned from its money market placement coming from dividends received from its investment in ABS-CBN shares at P.045 per PDRs. Thus, cash and cash equivalents level increased by 140% to ₱5.3 million as of December 31, 2007 from ₱2.2 million as of December 31, 2006.

On the other hand, exercise fees decreased by 85% to ₱3,000 as there were only 30,000 PDRs converted into ABS-CBN shares versus 200,000 conversion of PDRs in 2006.

In 2006, the balance of unearned income, exercise fees and interest income earned during the year is not enough to cover the actual operating expenses. The deficiency amounted to ₱511,296 and is shown as part of "Other current assets – Receivable from PDR holders" account in the 2006 balance sheet. As provided for under the agreement with the PDR holders, such deficiency will be applied against the future dividends that will be received from ABS-CBN.

Operating expenses increased by 8% primarily due to increase in listing fee that is based in market capitalization of the company of the previous year-end stock price.

Unearned income, shown as part of "Trade and Other Payables" account in 2007 pertains to "Operating fund".

Year ended December 31, 2006 compared with year ended December 31, 2005

The Company posted revenues of ₱1.79 million for the year ended December 31, 2006, a decline from year ago of ₱1.80 million. It is mainly due to conversion of PDRs to ABS-CBN shares in 2005. Hence, exercise fees decreased by 92%. Reimbursement from PDR holders represents excess of operating expenses over interest income and exercise fees (see Note 2 and 5).

Financial condition. Cash and cash equivalents decreased by P649,525 or 23% mainly due to payment of annual listing fee to Philippine Stock Exchange. "Other current assets" account represents receivable from PDR holders in 2006 (see Notes 2 and 5) and input Vat in 2005. Accrual of operating expenses in 2006 resulted to an increase in "Accounts payable and accrued expenses" account offset by the decrease in unearned income due to deficiency of income over operating expenses of the Company (see Notes 2 and 5).

Item 7. Financial Statements

The financial statements of the Company are incorporated herein by reference. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this Form 17-A.

The audited financial statements has been prepared in accordance with Section 17 of the Securities Regulations Code. The company has undertaken not to conduct any business other than in connection with the issuance of Philippine Depository Receipts (PDRs), the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation in respect of which PDRs are issued.

Item 8 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There are no changes in and disagreements with the external auditors on accounting and financial disclosures.

Compliance with Leading Practice on Corporate Governance

The Board of Directors of the Issuer has adopted a Manual of Corporate Governance to institutionalize corporate governance principles. The Issuer has appointed a Compliance Officer who reports to the Board of Directors and monitors compliance of corporate governance matters. The Board of Directors has created an Audit Committee in accordance with its Manual of Corporate Governance. There were no deviations from the Manual of Corporate Governance reported during the year. The Company pursues initiatives to improve corporate governance of the Company such as risk management and improvement of inter auditing processes.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Board of Directors

Mr. Oscar M. Lopez
Mr. Eugenio Lopez, III
Mr. Manuel M. Lopez
Ms. Presentacion L. Psinakis
Mr. Angel S. Ong

Executive / Corporate Officers

Oscar M. Lopez	Chairman of the Board, President, Chief Executive Officer and Chief Operating Officer
Eugenio Lopez III	Treasurer and Comptroller
Enrique I. Quiason	Corporate Secretary

OSCAR M. LOPEZ

Mr. Oscar M. Lopez, aged 78, received a Bachelor of Arts degree from Harvard College and a Masters degree in Public Administration from Harvard University. He is chairman and chief executive officer of FPHC, chairman and president of Lopez, Inc. and chairman of among others, FPIDC, MNTC, MWSI, Sierra Tours, BayanTel, Sky Vision and RCPI. He is vice chairman of the Board at Rockwell Land and is a director of ABS-CBN.

EUGENIO LOPEZ, III

Mr. Eugenio Lopez III, aged 56, received a Bachelor of Arts degree in Political Science from Bowdoin College and a Masters-degree in Business Administration from the Harvard Business School. He is chairman and chief executive officer of ABS-CBN, president and director of Sky Vision, vice chairman of the board at BayanTel and vice chairman and president of RCPI, among others.

MANUEL M. LOPEZ

Mr. Manuel M. Lopez, aged 66, is a holder of a Bachelor of Science degree in Business Administration and attended the Program for Management Development at the Harvard Business School. He is the president of Meralco, chairman of the board at Rockwell Land, and is a director of among others, ABS-CBN, MNTC, Sierra Tours, FPIDC, FPHC, BayanTel, Sky Vision and Lopez, Inc.

PRESENTACION E. PSINAKIS

Ms. Psinakis, aged 72, attended St. Scholastica's College. She is currently a Director of ABS-CBN, Lopez, Inc., Benpres Insurance Agency and Sierra Tours.

