

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

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

**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, 2009**
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 Depositary Receipts | 271,373,200 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)

April 12, 2010

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, 2009.

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

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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, 2009 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>
2010		
First Quarter	31.50	26.00
2009		
First Quarter	17.00	12.50
Second Quarter	23.25	17.00
Third Quarter	32.00	21.50
Fourth Quarter	31.50	25.00
2008		
First Quarter	33.00	23.00
Second Quarter	29.00	19.00
Third Quarter	19.25	15.00
Fourth Quarter	16.50	12.00
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

Shareholder Information

The number of shareholders of record as of December 31, 2009 was 6. Common shares subscribed as of December 31, 2009 were 400 or ₱40,000, including subscriptions receivable of ₱10,000.

List of stockholders as of December 31, 2009:

<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 – ₱240 million in 2009, ₱220 million in 2008, and ₱116 million in 2008.

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.

The Company received cash dividends for its investment in ABS-CBN shares and in turn distributed interest to its PDRs holders as follows:

	<u>Cash Dividend</u>	<u>Interest Paid</u>	<u>Per Share</u>
June 2009	₱ 242,820,180	₱ 239,582,577	₱ 0.8888
May 2008	₱ 223,059,690	₱ 220,382,974	₱ 0.8151
May 2007	₱ 122,373,720	₱ 116,037,480	₱ 0.4267

Results of Operations of ABS-CBN Holdings Corporation for the year ended December 31, 2009 compared with year ended December 31, 2008

The Company posted revenues of ₱2.53 million for the year ended December 31, 2009, 2% decreased from year ago of ₱2.59 million. However, it is mainly due to exercise fees decreased by 67%, ₱60,600 as there were 606,000 shares converted into ABS-CBN shares in 2009 versus 1,844,900 conversion of PDRs in 2008. Also accrual of "Reimbursement from PDR holders" decreased by 6%. On the other hand, interest income earned on Money market placement resulting from receipts of cash dividends from ABS-CBN Broadcasting Corporation increased to ₱443,045 in 2009, 72% up from ₱256,838 in the previous year.

On operating expenses, listing fee decreased significantly due to lower market capitalization of the company that is based on previous year-end stock price. However, outside service fee increased by 71% to ₱ 1.14 million due to the maintenance fee for the company's website. Professional fees, security and general services and other expenses were incurred in the ordinary course of business.

Cash and cash equivalents level increased by 39% to ₱8.4 million and "Unearned income" under "Trade and other payables" account increased by 25% due to the effect of dividend received from ABS-CBN Broadcasting Corporation for its investment in ABS-CBN Common shares amounting to ₱242.82 million and interest paid to PDRs holder amounting to ₱ 239.58 million in June 2009.

Unearned income, shown as part of "Trade and Other Payables" account in 2009 pertains to "Operating fund".

Results of Operations of ABS-CBN Holdings Corporation for the year ended December 31, 2008 compared with year ended December 31, 2007

The Company posted revenues of P2.59 million for the year ended December 31, 2008, 34% increased from year ago of P1.93 million. It is mainly due to exercise fees that increased by 61X to P184,490 as there were 1,844,900 shares converted into ABS-CBN shares in 2008 versus 30,000 conversion of PDRs in 2007. It is also due to accrual of "Reimbursement from PDR holders" and interest income earned on Money market placement resulting from receipts of cash dividends from ABS-CBN Broadcasting Corporation.

In 2008, the unearned income, exercise fees and interest income earned during the year is not enough to cover the actual operating expenses. 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 34% primarily due to increase in listing fee that is based on market capitalization of the company of the previous year-end stock price and increase in outside services for its maintenance fee for the set up of the Company website.

Cash and cash equivalents level increased by 14% to P 6 million and "Unearned income" under "Trade and other payables" account increased by 13% due to the effect of dividend received from ABS-CBN Broadcasting Corporation for its investment in ABS-CBN Common shares amounting to P223.06 million and interest paid to PDRs holder amounting to P220.38 million in May 2008.

Unearned income, shown as part of "Trade and Other Payables" account in 2008 pertains to "Operating fund".

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 internal 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 80, 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, Benpres Holdings Corporation, 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 58, 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 68, 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, Sierra Tours, FPHC, BayanTel, Sky Vision and Lopez, Inc.

