



**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17 (2) (b) THEREUNDER**

- 1 For the quarter ended **SEPTEMBER 30, 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, 1605** .  
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 8 and 12 of the Code. Or Sections 4 and 8  
of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<b>Philippine Depositary Receipts</b>	<b>270,998,200 shares</b>

- 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

## Part I FINANCIAL INFORMATION

### Item I Financial Statements

The unaudited Financial Statements for the period ended September 30, 2009 with comparative audited figures for the year ended December 31, 2008 are filed as part of this form. It is prepared in conformity with Philippine Financial Reporting Standards (PFRS).

### Item II Management Discussion and Analysis of Financial Condition and Results of Operations

The Company has undertaken not to conduct any business other than in connection with the issuance of 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 PDRs 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 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 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>Interest Paid Per Share</u>
June 2009	₱ 242,820,180	₱ 239,582,577	₱ 0.8888
May 2008	₱ 223,059,690	₱ 220,382,974	₱ 0.8151

### **3<sup>rd</sup> Quarter Ended September 30, 2009**

The Company posted revenues of ₱1,763,599 for the nine months ended September 30, 2009, 11% decline from year ago level of ₱1,981,910 the same period. It is mainly due to decrease in reimbursement from PDR holders which is proportionate in the decline in operating expenses. There is an exercise fees of ₱60,600 in 2009 that pertain to PDRs converted into 606,000 ABS-CBN shares and whereas 1,018,900 PDRs in 2008. On the other hand, interest earned from cash and cash equivalents increase by 91%.

Decrease in operating expenses is attributable to 12% decrease in listing fee and 43% decrease in website maintenance. These were offset by increase in outsourced services (55%), professional fees for legal services (42%) and other expense (25%).

Unexpired portion of the listing fee is shown as "Other current asset" account in the 2009 balance sheet amounting to ₱70,000.

Cash and cash equivalent and accrued expenses and other payable equally increased by 39% due to cash dividend received for its investment in ABS-CBN shares.

Unearned income almost doubled due to operating fund that the company set aside to meet operating or other expenses for the succeeding year.

### **3<sup>rd</sup> Quarter Ended September 30, 2008**

The Company posted revenues of ₱1.98 million for the nine months ended September 30, 2008, 37% from year ago level of ₱1.45 million of the same period. It is due to the 34% increase in accrual of "Reimbursement from PDR holders" and 9% increased in interest earned on money market placement.

Also, Exercise fees of ₱101,891 in 2008 pertains to PDRs converted into 1,018,910 ABS-CBN shares.

Operating expenses increased by 37% to ₱1.98 million for period ended September 30, 2008 versus ₱1.45 million of the same period last year due to increase in the listing fee which is based on the market capitalization of the Company and increase in outside services for its maintenance fee for the set up of the Company's website. Unexpired portion of the listing fee is shown as "prepaid expenses" in the 2008 balance sheet amounting to ₱251,290.

Cash and cash equivalents increased by 23% and "Unearned income" under "Trade and other payables" account increased by 24% due to the net effect of dividend received from ABS-CBN Broadcasting Corporation for its investment in ABS-CBN common shares amounting to ₱ 223.06 million and interest paid to PDRs holder amounting to ₱ 220.38 million in May 2008.

Accrued expenses and other payables increased by 36% due to withholding tax refund.

### **Financial Risk Management**

The Company's principal financial instrument is cash 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 risk arising from the Company's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The BOD reviews and approves the policies for managing each of these risks. Liquidity risk and interest rate risk on financial liabilities are minimal since funding is from related parties and such is noninterest-bearing.

There are no any known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity other than those disclosed above and in the notes to financial statements herein attached. Also, the Company has no material commitments for capital expenditures nor for new investments.

## **Part II OTHER INFORMATION**

The Company has no other information that needs to be disclose other than disclosures made under SEC Form 17-C, if any.