ANGEL S. ONG

Mr. Angel S. Ong, aged 58, was elected director and president and chief operating officer of Benpres Holdings Corporation in 2004. He was the Company's EVP-chief financial officer from 2001 to 2004 and vice president for finance from 1998-2000. He received his Bachelor of Science in Commerce degree from the Philippine College of Commerce and a Masters degree in Business Administration from the University of the Philippines. He is a director of ABS-CBN and MNTC, among others. He owns x Benpres shares

ENRIQUE I. QUIASON

Mr. Enrique I. Quiason, aged 47, received a Bachelor of Science degree in Business Economics and a Bachelor of Laws degree from the University of the Philippines, and a Master of Laws degree in Securities Regulation from Georgetown University. He is a senior partner of the Quiason Makalintal Barrot Torres & Ibarra Law Office. He is the corporate secretary of FPHC, FPIDC, MNTC, Rockwell Land, BayanTel, Sky Vision, RCPI, Sierra Tours,

and Lopez, Inc. He is also Assistant corporate secretary of ABS-CBN.

Term of Office as Directors and Executive Officers

The Directors of the Company are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until a successor shall have been appointed.

Family Relationships

Mr. Oscar M. Lopez, Mr. Manuel M. Lopez and Ms. Presentacion L. Psinakis are brothers and sister while Mr. Eugenio Lopez III is their nephew. There are no other family relationships among the directors and officers listed above.

Brief description of the person's business experience during the past five years

The company was incorporated only in March 1999 and offered PDRs only in September 29, 1999.

The names mentioned above make significant contribution to the business and are expected by the Company to make their own contributions necessary to meet its organizational goals.

Involvement of Directors and Officers in Certain Legal Proceedings

The Company is not aware of: (i) any bankruptcy proceedings filed by or against any business of which a director, person nominated to become a director, executive officer, or control person of the Company is party of which any of their property is subject; (ii) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, of any of its director, person nominated to become a director, executive officer, or control person, (iii) any order, judgment, or decree not subsequently reversed, superseded, or vacated, by any court of competent jurisdiction, domestic, or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting the involvement of a director, person nominated to become a director, executive officer, or control person of the Company in any type of business, securities, commodities, or banking activities; nor, (iv) any findings by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization, that any of its director, person nominated to become a director, executive officer, or control person has violated a securities or commodities law.

Item 10. Executive Compensation of Directors and Executive Officers

Information as to the aggregate compensation paid or accrued during the last two fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and four other most highly compensated executive officers: Not Applicable.

The directors receive standard per diem of ₱1,000 each per board meeting. There are no other arrangements for compensation either by way of payments for committee participation or consulting contracts.

There are no other arrangements or consulting contracts on which any director is compensated, whether directly or indirectly.

There are no existing employment contracts with executive officers. There are no arrangements for compensation to be received from the Company in the event of a resignation, retirement or termination of the executive officer's employment or a change of control of the Company. There are no outstanding warrants or stock options held by any of the Company's executives.

Item 11: Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Record and Beneficial Owners as at December 31, 2007

As of December 31, 2007, the Company knows of no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below:

(1) Title of Class	(2) Name and address record/beneficial owner	(3) Amount and nature of beneficial ownership (indicate by "r" or "b")	(4) Percent of class
Common	Lopez, Inc. 5/F Benpres Building Meralco Avenue, Ortigas Center, Pasig City	20,000 r *	50%
Common	Oscar M. Lopez 6/F Benpres Building Meralco Avenue, Ortigas Center, Pasig City	4,000 r	10%
Common	Manuel M. Lopez 5/F Benpres Building Meralco Avenue, Ortigas Center, Pasig City	4,000 r	10%
Common	Eugenio Lopez III 5/F Benpres Building Meralco Avenue, Ortigas Center, Pasig City	4,000 r	10%
Common	Presentation Psinakis 5/F Benpres Building Meralco Avenue, Ortigas Center, Pasig City	4,000 r	10%
Common	Angel S. Ong 5/F Benpres Building Meralco Avenue, Ortigas Center, Pasig City	4,000 r	10%

* Lopez, Inc. is the holding company of the Lopez family. It is owned by the respective holding companies of the family of Eugenio Lopez, Jr., Oscar M. Lopez, Manuel M. Lopez and Presentacion L. Psinakis.

(b) Security Ownership of Management as at December 31, 2007

(1) Name of beneficial owner	(2) Position	(3) Amount and nature of beneficial ownership	(4) Percent ownership
Oscar M. Lopez	Chairman of the Board, President, CEO & COO	4,000 r (sole voting)	10%
Manuel M. Lopez	Board Member	4,000 r (sole voting)	10%
Eugenio Lopez III	Treasurer and Comptroller	4,000 r (sole voting)	10%
Presentation Psinakis	Board Member	4,000 r (sole voting)	10%
Angel S. Ong	Board Member	4,000 r (sole voting)	10%
All directors and executive officers as a group		20,000 r (sole voting)	50%

There have not been any arrangements which have resulted in a change in control of the Company during the period covered by this report. The Company is not aware of the existence of any voting trust arrangement among the shareholders.