PRESENTACION L. PSINAKIS

Ms. Psinakis, aged 74, 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 60, 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 also a director of ABS-CBN.

ENRIQUE I. QUIASON

Mr. Enrique I. Quiason, aged 49, 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; 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, 2009

As of December 31, 2009, 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 Presentation L. Psinakis.

(b) Security Ownership of Management as at December 31, 2009

(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 Atty. 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 2009

<u>Subject of SEC Form 17-C</u>	<u>Date Filed</u>
Annual Stockholders meeting	September 14, 2009

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.

THE SECURITIES AND EXCHANGE COMMISSION
Mandaluyong City

SEC FORM 17- C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17(b)(3) THEREUNDER

1. September 14, 2009
Date of Report (Date of earliest event reported)
2. SEC Registration No. AS1999-04544
3. BIR TIN. 203-420-423
4. ABS-CBN Holdings Corporation
Exact name of registrant as specified in its Articles of Incorporation
5. Metro Manila
Place of incorporation
6.
Industry Classification Code
7. 5th Floor Benpres Building, Exchange Road cor. Meralco Ave. Pasig City
Address of principal office
8. 631 3111
Registrant's telephone number, including area code
9. Not Applicable
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class

Number of Philippine Depositary Receipts
Outstanding

Philippine Depositary Shares

271,959,300

11. Indicate Item numbers reported herein: Item 9. Other Events

The annual stockholders meeting of ABS-CBN Holdings Corporation will be held on October 29, 2009 at 10:00 a.m. The Board fixed October 1, 2009 as the record date for stockholders entitled to vote at the annual stockholders meeting.

Please note that ABS-CBN Holdings Corporation is separate and distinct from ABS-CBN Broadcasting Corporation. ABS-CBN Holdings Corporation is the issuer of the Philippine Depositary Receipts covering shares in ABS-CBN Broadcasting Corporation and has only six stockholders.

ABS-CBN HOLDINGS CORPORATION
Registrant

By:



Enrique I. Quiason
Corporate Secretary

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

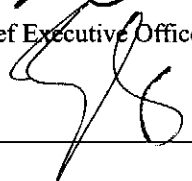
Registrant: **ABS-CBN HOLDINGS CORPORATION**

By:



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

Date:



EUGENIO LOPEZ III
 Treasurer and Comptroller

Date:



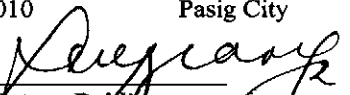
ENRIQUE I. QUIASON
 Corporate Secretary

Date:

SUBSCRIBED AND SWORN to before me this APR 14 2010 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	31120546	Feb. 18, 2010	Pasig City
Eugenio Lopez III	18350205	Jan. 14, 2010	Quezon City
Enrique I. Quiason	15598292	Jan 09, 2010	Pasig City

Doc. No. 217
 Page No. 44
 Book No. LXIII
 Series of 2010



Notary Public
 ATTY. R. AGUIRRE
 NOTARY PUBLIC
 PTR# 9236233 - 11/18/10
 IBP# 794115 / 11/18/10
 TIN# 144-519-866
 Comm. Exp. Dec. 31, 2010

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, 2009 and 2008
Statements of Income and Retained Earnings
for the years ended December 31, 2009, 2008 and 2007
Statements of Cash Flows
for the years ended December 31, 2009, 2008 and 2007
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

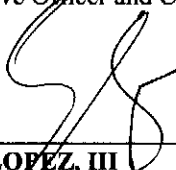
The management of ABS-CBN Holdings Corporation is responsible for all information and representations contained in the financial statements as of December 31, 2009 and 2008 and for each of the three in the period ended December 31, 2009. The financial statements have been prepared in conformity with 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 management likewise discloses to the company's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

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 examined the consolidated financial statements of the Company in accordance with generally accepted auditing standards in the Philippines and have expressed their opinion on the fairness of presentation upon completion of such examination, in their report to the Board of Directors and stockholders.



