COVER SHEET

3	9	6	5	2							

SEC Registration Number

MEDCO HOLDINGS, INC. AND SUBSIDIARY

(Company's Full Name)

31st Floor, Rufino Pacific Tower,
6784 Ayala Avenue, Makati City

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

Dionisio E. Carpio, Jr.
(Contact Person)

811-0465
(Company Telephone Number)

0	3		3	1

Month *Day*
2008

1	7	-	Q	

(Form Type)

Month *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 11 OF THE REVISED SECURITIES ACT AND RSA RULE 11(a)-1(b)(2) THEREUNDER

1. For the quarterly period ended **31 March 2009**

2. SEC Identification Number **39652** 3. BIR Tax Identification No. **004-844-938**

4. **Medco Holdings, Inc. ("Medco")**
(formerly Mindanao Exploration and Development Corp.)
Exact name of registrant as specified in its charter

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

6. (SEC Use Only)
Industry Classification Code

7. **31st Floor, Rufino Pacific Tower, 6784 Ayala Avenue,**
Makati City, Metro Manila, Philippines **1229**
Address of principal office
Postal Code

8. Registrant's telephone number, including area code: **(632) 811-0465 to 67**

9. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each class	Number of shares of common stock outstanding and amount debt outstanding
Common	**700,000,000 shares**

10. Are any or all of these securities listed on the Philippine Stock Exchange. Yes [/]No [ ]

11. Check whether the registrant:

(a) has filed all reports required 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 1. Financial Statements

See Attachment A

Item 2. Management's Discussion and Analysis or Results of Operation.

2009-First Quarter Financial Highlights

Consolidated revenues for the first quarter of 2009 increased by 27% compared to the previous year's first quarter figure. Consolidated revenues for this quarter consisted of fees and other commissions (43%), interest income from short-term placements (19%), unrealized foreign exchange gain (19%) and other income (18%).

The increase in consolidated revenues was mainly contributed by the increase in the other income account of the Company's subsidiary. Aside from this, the unrealized foreign exchange gain from the revaluation of US Dollar placements also increased by 70% compared to last year's figure. Relative to the start of the year figure, the exchange rate increased by P0.934 during the first quarter of 2009, and stood at P48.419 to a US Dollar at quarter-end. In comparison, during the prior year, there was an increase of only P0.467 in the exchange rate, which closed at P41.868 exchange rate as at March 31, 2008.

Consolidated expenses, on the other hand, decreased by approximately 24% compared to the previous year's first quarter. The expenses for this quarter were composed of salaries and wages (38%), representation (18%), professional fees (12%), occupancy (9%), PSE fees (7%), and other expenses (16%).

The decrease in the consolidated expenses was mainly due to the interest expense related to the loans from a local bank which were already fully paid as of December 31, 2008. Last year's interest expenses accounted for 22% of the total expenses incurred in the first quarter.

With respect to the balance sheet as at the end of the first quarter, there was no significant change in the total assets as compared to the previous year. The decrease in the loans and receivables account resulted from the collection of interest receivable from deposit placements which was accrued as at the end of December 31, 2008. On the liabilities side, accounts payable and accrued expenses decreased by 10% due to the payment of liabilities accrued on December 31, 2008.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons during the reporting period.

The Company is not aware of any trends, events or uncertainties that would materially affect its liquidity and its operations as a whole. The Company does not also anticipate any liquidity problem within the next twelve (12) months. The Company has no default or breach of any note, loan, lease or other indebtedness or financing arrangement. There are also no past due trade payables.

The Company's internal sources of short-term and long-term liquidity are its liquid assets and those of its subsidiaries, which as at March 31, 2009 consisted of P54 million of cash and cash equivalents and short-term investment. Its external sources of liquidity would consist of advances from its affiliate companies or major shareholders.

2008-First Quarter Financial Highlights

Consolidated revenues for the first quarter of 2008 increased by 10% compared to last year's first quarter figure. During the quarter under review, revenues consisted of fees and other commissions (54%), interest income from short-term placements (28%), unrealized foreign exchange gain (14%) and other income (4%).