Item 12: Certain Relationships and Related Transactions

The Company hired the law firm of Quiason Makalintal Barrot Torres and Ibarra, from which Mr. Enrique I. Quiason is a senior partner, for legal services.

(Note: There is no Item No. 13 in the Form)

PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

- (a) Exhibits - There are no accompanying exhibits for Parts I and III
- (b) Reports on SEC Form 17-C for the last six (6) months of 2007 - NONE

INDEX TO EXHIBITS

Form 17 - A

<u>No.</u>		<u>Page No</u>
(3)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
(5)	Instruments Defining the Rights of Security Holders, Including Indentures	*
(8)	Voting Trust Agreement	*
(9)	Material Contracts	*
(10)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	*
(13)	Letter re change in Certifying Accountant	*
(16)	Report Furnished to Security Holders	*
(18)	Subsidiaries of the Registrant	*
(19)	Published Report Regarding Matters submitted to Vote Of Security Holders	*
(20)	Consent of Experts and Independent Counsel	
(21)	Power of Attorney	*
(29)	Additional Exhibits	*


* These exhibits are either not applicable to the Company or require no answer.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, this financial statements has been signed by the following persons in the capacities and on the dates indicated

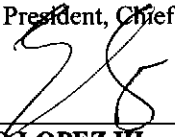
Registrant: **ABS-CBN HOLDINGS CORPORATION**

By:




OSCAR M. LOPEZ
 Chairman, President, Chief Executive Officer and Chief Operating Officer

Date:



EUGENIO LOPEZ III
 Treasurer and Comptroller

Date:




ENRIQUE I. QUIASON
 Corporate Secretary

Date:

SUBSCRIBED AND SWORN to before me this APR 14 2008 affiant(s) exhibiting to me their Community Tax Certificates, as follows:

<u>Names</u>	<u>Res. Cert. No.</u>	<u>Date</u>	<u>Place of Issue</u>
Oscar M. Lopez	23697851	Jan 24, 2008	Pasig City
Eugenio Lopez III	16231732	Jan 07, 2008	Quezon City
Enrique I. Quiason	10183134	Jan 09, 2008	Pasig City

Doc. No. 096
 Page No. 21
 Book No. II
 Series of 2008


MIGUEL K. MATHAY
 NOTARY PUBLIC
 FOR AND IN THE CITY OF PASIG
 UNTIL DECEMBER 31, 2008
 PTR NO. 030997-1168 PASIG CITY
 IBP NO. 72216-121607 RSM
 ROLL NO. 43982/APPOINTMENT NO. 61 (2007-2008)
 21/F Robinsons-Equitable Tower
 4 ADB Ave. cor. Poveda St.
 1605 Ortigas Center, Pasig City

ABS-CBN HOLDINGS CORPORATION

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

FORM 17-A, Item 7

Page No.

Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountants
Balance Sheets as of December 31, 2007 and 2006
Statements of Income and Retained Earnings
 for the years ended December 31, 2007, 2006 and 2005
Statements of Cash Flows
 for the years ended December 31, 2007, 2006 and 2005
Notes to Financial Statements

Supplementary Schedules

Report of Independent Public Accountants on Supplementary Schedules *

A. Marketable Securities – (Current Marketable Equity Securities and Other Short term Cash Investments) *

B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates) *

C. Non-current Marketable Equity Securities, Other Long-term Investments, and Other Investments *

D. Indebtedness to Unconsolidated Subsidiaries and Affiliates *

E. Property, Plant and Equipment *

F. Accumulated Depreciation *

G. Intangible Assets – Other Assets *

H. Long-term Debt *

I. Indebtedness to Affiliates and Related Parties (Long-term Loans from Related Companies) *

J. Guarantees of Securities of Other Issuers *

K. Capital Stock *

** These schedules, which are required by Part IV (e) of SRC, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statement.*

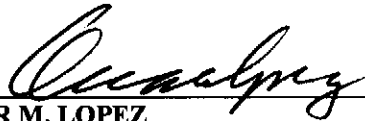
ABS-CBN HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of ABS-CBN Holdings Corporation is responsible for all information and representations contained in the financial statements as of December 31, 2007 and 2006 and for each of the three in the period ended December 31, 2007. The financial statements have been prepared in conformity with generally accepted accounting principles and reflected amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the Company. SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, have audited financial statements of the Company in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of presentation upon completion of such audit, in their report to the stockholders.