**ABS-CBN HOLDINGS CORPORATION****BALANCE SHEETS****SEPTEMBER 30, 2009 AND DECEMBER 31, 2008**

	September 30 2009 (Unaudited)	December 31 2008 (Audited)
<b>ASSETS</b>		
Cash and cash equivalents (Notes 5, 10 and 11)	P 8,423,010	P6,090,289
Other current asset (Note 11)	70,000	-
	<b>P8,493,010</b>	<b>P6,090,289</b>
<b>LIABILITY AND EQUITY</b>		
<b>Liability</b>		
Trade and other payables (Notes 6, 10 and 11)	P8,537,958	P6,135,237
<b>Equity</b>		
Capital stock	30,000	30,000
Additional paid-in capital	23,069,356	23,069,356
Deficit	(23,144,304)	(23,144,304)
Total Equity	(44,948)	(44,948)
	<b>P8,493,010</b>	<b>P6,090,289</b>

*See accompanying Notes to Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION**  
**STATEMENTS OF OPERATIONS**  
**FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008**

	<sup>3rd</sup> Quarter ended Sept 30		Nine Months Ended Sept 30	
	2009	2008 (as restated- see Note 4)	2009	2008 (as restated- see Note 4)
	(Unaudited)			
<b>REVENUES</b>				
Reimbursement from Philippine Depositary Receipts (PDR) holders (Note 4)	₱435,484	₱446,066	₱1,312,170	₱1,678,806
Interest income (Note 5)	99,758	53,324	390,828	204,214
Exercise fees (Note 4)	-	101,890	60,600	101,890
	<b>535,242</b>	<b>601,280</b>	<b>1,763,598</b>	<b>1,981,910</b>
<b>EXPENSES</b>				
Operating expenses (Notes 4 and 8)	535,242	601,280	1,763,598	1,984,910
<b>NET INCOME (Note 12)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>
<b>Basic/Diluted Earnings Per Share (Note 12)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>

*See accompanying Notes to Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION****STATEMENTS OF CHANGES IN EQUITY****FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008****(UNAUDITED)**

	<b>September 30</b>	
	<b>2009</b>	<b>2008</b>
<b>CAPITAL STOCK - ₱100 par value</b>		
Authorized - 1,000 shares		
Subscribed - 400 shares	<b>₱40,000</b>	<b>₱40,000</b>
Subscriptions receivable	<b>(10,000)</b>	<b>(10,000)</b>
	<b>30,000</b>	<b>30,000</b>
<b>ADDITIONAL PAID-IN CAPITAL (Note7)</b>	<b>23,069,356</b>	<b>23,069,356</b>
<b>DEFICIT</b>		
Balance at beginning of the period	<b>(23,144,304)</b>	<b>(23,144,304)</b>
Net income	<b>-</b>	<b>-</b>
Balance at end of period	<b>(23,144,304)</b>	<b>(23,144,304)</b>
	<b>(₱44,948)</b>	<b>(₱44,948)</b>

*See accompanying Notes to Financial Statements.*

**ABS-CBN HOLDINGS CORPORATION****STATEMENTS OF CASH FLOWS****FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008****(UNAUDITED)**

	<b>Nine Months Ended September 30</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	<b>₱-</b>	<b>₱-</b>
Adjustments for:		
Interest income	<b>(390,828)</b>	<b>(204,214)</b>
Operating loss before working capital changes	<b>(390,828)</b>	<b>(204,214)</b>
Decrease (Increase) in:		
Prepaid expenses	<b>(70,000)</b>	<b>(251,290)</b>
Trade and other payables	<b>2,402,721</b>	<b>1,463,371</b>
Interest received	<b>390,828</b>	<b>204,214</b>
Net cash provided by operating activities	<b>2,332,721</b>	<b>1,212,081</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,332,721</b>	<b>1,212,081</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>6,090,289</b>	<b>5,319,538</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱8,423,010</b>	<b>₱6,531,619</b>

*See accompanying Notes to Financial Statements.*

# **ABS-CBN HOLDINGS CORPORATION**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **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 (PDR), 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.

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### **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 certain Philippine Interpretations which became effective on January 1, 2008, and an amendment to existing standards which became effective on July 1, 2008. Adoption of these changes did not have any significant effect to the Company.

#### 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.

#### Other Current Asset

Other current asset represents unexpired portion of listing fee.

### 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 September 30, 2009 and December 31, 2008.

*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 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 September 30, 2009 and December 31, 2008.

*Loans and Receivables.* Loans and receivables are non-derivative 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 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 is included under this category.

*AFS Financial Assets.* AFS financial assets are those non-derivative 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 September 30, 2009 and December 31, 2008.

*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 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 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 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 by the balance sheet date.

*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, carry-forward 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 carry-forward 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.

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### **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 judgment 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 represent a summary of these significant estimates and judgment 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 ₱2,683,610 and ₱1,678,160 as of September 30, 2009 and December 31, 2008 (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.