The increase in consolidated revenues was mainly contributed by the unrealized foreign exchange gain from the revaluation of Hong Kong dollar placements of the Company's subsidiary. The exchange rate at the end of the first quarter of 2008 went up to P5.3810 to a Hong Kong dollar compared to the P5.3078 exchange rate as of the end of December 31, 2007. Last year's figure for the same quarter reflected an unrealized foreign exchange loss of P490, 613.

Consolidated expenses, on the other hand, decreased by approximately 32% compared to the previous year's first quarter. The expenses for this quarter were composed of salaries and wages (29%), interest expense (22%), representation & entertainment (15%), professional fees (10%) and other expenses (24%).

With respect to the balance sheet as at the end of the first quarter of 2008, there was no significant change in the total assets as compared to the previous year. The decrease in the loans and receivables account resulted from the collection of interest receivable from deposit placement which was accrued on December 31, 2007. On the liabilities side, the due to affiliate account also decreased by approximately P3 million, or 3%, due to the payment made for the pre-operating expenses of the newly created companies of Lippo China Resources.

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons during the reporting period.

The Company is not aware of any trends, events or uncertainties that would materially affect its liquidity and its operations as a whole. The Company does not also anticipate any liquidity problem within the next twelve (12) months. The Company has no default or breach of any note, loan, lease or other indebtedness or financing arrangement. There are also no past due trade payables.

The Company's internal sources of short-term and long-term liquidity are its liquid assets and those of its subsidiaries, which as at March 31, 2008 consisted of P54 million of cash and cash equivalents and short-term investment. Its external sources of liquidity would consist of advances from its affiliate companies or major shareholders.

Furthermore, aside from those cited above, there were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. The Company is also not aware of any events that will cause a material change in the relationship between costs and revenues.

2007-First Quarter Financial Highlights

Consolidated revenues for the first quarter of 2007 decreased significantly by 67% compared to last year's first quarter figure. Like in the previous year's first quarter, the revenues came from interest income from short-term placements (34%) and from fees and other commissions (66%).

The decrease in the consolidated revenues was mainly brought about by the 85% decline in the interest income account. The decline in interest income resulted from the reduction in deposit placements that were used by the Company's subsidiary to acquire equity shares in Export and Industry Bank, Inc. (EIB). In May 2006, the subsidiary purchased an additional 1,464,285,600 EIB common shares which increased its ownership interest in the investee from 0.92% to 7.84%.

Consolidated expenses also decreased by approximately 19% compared to last year's first quarter. The expenses were composed of salaries & wages (33%), interest expense (18%), representation & entertainment (16%), and other expenses (33%).

The major components of expenses decreased in the quarter under review, specifically the representation & entertainment account as well as the unrealized foreign exchange loss account.

The 29% decrease in the representation & entertainment account is in line with the Company's cost-cutting measures. On the other hand, the unrealized foreign exchange loss account improved in the quarter under review. As at the end of this quarter, the Company's subsidiary recorded an unrealized foreign exchange loss of P490,613 compared to last year's first quarter figure of P1.1 million. As at March 31, 2007, the peso exchange rate stood at P48.262 vis-à-vis the US dollar, appreciating by P0.87 or 1.8% from the end of 2005's exchange rate of P49.132.

There was no other significant movement in the expense components, except for the account mentioned above.

As to balance sheet, there was no significant movement in the total assets amount as compared to last year. The increase in the liabilities account, particularly the accounts payable and accrued expenses, resulted from the additional advances obtained by the Company for its working capital requirements.

There were also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons during the reporting period.

The Company is not aware of any trends, events or uncertainties that would materially affect its liquidity and its operations as a whole. The Company does not also anticipate any liquidity problem within the next twelve (12) months. The Company has no default or breach of any note, loan, lease or other indebtedness or financing arrangement. There are also no past due trade payables.

The Company's internal sources of short-term and long-term liquidity are its liquid assets and those of its subsidiaries, which as at March 31, 2007 consisted of P21.7 million of cash and cash equivalents and short-term investment. Its external sources of liquidity would consist of advances from its affiliate companies or major shareholders.

Furthermore, aside from those cited above, there were no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. The Company is also not aware of any events that will cause a material change in the relationship between costs and revenues.

PART II - OTHER INFORMATION

Not applicable.

SIGNATURES

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

Medco Holdings, Inc.