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



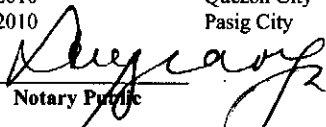
EUGENIO LOPEZ, III
Treasurer and Comptroller

APR 14 2010

SUBSCRIBED AND SWORN to before me this _____ 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	31120546	Feb. 18, 2010	Pasig City
Eugenio Lopez III	18350205	Jan. 14, 2010	Quezon City
Enrique I. Quiason	15598292	Jan. 09, 2010	Pasig City

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Page No. 10
Book No. 5211
Series of 2010



Notary Public
ATTY. BELVIN R. AGCAGELI JR.
NOTARY PUBLIC
PTR# 9231233 - REG. 1/27/2010
IBO# 794114 / ROLL# 24425
TIN# 144-519-066
Comm. Exp. Dec. 31, 2010

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, 2009 and 2008, and the statements of comprehensive income, statements of changes in capital deficiency and statements of cash flows for each of the three years in the period ended December 31, 2009, 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.

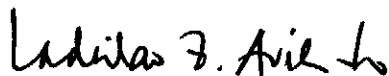
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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, 2009 and 2008, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2009 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Ladislao Z. Avila, Jr.

Partner

CPA Certificate No. 69099

SEC Accreditation No. 0111-AR-2

Tax Identification No. 109-247-891

PTR No. 2087361, January 4, 2010, Makati City

March 31, 2010



ABS-CBN HOLDINGS CORPORATION
BALANCE SHEETS

	December 31	
	2009	2008
ASSETS		
Cash and cash equivalents (Notes 5, 9 and 10)	₱8,444,266	₱6,090,289
LIABILITIES AND CAPITAL DEFICIENCY		
Liabilities		
Trade and other payables (Notes 6, 9 and 10)	₱8,489,214	₱6,135,237
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)
Net Capital Deficiency	(44,948)	(44,948)
	₱8,444,266	₱6,090,289

See accompanying Notes to Financial Statements.



ABS-CBN HOLDINGS CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2009	2008	2007
REVENUE			
Reimbursements from Philippine Depositary			
Receipts holders (Notes 4 and 6)	₱2,025,336	₱2,147,999	₱1,698,575
Interest (Note 5)	443,045	256,838	229,575
Exercise fees (Note 4)	60,600	184,490	3,000
	2,528,981	2,589,327	1,931,150
OPERATING EXPENSES (Notes 4 and 7)	2,528,981	2,589,327	1,931,150
NET INCOME	-	-	-
OTHER COMPREHENSIVE INCOME	-	-	-
TOTAL COMPREHENSIVE INCOME	-	-	-
Basic/Diluted Earnings Per Share (Note 11)	₱-	₱-	₱-

See accompanying Notes to Financial Statements.



ABS-CBN HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

	Years Ended December 31		
	2009	2008	2007
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 and end of year	23,069,356	23,069,356	23,069,356
DEFICIT			
Balance at beginning of 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		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	P-	P-	P-
Adjustment for interest income	(443,045)	(256,838)	(229,575)
Operating loss before working capital changes	(443,045)	(256,838)	(229,575)
Decrease in other current assets	-	-	511,296
Increase in trade and other payables	2,353,977	770,751	2,595,259
Interest received	443,045	256,838	229,575
Net cash provided by operating activities	2,353,977	770,751	3,106,555
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,353,977	770,751	3,106,555
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,090,289	5,319,538	2,212,983
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	P8,444,266	P6,090,289	P5,319,538

See accompanying Notes to Financial Statements.



ABS-CBN HOLDINGS CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

ABS-CBN Holdings Corporation (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 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 financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 31, 2010.

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. 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). PFRS includes statements named PFRS and Philippine Accounting Standards (PAS) issued by the Financial Reporting Standards Council.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the new and amended standards and Philippine interpretations as adopted from International Financial Reporting Interpretations Committee (IFRIC) starting January 1, 2009 as follows:

- Amendments to PFRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to PRS 7, *Financial Instruments: Disclosures*
- PFRS 8, *Operating Segments*
- Amendments to PAS 1, *Presentation of Financial Statements*
- Revised PAS 23, *Borrowing Costs (Revised)*
- Amendments to PAS 27, *Consolidated and Separate Financial Statements – Cost of an Investment in Subsidiary, Jointly Controlled Entity or Associate*



- PAS 32, *Financial Instruments: Presentation* and PAS 1, *Puttable Financial Instruments and Obligations Arising on Liquidation*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
- Philippine Interpretation IFRIC 18, *Transfer of Assets from Customers*
- Improvements to PFRSs

Except for the amendments to PAS 1, the adoption of the foregoing PFRS and interpretations did not have an effect on the Company's financial statements.