OSCAR M. LOPEZ
Chairman of the Board, President,
Chief Executive Officer and Chief Operating Officer



EUGENIO LOPEZ, III
Treasurer and Comptroller

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 10 **DAY OF** APR **2008**
AND PLACED EXHIBITED TO ME HIS/HER
RES. CERT. No. _____
ISSUED AT _____ **ON** _____



ATTY. DELFIN R. AGCAOILI, JR.
NOTARY PUBLIC

ROLL NO. 24055
/BP NO. 725785 01/02/08 S.C.
PTR NO. 028421 01/02/08 S.C.
COMMISSION NO. 207 (2007-2008)
TR NO. 144-519-066

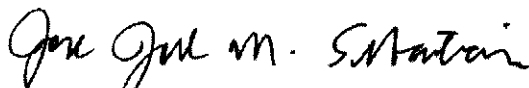
WC. NO. 10
PAGE NO. 2
BOOK NO. LTU
ISSUES OF. 08

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
ABS-CBN Holdings Corporation
4th Floor, Benpres Building
Exchange Road corner Meralco Avenue
Pasig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of ABS-CBN Holdings Corporation included in this Form 17-A and have issued our report thereon dated March 10, 2008. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's Rule 68.1 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jose Joel M. Sebastian
Partner
CPA Certificate No. 61687
SEC Accreditation No. 0097-AR-1
Tax Identification No. 104-597-500
PTR No. 0017623, January 3, 2008, Makati City

March 10, 2008



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
ABS-CBN Holdings Corporation
4th Floor, Benpres Building
Exchange Road corner Meralco Avenue
Pasig City

We have audited the accompanying financial statements of ABS-CBN Holdings Corporation, which comprise the balance sheets as at December 31, 2007 and 2006, and the statements of income, statements of changes in capital deficiency and statements of cash flows for each of the three years ended December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

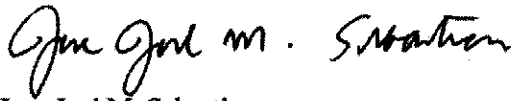
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABS-CBN Holdings Corporation as of December 31, 2007 and 2006, and its financial performance and its cash flows for each of the three years ended December 31, 2007 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Jose Joel M. Sebastian

Partner

CPA Certificate No. 61687

SEC Accreditation No. 0097-AR-1

Tax Identification No. 104-597-500

PTR No. 0017623, January 3, 2008, Makati City

March 10, 2008



ABS-CBN HOLDINGS CORPORATION
BALANCE SHEETS

	December 31	
	2007	2006
ASSETS		
Cash and cash equivalents (Notes 5 and 11)	₱5,319,538	₱2,212,983
Receivable from PDR holders (Notes 6 and 11)	-	511,296
	₱5,319,538	₱2,724,279
LIABILITY AND CAPITAL DEFICIENCY		
Liability		
Trade and other payables (Notes 6 and 11)	₱5,364,486	₱2,769,227
Capital Deficiency		
Capital stock	30,000	30,000
Additional paid-in capital	23,069,356	23,069,356
Deficit	(23,144,304)	(23,144,304)
Total Capital Deficiency	(44,948)	(44,948)
	₱5,319,538	₱2,724,279

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION
STATEMENTS OF INCOME

	Years Ended December 31		
	2007	2006	2005
REVENUE			
Reimbursement from Philippine Depository Receipts (PDR) holders (Note 6)	₱1,698,575	₱1,655,440	₱1,427,275
Interest income	229,575	116,735	115,552
Exercise fees (Note 4)	3,000	20,000	258,000
	1,931,150	1,792,175	1,800,827
EXPENSE			
Operating expenses (Notes 4 and 8)	1,931,150	1,792,175	1,800,827
NET INCOME (Note 12)	₱-	₱-	₱-
Basic/Diluted Earnings Per Share (Note 12)	₱-	₱-	₱-

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION**STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY**

	Years Ended December 31		
	2007	2006	2005
CAPITAL STOCK - ₱100 par value			
Authorized - 1,000 shares			
Subscribed - 400 shares	₱40,000	₱40,000	₱40,000
Subscriptions receivable	(10,000)	(10,000)	(10,000)
	30,000	30,000	30,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of the year	23,069,356	–	–
Addition during the year	–	23,069,356	–
Balance at end of year	23,069,356	23,069,356	–
ADVANCES FROM A SHAREHOLDER INTENDED FOR EQUITY CONVERSION (Note 7)			
Balance at beginning of the year	–	23,069,356	23,069,356
Conversion during the year	–	(23,069,356)	–
Balance at end of year	–	–	23,069,356
DEFICIT			
Balance at beginning of the year	(23,144,304)	(23,144,304)	(23,144,304)
Net income	–	–	–
Balance at end of year	(23,144,304)	(23,144,304)	(23,144,304)
	(₱44,948)	(₱44,948)	(₱44,948)

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2007	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	₱-	₱-	₱-
Adjustments for -			
Interest income	(229,575)	(116,735)	(115,552)
Operating loss before working capital changes	(229,575)	(116,735)	(115,552)
Decrease (increase) in other current assets	511,296	(500,080)	(11,216)
Increase (decrease) in trade and other payables	2,595,259	(149,445)	(761,910)
Interest received	229,575	116,735	115,552
Net cash provided by (used in) operating activities	3,106,555	(649,525)	(773,126)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,106,555	(649,525)	(773,126)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,212,983	2,862,508	3,635,634
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱5,319,538	₱2,212,983	₱2,862,508

See accompanying Notes to Financial Statements.