By:

DIONISIO E. CARPIO, JR.
President

MA. LOURDES B. BATHAN
Principal Accounting Officer

First Quarter Top Five (5) Performance Indicators
March 31, 2009, 2008 and 2007

		Medco Holdings, Inc. (Consolidated)			Medco Asia Investment Corp (Major Subsidiary)		
		2009	2008	2007	2009	2008	2007
1. Revenue Growth	Revenue Y1-Y0 / Revenue Y0	26.71%	10.23%	-67.29%	26.86%	16.50%	-67.51%
2. Net Income Growth*	Net Income Y1-Y0 / Net Income Y0	-48.39%	-36.17%	28.04%	-55.31%	-70.22%	56.69%
3. Return on Equity	Net Income / Average Stockholders' Equity	-0.90%	-1.66%	-2.44%	-0.13%	-0.29%	-0.93%
4.Current Ratio	Current Assets / Current Liabilities	0.30x	0.27x	0.11x	9.78x	15.24x	0.72x
5. Debt-to-Equity- Ratio	Total Liabilities / Stockholders' Equity	0.69x	0.75x	0.70x	0.31x	0.37x	0.35x

* Losses

Note:
Y1= Current year
Y0= Previous year

MEDCO HOLDINGS, INC. AND SUBSIDIARY

Financial Statements
March 31, 2009 and 2008

MEDCO HOLDINGS, INC. AND SUBSIDIARY
Consolidated Balance Sheets
March 31, 2009 and December 31, 2008

		2009		(Audited) 2008
ASSETS				
Cash and cash equivalents (Note 7)	P	54,163,666	P	55,788,802
Available-for-Sale Investments (Note 8)		32,049,925		32,049,925
Loans and receivables - net (Note 9)		202,141		906,635
Due from related parties (Note 13)		212,913		209,371
Equity Investment- net (Note 10)		366,881,400		366,881,400
Other Assets (Note 11)		7,470,436		7,261,024
TOTAL ASSETS	P	**460,980,481**	P	**463,097,157**
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable and Accrued Expenses (Note 12)		4,912,476		5,430,737
Due to related parties (Note 13)		184,057,243		184,070,426
		188,969,719		189,501,163
EQUITY				
Equity attributable to equityholders of the parent				
Capital Stock - P1 par value				
Authorized, Issued & outstanding- 700,000,000 shares		700,000,000		700,000,000
Additional paid-in capital		25,498,912		25,498,912
Fair value losses in available-for-sale financial assets		(597,152)		(597,152)
Deficit		(569,530,737)		(568,097,304)
Total equity attributable to equityholders of the parent		155,371,023		156,804,456
Minority interest		116,639,739		116,791,538
		272,010,762		273,595,994
TOTAL LIABILITIES AND EQUITY	P	**460,980,481**	P	**463,097,157**

MEDCO HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)

FOR THE THREE MONTHS ENDED MARCH 31, 2009, 2008, and 2007

		2009		2008		2007
REVENUES	P	2,002,292	P	1,580,193	P	1,433,528
EXPENSES		3,587,524		4,697,529		6,925,752
LOSS BEFORE MINORITY SHARE IN NET INCOME		(1,585,232)		(3,117,336)		(5,492,224)
LESS: MINORITY SHARE IN NET LOSS		(151,799)		(339,652)		(1,140,684)
LOSS BEFORE FINAL TAX		(1,433,433)		(2,777,684)		(4,351,540)
LESS: PROVISION FOR FINAL TAX		-		-		-
NET LOSS		(1,433,433)		(2,777,684)		(4,351,540)
DEFICIT AT BEGINNING OF YEAR		(568,097,304)		(558,892,131)		(549,837,203)
DEFICIT AT END OF THE QUARTER		(569,530,737)		(561,669,815)		(554,188,743)
LOSS PER SHARE (Note 17)	P	(0.002)	P	(0.004)	P	(0.006)

MEDCO HOLDINGS, INC. AND SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2009, 2008, and 2007

	2009	2008	2007
Capital Stock- P1par value			
Authorized, issued and outstanding- 700,000,000	P 700,000,000	P 700,000,000	P 700,000,000
Additional Paid-In Capital	25,498,912	25,498,912	25,498,912
Fair value loss in avialable-for-sale financial assets	(597,152)	-	-
Deficit			
Balance, beginning of year	(568,097,304)	(558,892,131)	(549,837,203)
Net loss	(1,433,433)	(2,777,684)	(4,351,540)
Balance, end of quarter	(569,530,737)	(561,669,815)	(554,188,743)
Total Equity Attributable to Equityholders of the Parent Company	155,371,023	163,829,097	171,310,169
Minority Interest	116,639,739	117,638,401	120,504,615
Total Equity	P 272,010,762	P 281,467,498	P 291,814,784