The amendments to PAS 1 introduce a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with "other comprehensive income." Entities may choose to present all items in one statement, or to present two linked statements, a separate income statement and a statement of comprehensive income. These amendments also prescribe additional requirements in the presentation of the balance sheet and owner's equity as well as additional disclosures. The Company elected to present one statement which is the statement of comprehensive income together with additional presentation and disclosures provided in the face of the financial statements or notes, where applicable. Also, the Company elected to retain the "balance sheet" instead of using the "statement of financial position."

New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to December 31, 2009

The Company will adopt the following standards and interpretations enumerated below when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective in 2010

- Amendment to PFRS 2, *Share-based Payment – Group Cash-settled Share-Based Payment Transactions*

The amendment clarifies how an individual subsidiary in a group should account share-based payment arrangements in its own financial statements. It further states that an entity that receives goods or services in a share-based payment arrangement must account for these goods or services no matter which entity in the group settles the transaction, and regardless of whether the transaction is equity-settled or cash-settled. The amendment is effective for annual periods beginning on or after January 1, 2010.

- Revised PFRS 3, *Business Combinations* and PAS 27, *Consolidated and Separate Financial Statements*

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, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and non-controlling interests (previously referred to as minority interests); even if the losses exceed the non-controlling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the



revised PFRS 3 and PAS 27 will affect future acquisitions and transactions with non-controlling interests. The revised standards are effective for annual periods beginning on or after July 1, 2009.

- *Amendment to PAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items*

Amendment to PAS 39 addresses only 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. The amendment 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 is effective for annual periods beginning on or after July 1, 2009.

- *Philippine Interpretation IFRIC 17, Distributions of Non-Cash Assets to Owners*

This interpretation provides guidance on non-reciprocal distribution of assets by an entity to its owners acting in their capacity as owners, including distributions of non-cash assets and those giving the shareholders a choice of receiving non-cash assets or cash, provided that: (a) all owners of the same class of equity instruments are treated equally; and (b) the non-cash assets distributed are not ultimately controlled by the same party or parties both before and after the distribution, and as such, excluding transactions under common control. This interpretation is to be applied prospectively and is applicable for annual periods beginning on or after July 1, 2009 with early application permitted.

Improvements to PFRS. The Financial Reporting Standards Council approved in its meeting in May 2009 the adoption of International Accounting Standards Board or IASB in April 2009. There are separate transitional provisions for each standard which are effective on or after January 1, 2010.

- *PFRS 2, Share-based Payment*

The amendment clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though these are out of scope of Revised PFRS 3. The amendment is effective for annual periods beginning on or after July 1, 2009.

- *PFRS 5, Noncurrent Assets Held-for-Sale and Discontinued Operations*

The amendment clarifies that the disclosures required in respect of noncurrent assets or disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRSs only apply if specifically required for such noncurrent assets or discontinued operations.

It also clarifies that the general requirements of PAS 1 still apply, particularly paragraphs 15 (to achieve fair presentation) and 125 (sources of estimation and uncertainty) of PAS 1.

- *PFRS 8, Operating Segments*

The amendment clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.



- PAS 1, *Presentation of Financial Statements*

The terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- PAS 7, *Statement of Cash Flows*

The amendment explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*

The amendment removes the specific guidance on classifying land as lease so that only the general guidance remains. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either “finance” or “operating” in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.

- PAS 36, *Impairment of Assets*

The amendment clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in PFRS 8 before aggregation for reporting purposes.

- PAS 38, *Intangible Assets*

The amendment clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. It also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used. The amendment is effective for annual periods beginning on or after July 1, 2009.

- PAS 39, *Financial Instruments: Recognition and Measurement*

The amendment clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The amendment also clarifies that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date, applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken. It also clarifies that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.



- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*

The improvement clarifies that it does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture. The interpretation is effective for annual periods beginning on or after July 1, 2009.

- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*

The improvement states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 which relate to a net investment hedge are satisfied. The interpretation is effective for annual periods beginning on or after July 1, 2009.

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis, will also be accounted for based on stage of completion.