ABS-CBN HOLDINGS CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

The Company was incorporated in the Philippines on March 30, 1999 as Worldtech Holdings Corporation, for the primary purpose of investing, purchasing and holding real and personal properties, including but not limited to, shares of stock, bonds, debentures, notes, evidences of indebtedness or other securities or obligations. On September 16, 1999, the Philippine Securities and Exchange Commission approved the change in the Company's corporate name to ABS-CBN Holdings Corporation (the Company).

The Company has not conducted any business other than in connection with the issuance of Philippine Depository Receipts (PDRs), the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN Broadcasting Corporation (ABS-CBN) in respect of PDRs issued (see Note 4).

The Company is 50%-owned by Lopez, Inc., a Philippine entity, and 50%-owned by certain directors and officers of Lopez, Inc.

The registered office address of the Company is 4th Floor, Benpres Building, Exchange Road corner Meralco Avenue, Pasig City.

The accompanying financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 10, 2008.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared on a historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and Philippine Interpretations from International Financial Reporting Interpretation Committee (IFRIC) during the period.

- Amendment to Philippine Accounting Standards (PAS) 1, "Presentation of Financial Statements: Capital Disclosures";
- PFRS 7, "Financial Instruments: Disclosures"; and
- Philippine Interpretation IFRIC 10, "Interim Financial Reporting and Impairment."

The principal effects of these changes are as follows:

- Amendment to PAS 1, "Presentation of Financial Statements: Capital Disclosures"

This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. These disclosures are shown in Note 10.

- PFRS 7, "Financial Instruments: Disclosures"

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. Adoption of this standard resulted in the inclusion of additional disclosures such market risk sensitivity analysis, contractual maturity analysis of financial liabilities and aging analysis of financial assets that are neither past due nor impaired (see Note 10).

- Philippine Interpretation IFRIC 10, "Interim Financial Reporting and Impairment"

This interpretation requires that an entity must not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Company had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Company. The Company adopted the amendment to the transitional provisions of PFRS 7, as approved by the Financial Reporting Standards Council of the Philippines, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Company does not need to present comparative information for the disclosures required by paragraphs 31-42 of PFRS 7, unless the disclosure was previously required under PAS 32.

Standards and Interpretations not yet Effective

The Company did not early adopt the following new and amended standards and Philippine Interpretations that have been approved but are not yet effective for the year ended December 31, 2007

- PAS 1, "Presentation of Financial Statements (Revised)" (effective for annual periods beginning on or after January 1, 2009)

This amendment will be effective for annual periods beginning on or after January 1, 2009. The amendment is intended to improve users' ability to analyze and compare the information given in financial statements. This amendment requires that statement of changes in capital deficiency includes only transactions with owners and all non-owner changes be presented in equity as a single line with details included in a separate statement. Owners are defined as "holders of instruments classified as equity." The amendment also introduces a new statement of comprehensive income that combines all items of income and expenses together with "other comprehensive income." Entities can choose to present all items in one statement or to present two linked statements, a separate income statement and a statement of comprehensive income. The Company will apply the revised standard in 2009.

- PAS 23, "Borrowing Costs"

A revised PAS 23, "Borrowing Costs" was issued in March 2007, and becomes effective for financial years beginning on or after January 1, 2009. The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

- PFRS 8, "Operating Segments"

This standard will be effective for annual periods beginning on or after January 1, 2009 and will replace PAS 14, "Segment Reporting." PFRS 8 adopts a management approach to reporting segment information. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the balance sheet and statement of income and companies will need to provide explanations and reconciliations of the differences. Adoption of this standard will have no impact on the Company's financial statements.

- Philippine Interpretation IFRIC 11, "Group and Treasury Share Transactions"

This interpretation will become effective for financial years beginning on or after March 1, 2007. It requires arrangements whereby an employee is granted rights to the 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 shareholder(s) 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 Company has no stock option plan, this interpretation will have no impact on the Company's financial statements.

- Philippine Interpretation IFRIC 12, "Service Concession Arrangements"

This interpretation will become effective on January 1, 2008. This interpretation covers contractual arrangements arising from entities providing public services and does not apply to the Company.

- Philippine Interpretation IFRIC 13, "Customer Loyalty Programmes"

This interpretation was issued in June 2007 and becomes effective for annual periods beginning on or after 1 July 2008. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company expects that this interpretation will have no impact on the Company's financial statements as no such schemes currently exist.

- Philippine Interpretation IFRIC 14, "PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

This interpretation was issued in July 2007 and becomes effective for annual periods beginning on or after January 1, 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19, "Employee Benefits." The Company expects that this interpretation will have no impact on the financial position or performance of the Company as all defined benefit schemes are currently in deficit.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and it can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Unearned Revenue. This represents any cash dividend or other cash distributions distributed in respect of ABS-CBN shares withheld by the Company to be applied against operating expenses for the current and preceding years.

Reimbursement from PDR Holders. This represents the amortization of unearned income when it is applied to the actual operating expenses. If the balance of unearned income, exercise fees and interest income earned during the year is not enough to cover the actual operating expenses for the year, the reimbursement is accrued and is reflected as "Receivable from PDR holders."