MEDCO HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009, 2008 AND
FOR THE YEAR ENDED DECEMBER 31, 2008

	March 31 2009	(Audited) December 31 2008	March 31 2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax and minority interest	P (1,585,232)	P (9,749,116)	P (3,117,336)
Adjustments for:			
Interest income	(387,041)	(2,768,907)	(437,660)
Interest expense	4,037	3,887,779	1,055,930
Depreciation and amortization	3,019	25,171	3,297
Unrealized forex exchange loss (gain)	(372,372)	(2,694,324)	(218,920)
Gain on sale of transporatation equipment		(62,000)	
Decrease(increase)in:			
Receivables	704,494	3,538,583	1,150,457
Other assets	(212,431)	314,787	(641,179)
Increase (decrease) in accounts payable and accrued expenses	(518,261)	1,361,953	549,986
Cash used in operating activities	(2,363,787)	(6,146,074)	(1,655,425)
Cash paid for income taxes	-	(480,579)	-
Net Cash Used in Operating Activities	(2,363,787)	(6,626,653)	(1,655,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease in short-term investments	-	19,108,347	-
Interest received	387,041	2,285,890	437,660
Net increase in investments in subsidiaries and associate	-	(810,000)	-
Proceeds from the sale of transportation equipment	-	62,000	-
Net Cash Provided by Investing Activities	387,041	20,646,237	437,660
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of borrowings	-	(67,423,681)	-
Interest paid	(4,037)	(3,887,779)	(1,055,930)
Increase (decrease) in due to a related party	(16,725)	51,339,874	(3,181,571)
Net Cash Used in Financing Activities	(20,762)	(19,971,586)	(4,237,501)
EFFECTS OF FOREIGN EXCHANGE ON REVALUATION OF CASH AND CASH EQUIVALENTS	372,372	2,554,006	218,920
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,625,136)	(3,397,996)	(5,236,346)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	55,788,802	59,186,798	59,186,798
CASH AND CASH EQUIVALENTS AT END OF QUARTER/ YEAR	P 54,163,666	P 55,788,802	P 53,950,452

MEDCO HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Citivest Asia Limited)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2009AND 2008
(Amounts in Philippine Pesos)

1. CORPORATE MATTERS

1.1 Incorporation and Nature of Business

Medco Holdings, Inc. (the Parent Company) is registered with the Securities and Exchange Commission (SEC) as a holding company. The Parent Company's shares of stocks are listed at the Philippine Stock Exchange. The registered office of the Parent Company and subsidiaries (the Group) is located at the 31st Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company is 46.04% owned by Citivest Asia Limited, which is a wholly owned subsidiary of Lippo China Resources Limited (LCR or the Ultimate Parent).

The Group holds a 10.31% interest in Export and Industry Bank, Inc. (EIB) while the Parent Company holds a 64.54% interest in Medco Asia Investment Corporation (MAIC) and a 2.45% interest in EIB. MAIC was registered with the SEC on April 7, 1995 primarily to conduct business as an investment house.

Presently, MAIC holds 99.99% interests in Outperform Holdings, Inc. (OHI) and in Safeharbor Holdings, Inc. (SHI). Both OHI and SHI are registered with the SEC as holding companies and have not yet started commercial operations as of March 31, 2009.

1.2 Status of Operations

The accompanying financial statements have been prepared assuming that the Group will continue as a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Group incurred recurring net losses of P1,433,433, P2,777,684 and P4,351,540 for the first quarters ended March 31, 2009, 2008 and 2007, respectively. . The Group reported deficits of P569,097,304, P561,669,815, and P554,188,743 as of March 31, 2009, 2008 and 2007, respectively. Although the Group has incurred deficit, management believes that the Group will be able to achieve positive business operations in the future. Consequently, the accompanying financial statements have been prepared assuming that the Group will continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Group's financial statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

The financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. These financial statements have been prepared on the historical cost basis, except for the revaluation of available-for-sale financial assets. The measurement bases are more fully described in the accounting policies that follow.