Financial Instruments

Date of Recognition. Financial instruments are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized using the settlement accounting 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. All financial instruments are initially recognized at fair value. The initial measurement of financial instruments includes transaction costs, except for securities at fair value through profit or loss (FVPL).

Determination of Fair Value of Financial Instruments. The fair value for financial instruments traded in active markets at balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction 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.



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.

The Company further classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, loans and receivables and AFS investments. Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. Management determines the classification of its instruments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Company has no financial asset or liability at FVPL, HTM investments or AFS investments as of December 31, 2009 and 2008.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and, are not 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" account in the statement of comprehensive income. The losses arising from impairment are recognized in "Provision for doubtful accounts" account in the statement of comprehensive income.

The Company's cash and cash equivalents are included under this category.

Other Financial Liabilities. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

Other financial liabilities are initially recognized at fair value of the consideration received, less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The Company's trade and other payables are classified under this category.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or



a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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 is reduced either directly or through the use of an allowance account. The amount of the loss is recognized in the statement of comprehensive 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 the 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 comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Offsetting Financial Instruments

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

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 right to receive cash flows from the asset has 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 right 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 right 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, 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 comprehensive income.

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 from the date of acquisition and are subject to an insignificant risk of change in value.

Equity

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as capital in excess of par value.

Deficit represents the accumulated losses as of reporting date.

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:

Reimbursements from PDR Holders. This represents the amortization of unearned revenue when it is applied to the actual operating expenses. Unearned revenue is any cash dividend or other cash distribution distributed in respect of ABS-CBN shares withheld by the Company to be applied against operating expenses for the current and preceding years. If the balance of unearned revenue, 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" in the balance sheet.

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

Interest Income. Revenue is recognized as interest accrues taking into account the effective yield on the asset.

Income Taxes

Current Income 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 as at balance sheet date.



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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carryforward of unused tax credits from net operating loss carryover (NOLCO) to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits from NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future 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 are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at balance sheet date.

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 year attributable to shareholders by the weighted average number of common shares outstanding during the year.

Events after Balance Sheet Date

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

3. Management's Use of Judgments 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 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 judgments and estimates and related impact and associated risks in its financial statements:

Functional Currency

The Company has determined that its functional currency is the Philippine peso. It is the currency of the primary economic environment in which the Company operates. The Philippine peso is the currency that mainly influences the cost of providing the services of the Company.

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 future 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 future 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 ₱2,040,410 and ₱1,678,160 as of December 31, 2009 and 2008, 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 comprehensive income and equity.

The fair values of the Company's financial instruments are set out in Note 10.

4. Philippine Depository Receipts (PDR)

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 holder, 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.

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 (PSE) on October 7, 1999, and these 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 PSE shown as "Operating expenses" in the statement of comprehensive income) for the current and preceding years. Any further amount equal to the operating expenses in the preceding year (the "Operating Fund") is 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") is 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 statement of comprehensive income.

Immediately prior to the closing of the PDR offering described above, Lopez, Inc. 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, 2007	271,959,300	₱12,687,854,336	₱12,660,658,406
Exchanges of ABS-CBN shares with PDRs	188,800	2,926,400	2,907,520
Conversion of PDRs	(1,844,900)	(29,125,950)	(28,941,460)
Balance at December 31, 2008	270,303,200	12,661,654,786	12,634,624,466
Exchanges of ABS-CBN shares with PDRs	1,676,000	48,664,750	48,497,150
Conversion of PDRs	(606,000)	(10,245,750)	(10,185,150)
Balance at December 31, 2009	271,373,200	₱12,700,073,786	₱12,672,936,466

ABS-CBN shares were converted into PDRs at a range of ₱12.50 to ₱32.00 and ₱15.50 to ₱19.00 in 2009 and 2008, respectively.

5. Cash and Cash Equivalents

This account consists of:

	2009	2008
Cash on hand and in bank	₱6,032,982	₱3,765,934
Cash equivalents	2,411,284	2,324,355
	₱8,444,266	₱6,090,289

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



Interest income earned from cash and cash equivalents amounted to ₱443,045 in 2009 and ₱256,838 in 2008.

6. Trade and Other Payables

	2009	2008
Trade	₱1,038,569	₱711,273
Unearned revenue	5,835,395	4,655,086
Accrued expenses and others	1,615,250	768,878
	₱8,489,214	₱6,135,237

Trade payables include payables to PDR holders that are noninterest-bearing and are payable on demand.