Exercise Fees. Revenue is recognized upon payment of exercise price by the PDR holders.

Interest Income. Revenue is recognized as interest accrues based on effective interest method.

Financial Assets and Financial Liabilities

Date of Recognition. Purchases or sale of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Derivatives are recognized on trade date basis (i.e., the date that the Company commits to purchase or sell the asset).

Initial Recognition of Financial Instruments. Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at fair value through profit or loss (FVPL).

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

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets and financial liabilities are further classified into the following categories: financial asset or financial liability at FVPL, loans and receivables, held-to-maturity (HTM), available-for-sale (AFS) financial assets and other financial liabilities. The Company determines the classification at initial recognition and re-evaluates this designation at every reporting date, where appropriate.

All regular way purchases and sales of financial assets are recognized on the trade date (i.e., the date that the Company commits to purchase the asset). Regular way purchases or sales are purchases or sales of financial assets under a contract whose terms require delivery of assets within the period established generally by regulation or convention in the marketplace.

Financial Asset or Financial Liability at FVPL. Financial assets and financial liabilities at FVPL include financial assets and liabilities held for trading purposes, financial assets and financial liabilities designated upon initial recognition as at FVPL, and derivative instruments.

Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Included in this classification are debt and equity securities which have been acquired principally for trading purposes.

Financial assets and financial liabilities are designated as at FVPL by management on initial recognition when the following criteria are met:

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

The Company has no financial asset or financial liability at FVPL as of December 31, 2007 and 2006.

HTM Investments. Nonderivative financial assets that are quoted in the market with fixed or determinable payments and fixed maturity are classified as HTM when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the statement of income when the investments are derecognized or impaired, as well as through the amortization process.

The Company has no HTM investments as of December 31, 2007 and 2006.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale, are not classified as financial assets at FVPL, designated as AFS financial assets or HTM investments.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization is included in the interest income in the statement of income. The losses arising from impairment are recognized in provision for doubtful accounts in the statement of income.

The Company's cash and cash equivalents and receivable from PDR holders are included under this category.

AFS Financial Assets. AFS financial assets are those nonderivative financial assets that are designated as AFS or are not classified in any of the three preceding categories. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial recognition, AFS financial assets are measured at fair value. The effective yield component of debt securities classified as AFS financial assets, as well as the impact of restatement on foreign currency-denominated debt securities classified as AFS, is reported in the statement of income. The unrealized gains and losses arising from the fair valuation of AFS financial assets are excluded, net of applicable tax, from the statement of income and are reported as cumulative translation adjustments in the equity section of the balance sheet and in the statement of changes in equity.

The Company has no AFS financial assets as of December 31, 2007 and 2006.

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

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

Impairment of Financial Assets

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

Assets Carried at Amortized Cost. If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the statement of income.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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

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

Derecognition of Financial Assets and Liabilities

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

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

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

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

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

Income Tax

Current tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income.

Deferred tax. Deferred tax is provided, using the balance sheet liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess minimum corporate income tax (MCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of income.

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

Earnings Per Share

Basic earnings per share amounts are calculated by dividing the net income for the period attributable to shareholders by the weighted average number of common shares outstanding during the period. The Company has no dilutive potential common shares outstanding. Hence, basic earnings per share is equal to the diluted earnings per share.

Events after the Balance Sheet Date

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

3. Management's Use of Judgment and Estimates

The Company's financial statements prepared under PFRS require management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. In preparing the Company's financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

The Company believes that the following represents a summary of these significant estimates and related impact and associated risks in its financial statements:

Recognition of Deferred Tax Assets

The carrying amount of the Company's deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated against which all or part of deferred tax assets can be applied.

Deferred tax assets not recognized by the Company amounted to ₱1,656,150 and ₱60,696,472 as of December 31, 2007 and 2006, respectively (see Note 9).

Fair Value of Financial Instruments

PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), the timing and amount of changes in fair value would differ with the methodology used. Any change in the fair values of these financial assets and liabilities would directly affect the statement of income and equity.

The fair values of the Company's financial instruments are set out in Note 11.

4. PDRs

On September 29, 1999, the Company offered 132,000,000 PDRs relating to 132,000,000 ABS-CBN shares. Each PDR was issued for a total consideration of ₱46.00, which consists of a deposit of ₱45.90 and a PDR option price of ₱0.10.

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

The ABS-CBN shares are still subject to ownership restrictions on shares of corporations engaged in mass media and ABS-CBN may reject the transfer of shares to persons other than Philippine nationals. The PDRs were listed in the Philippine Stock Exchange on October 7, 1999, and it may be exercised at any time from said date. Any cash dividend or other cash distributions distributed in respect of ABS-CBN shares received by the Company (or the Security Agent on its behalf) shall be applied towards the operating expenses then due of the Company (including but not limited to applicable taxes, fees and maintenance costs charged by the Philippine Stock Exchange shown as "Operating Expenses" in the statements of income) for the current and preceding years. Any further amount equal to the Operating Expenses in the preceding year (the "Operating Fund") shall be set aside to meet operating or other expenses for the succeeding years. Any amount in excess of the aggregate of the Operating Expenses paid and the Operating Fund for such period (referred to as "Interest") shall be distributed to Holders pro-rata on the day after such cash dividends are received by the Company.