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#### **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, 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	1,301,000	37,414,750	37,284,650
Conversion of PDRs	(606,000)	(10,245,750)	(10,185,150)
Balance at September 30, 2009	270,998,200	₱12,688,823,786	₱12,661,723,966

ABS-CBN shares were converted into PDRs at ranging from ₱12.50 to ₱32.00 in 2009 and from ₱15.50 to ₱19.00 in 2008.

## 5. Cash and Cash Equivalents

This account consists of:

	September 30 2009	December 31 2008
Cash on hand and in bank	₱6,028,610	₱3,765,934
Cash equivalents	2,394,400	2,324,355
	<b>₱8,423,010</b>	<b>₱6,090,289</b>

Cash in banks earn interest at the respective bank deposit rates. Cash equivalent 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 ₱390,828 in 2009 and ₱204,214 in 2008.

## 6. Trade and Other Payables

This account consists of:

	September 30	December 31
	2009	2008
Trade	₱711,273	₱711,273
Unearned income	6,548,561	4,655,086
Accrued expenses and other payables	1,278,124	768,878
	<b>₱8,537,958</b>	<b>₱6,135,237</b>

## 7. Advances from a Shareholder

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 Board of Directors approved a resolution to convert these advances as of December 31, 2005 into equity.

## 8. Operating Expenses

Operating expenses consist of:

	2009	2008
Outside services	₱740,662	₱477,757
Listing fees	210,000	753,871
Security and general services	315,000	315,000
Professional services	325,300	228,420
Website maintenance	75,600	132,087
Others	97,036	77,775
	<b>₱1,763,598</b>	<b>₱1,984,910</b>

## 9. Income Tax

The deductible temporary differences related to NOLCO amounting to ₱6,104,766 as of September 30, 2009 were not recognized because the management believes that the corresponding benefits will not be realized in the future:

As of September 30, 2009, NOLCO that can be applied as deductions from normal taxable income follows:

Dates Incurred	Expiry Dates	Amounts
December 31, 2006	December 31, 2009	₱1,260,879
December 31, 2007	December 31, 2010	1,928,150
December 31, 2008	December 31, 2011	2,404,837
September 30, 2009	December 31, 2012	510,900
		<b>₱6,104,766</b>

NOLCO amounting to ₱1,542,827 expired in 2008.

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 deferred tax assets as of December 31, 2008 and 2007 was measured using the appropriate corporate income tax rate on the year it is expected to be reversed or settled.

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## 10. Financial Risk Management Objectives and Policies

The Company's principal financial instrument is cash 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 liquidity risk, interest rate risk, foreign currency risk and credit risk. The BOD reviews and approves the policies for managing each of these risks. Liquidity risk and interest rate risk on financial liabilities are minimal since funding is from related parties and such is noninterest-bearing.

### 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 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 ₱1,989,397 and ₱1,480,151 as of September 30, 2009 and December 31, 2008, respectively, are payable on demand.

### Credit Risk

The Company's exposure to credit risk is currently limited to the carrying value of cash and cash equivalents amounting to totaling ₱8,423,010 and ₱6,090,289 as of September 30, 2009 and December 31, 2008, respectively.

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. 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 equal to the carrying amount of these instruments.

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 sheet 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 September 30, 2009 and December 31, 2008:

	September 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial Assets:</b>				
Loans and receivables -				
Cash and cash equivalents	<b>₱8,423,010</b>	<b>₱8,423,010</b>	₱6,090,289	₱6,090,289
Other current assets	<b>70,000</b>	<b>70,000</b>	-	-
<b>Total financial assets</b>	<b>₱8,493,010</b>	<b>₱8,493,010</b>	<b>₱6,090,289</b>	<b>₱6,090,289</b>
<b>Financial Liabilities -</b>				
Trade and other payables*	<b>₱1,989,397</b>	<b>₱1,989,397</b>	₱1,480,151	₱1,480,151

\* Carrying amount exclusive of "Unearned Revenues" which is non financial liability, amounting to ₱6,548,5617 and ₱4,655,086 as of September 30, 2009 and December 31, 2008, respectively.

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**

	2009	2008
Net income	<b>₱-</b>	<b>₱-</b>
Divide by weighted average share outstanding	<b>400</b>	<b>400</b>
<b>Basic/diluted earnings per share</b>	<b>₱-</b>	<b>₱-</b>

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ABS-CBN HOLDINGS CORPORATION**

By:



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

**13 NOV 2009**

Date



**ENRIQUE I. QUIASON**  
Corporate Secretary *mq*

**13 NOV 2009**

Date