Unearned revenue 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.

Accrued expenses include accruals for professional and general service fees.

7. Operating Expenses

This account consists of:

	2009	2008	2007
Outside services	₱1,137,456	₱637,287	₱614,876
Professional services	543,239	432,686	214,400
Security and general services	450,000	420,000	420,000
Listing fees	295,515	1,020,753	616,832
Others	102,771	78,601	65,042
	₱2,528,981	₱2,589,327	₱1,931,150

8. Income Tax

The NOLCO amounting to ₱6,801,368 and ₱5,593,866 as of December 31, 2009 and 2008, respectively, was not recognized because management believes that the corresponding benefits will not be realized in the future.

As of December 31, 2009, NOLCO that can be applied as deductions from future taxable income follows:

Dates Incurred	Expiry Dates	Amounts
December 31, 2007	December 31, 2010	₱1,928,150
December 31, 2008	December 31, 2011	2,404,837
December 31, 2009	December 31, 2012	2,468,381
		₱6,801,368



NOLCO amounting to ₱1,260,879 and ₱1,542,827 expired in 2009 and 2008, respectively.

A reconciliation between the provision for income tax computed at statutory rate of 30% for 2009 and 35% for 2008 and 2007 and provision for income tax as shown in the statements of comprehensive income is as follows:

	2009	2008	2007
Income tax at statutory tax rate	₱-	₱-	₱-
Income tax effects of:			
Reimbursements from PDRs	(607,601)	(751,800)	(594,501)
Expired NOLCO	378,264	539,989	59,715,174
Change in tax rate	-	279,694	-
Interest income already subjected to final tax	(132,914)	(89,893)	(80,351)
Change in value of unrecognized deferred tax asset	362,251	22,010	(59,040,322)
	₱-	₱-	₱-

Republic Act No. 9337 was signed into law in May 2005 and amended certain provisions of Tax Reform Act of 1997. The amendment includes the reduction in the regular corporate income tax from 35% to 30% effective January 1, 2009. Accordingly, the unrecognized deferred tax asset as of December 31, 2009 and 2008 was measured using the appropriate corporate income tax rate on the year it is expected to be reversed or settled.

9. Financial Risk Management Objectives and Policies

The Company's principal financial instrument comprise cash and cash equivalents which are 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, credit risk and liquidity 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.

Credit Risk

The Company's exposure to credit risk is currently limited to the carrying value of cash and cash equivalents amounting to totaling ₱8,444,266 and ₱6,090,289 as of December 31, 2009 and 2008, respectively.

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 equal to the carrying amount of these instruments.



As of December 31, 2009 and 2008, 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.

Liquidity Risk

The Company's liquidity risk arises from its financial liabilities. Liquidity risk on financial liabilities is minimal since funding comes from dividends from ABS-CBN.

The Company's trade payable and accrued expenses amounting to ₱2,653,819 and ₱1,480,151 as of December 31, 2009 and 2008, respectively, are classified as current and payable on demand.

Capital Management

As discussed in Note 1, 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. Capital includes capital stock and retained earnings. The Company adopts a prudent approach on capital management to ensure that it maintains its net assets.

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 revenue, 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. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ending December 31, 2009 and 2008.

10. 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, 2009 and 2008:

	2009		2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Loans and receivables -				
Cash and cash equivalents	₱8,444,266	₱8,444,266	₱6,090,289	₱6,090,289
Financial Liabilities				
Other financial liabilities -				
Trade payable and accrued expenses*	₱2,653,819	₱2,653,819	₱1,480,151	₱1,480,151

*Carrying amount is exclusive of "Unearned Revenue," which is a non-financial liability, amounting to ₱5,835,395 and ₱4,655,086 as of December 31, 2009 and 2008, respectively.



Due to the short-term nature of the related transactions, the carrying amounts of these financial assets and liabilities approximate their fair values as at balance sheet date.

11. Earnings Per Share

The following table presents information necessary to calculate earnings per share:

	2009	2008	2007
Net income	P-	P-	P-
Divide by weighted average shares outstanding	400	400	400
Basic/diluted earnings per share	P-	P-	P-

The Company has no dilutive potential common shares outstanding, therefore, basic EPS is the same as diluted EPS.