Upon exercise of the PDRs, an exercise price of ₱0.10 per share is paid by the PDR holders. This exercise price is shown as "Exercise fees" account in the statements of income.

Immediately prior to the closing of the PDR offering described above, Lopez, Inc., to which the Company is affiliated, transferred 132,000,000 ABS-CBN shares to the Company in relation to which the PDRs were issued. For as long as the PDRs are not exercised, these shares underlying the PDRs are, and will continue to be registered in the name of and owned by, and all rights pertaining to these shares, including voting rights, shall be exercised by the Company. The obligations of the Company to deliver the ABS-CBN shares on exercise of the right contained in the PDRs are secured by the Pledge of Shares in favor of the Security Agent acting on behalf of each holder of a PDR over the ABS-CBN shares.

At any time after the initial offering, a shareholder may, at his option and from time to time, deliver shares to the Company in exchange for an equal number of PDRs. The exchanges are based on prevailing traded values of ABS-CBN shares at the time of transaction with the corresponding PDR option price.

The details and movements of PDRs and the underlying ABS-CBN shares follow:

	Number of Shares	Investment in ABS-CBN	PDRs
Balance at December 31, 2005	₱268,014,800	₱12,615,155,286	₱12,588,353,806
Exchanges of ABS-CBN shares with PDRs	4,156,800	74,988,800	74,573,120
Conversion of PDRs	(200,000)	(2,250,000)	(2,230,000)
Balance at December 31, 2006	271,971,600	12,687,894,086	12,660,696,926
Exchanges of ABS-CBN shares with PDRs	17,700	575,250	573,480
Conversion of PDRs	(30,000)	(615,000)	(612,000)
Balance at December 31, 2007	271,959,300	₱12,687,854,336	₱12,660,658,406

ABS-CBN shares were converted into PDRs at ₱32.50 in 2007. In 2006, the ABS-CBN shares were converted into PDRs at and at a price ranging from ₱13.00 to ₱23.50.

5. Cash and Cash Equivalents

This account consists of:

	2007	2006
Cash on hand and in bank	₱418,359	₱167,801
Cash equivalents	4,901,179	2,045,182
	₱5,319,538	₱2,212,983

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term investments which are made for varying periods between one day to three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term investment rates.

Interest income earned from cash and cash equivalents amounted to ₱229,575 in 2007 and ₱116,735 in 2006.

6. Trade and Other Payables

This account consists of:

	2007	2006
Trade	₱470,758	₱221,028
Unearned revenue	4,126,369	-
Accrued expenses	767,359	2,548,199
	₱5,364,486	₱2,769,227

In 2006, the balance of unearned revenue, exercise fees and interest income earned during the year is not enough to cover the actual operating expenses. The deficiency amounted to ₱511,296 and is shown as part of "Receivable from PDR holders" account in the 2006 balance sheet. As provided for under the agreement with the PDR holders, such deficiency will be applied against the future dividends that will be received from ABS-CBN.

7. Advances from a Shareholder Intended for Equity Conversion

This account represents advances and additional funding made in 1999, 2003 and 2004 by Lopez, Inc. for the Company's operating expenses.

On April 26, 2006, the BOD approved a resolution to convert these advances as of December 31, 2005 into equity.

8. Operating Expenses

Operating expenses consist of:

	2007	2006	2005
Outside services	₱614,876	₱647,270	₱579,678
Listing fees	616,832	375,975	550,620
Security and general services	420,000	420,000	420,000
Professional services	214,400	258,900	197,000
Others	65,042	90,030	53,529
	₱1,931,150	₱1,792,175	₱1,800,827

9. Income Tax

The deductible temporary differences related to NOLCO amounting to ₱4,731,856 and ₱173,418,490 as of December 31, 2007 and 2006, respectively, were not recognized because the management believes that the corresponding benefits will not be realized in the future:

As of December 31, 2007, NOLCO that can be applied as deductions from normal taxable income follows:

Dates Incurred	Expiry Dates	Amounts
December 31, 2005	December 31, 2008	₱1,542,827
December 31, 2006	December 31, 2009	1,260,879
December 31, 2007	December 31, 2010	1,928,150
		₱4,731,856

NOLCO amounting to ₱170,614,784 expired during the year.

A reconciliation between the provision for income tax computed at statutory rates of 35% in 2007 and 2006, and provision for income tax as shown in the statements of income is as follows:

	2007	2006	2005
Income tax at statutory tax rates	₱-	₱-	₱-
Income tax effects of:			
Expired NOLCO	59,715,174	601,653	114,432
Change in value of unrecognized deferred tax assets	(59,040,322)	(560,795)	5,174,928
Reimbursement from PDRs	(594,501)	-	-
Interest income already subjected to final tax	(80,351)	(40,858)	(37,554)
Change in tax rate	-	-	(5,251,806)
	₱-	₱-	₱-

On May 24, 2005, the President signed into law Republic Act (R.A.) No. 9337, amending certain provisions of the National Revenue Code of 1997, as amended, which took effect on November 1, 2005, introducing the following changes:

- a. RCIT rate for domestic corporations and resident and non-resident foreign corporations is increased to 35% (from 32%) beginning November 1, 2005 and the rate will be reduced to 30% beginning January 1, 2009. RCIT rate shall be applied on the amount computed by multiplying the number of months covered by the new rate within the fiscal year by the taxable income of the corporation for the period, divided by 12 months.
- b. Power of the President upon the recommendation of the Secretary of Finance to increase the rate of value added tax (VAT) to 12% (from 10%), after any of the following conditions has been satisfied:
 - i. VAT collection as a percentage of GDP of the previous year exceeds two and four-fifth percent (2 4/5%); or
 - ii. National government deficit as a percentage of GDP of the previous year exceeds one and one-half percent (1 1/2%).

On January 31, 2006, a Revenue Memorandum Circular No. 7-2006 was issued approving the recommendation of the Secretary of Finance to increase VAT to 12% (from 10%) effective February 1, 2006.

- c. Input VAT on completed or finished capital goods should be spread evenly over the useful life or 60 months, whichever is shorter, if the acquisition costs, excluding the VAT component thereof, exceeds ₱1 million. On the other hand, input tax on assembled or constructed capital goods shall be recognized at the time of payment to the independent constructors as it involves a sale of service.
- d. Input VAT credit shall not exceed output VAT, otherwise, VAT liability before withholding VAT credits shall be computed equivalent to 30% of output VAT.

On November 21, 2006, the President of the Philippines has signed R.A. No. 9361 which lifted the 70% cap on input VAT allowing companies to again charge 100% of input VAT to output VAT per quarter. This new ruling took effect on December 13, 2006.

10. Financial Risk Management Objectives and Policies

The Company's principal financial instrument is cash and cash equivalents which is used to finance the Company's operations. Other financial liabilities of the Company are trade and other payables which arise directly from its operations.

It is, and has been throughout the year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The BOD reviews and approves the policies for managing each of these risks and these are summarized below.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates is minimal since it relates primarily to the Company's cash and cash equivalents.

Liquidity Risk

The Company's liquidity risk arises from its financial liabilities. Liquidity risk on financial liabilities are minimal since funding is from related party.

The Company's trade payable and accrued expenses amounting to ₱1,238,117 and ₱2,769,277 as of December 31, 2007 and 2006, respectively, are payable on demand.

Foreign Currency Risk

The Company's foreign currency risk is minimal since all transactions are denominated in Philippine peso.

Credit Risk

The Company trades only with related parties. It is the Company's policy to continuously review credit process and implement various actions, depending on assessed risks, to minimize credit exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from cash and cash equivalents, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure totaling ₱5,319,538 and ₱2,212,983 as of December 31, 2007 and 2006, respectively.

The Company's financial assets are neither past due nor impaired and are considered to be of high quality since these are deposits or placements to counterparties with good credit rating or bank standing.

Capital Management

The Company has not conducted any business other than in connection with the issuance of PDRs, the performance of obligations under the PDRs and the acquisition and holding of shares of ABS-CBN in respect of PDRs issued.

Dividends received from ABS-CBN, exercise fees and the related interests are distributed to PDR holders less operating expenses incurred. Any excess over the interest distribution to PDR holders and actual operating expenses is deferred and amortized when applied to the actual operating expenses of the succeeding years. On the other hand, if the balance of the unearned income, exercise fees and the interest income earned during the year is not enough to cover the actual operating expenses for the year, the expenses are reimbursed from the PDR holders.

11. Financial Assets and Liabilities

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as of December 31, 2007 and 2006:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Loans and receivable:				
Cash and cash equivalents	₱5,319,538	₱5,319,538	₱2,212,983	₱2,212,983
Receivable from PDR holders	-	-	511,296	511,296
Total financial assets	5,319,538	5,319,538	2,724,279	2,724,279
Financial Liabilities				
Other financial liabilities -				
Trade payable and accrued expenses*	₱1,238,117	₱1,238,117	₱2,769,227	₱2,769,227

* Carrying amount is exclusive of "Unearned Revenue," which is a nonfinancial liability, amounting to ₱4,126,369 as of December 31, 2007.

Due to the short-term nature of the related transactions, the carrying amounts of these instruments approximate their fair values as of balance sheet date.

12. Earnings Per Share

	2007	2006	2005
Net income	₱-	₱-	₱-
Divide by weighted average shares outstanding	400	400	400
Basic/diluted earnings per share	₱-	₱-	₱-