(b) Functional and Presentation Currency

These financial statements are presented in Philippine pesos, the Group's functional currency, and all values represent absolute amounts except when otherwise indicated (see also Note 2.10).

2.2 Impact of New Amendments and Interpretations to Existing Standards

(a) Effective in 2008 that is Relevant to the Group

In 2008, the Group adopted Philippine Interpretation International Financial Reporting Interpretation Committee (IFRIC) 14, *Philippine Accounting Standard (PAS) 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction*, which is mandatory for accounting periods beginning on or after January 1, 2008. This Philippine Interpretation provides general guidance on how to assess the limit in PAS 19, *Employee Benefits*, on the amount of the surplus that can be recognized as an asset. It standardizes practice and ensures that entities recognize an asset in relation to a surplus on a consistent basis. The Group's adoption of this Philippine Interpretation did not materially affect its financial statements.

(b) Effective in 2008 but not Relevant to the Group

The following interpretations to published standards are mandatory for accounting periods beginning on or after January 1, 2008 but are not relevant to the Group's operations:

PAS 39 and PFRS 7 (Amendments)	:	PAS 39, Financial Instruments: Recognition and Measurements and PFRS 7, Financial Instruments: Disclosures

Philippine Interpretation IFRIC 11	:	Group and Treasury Share Transactions
Philippine Interpretation IFRIC 12	:	Service Concession Arrangements

(c) *Effective Subsequent to 2008*

There are new and amended standards and Philippine Interpretation that are effective for periods subsequent to 2008. The following new standards are relevant to the Group which the Group will apply in accordance with their transitional provisions.

PAS 1 (Revised 2007)	:	Presentation of Financial Statements
PAS 27 (Revised 2008)	:	Consolidated and Separate Financial Statements

Below is a discussion of the possible impact of the relevant amended accounting standard which the Group will apply in accordance with its transitional provisions.

PAS 1 (Revised 2007), *Presentation of Financial Statements* (effective from January 1, 2009). The amendment requires an entity to present all items of income and expense recognized in the period in a single statement of comprehensive income or in two statements: a separate income statement and a statement of comprehensive income. The income statement shall disclose income and expense recognized in profit and loss in the same way as the current version of PAS 1. The statement of comprehensive income shall disclose profit or loss for the period, plus each component of income and expense recognized outside of profit and loss classified by nature (e.g., gains or losses on available-for-sale assets or translation differences related to foreign operations). Changes in equity arising from transactions with owners are excluded from the statement of comprehensive income (e.g., dividends and capital increase). An entity would also be required to include in its set of financial statements a statement showing its financial position (or balance sheet) at the beginning of the previous period when the entity retrospectively applies an accounting policy or makes a retrospective restatement. The Group will apply PAS 1 (Revised 2007) in its 2009 financial statements.

PAS 27 (Revised), *Consolidated and Separate Financial Statements* (effective from July 1, 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the equity is re-measured to fair value, and a gain or loss is recognized in profit or loss. The Group will apply this revised standard prospectively from January 1, 2010 to transaction with non-controlling interests.

2.3 Basis of Consolidation

The Group obtains and exercises control through voting rights. The Group's consolidated financial statements comprise the accounts of the Parent Company and its subsidiaries as enumerated in the succeeding pages, after the elimination of material intercompany transactions. All intercompany balances and transactions with subsidiaries, including income, expenses and dividends, are eliminated in full. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting principles.

The Parent Company accounts for its investment in subsidiaries and minority interest as follows:

(a) Investments in Subsidiaries and an Associate

Subsidiaries are all entities over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights.

Subsidiaries are consolidated from the date the Parent Company obtains control until such time that such control ceases.

Acquired subsidiaries are subject to the application of the purchase method for acquisitions. This involves the revaluation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their revalued amounts, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Goodwill (positive) represents the excess of acquisition cost over the Group's share in the fair value of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Associate is an entity over which the Group is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture.

The Group's investments in an associate are accounted for in these consolidated financial statements at cost, less any impairment loss. Impairment loss is provided when there is objective evidence that the investments in subsidiaries and associates will not be recovered. Such impairment loss is measured as the difference between the carrying amount of the investment and the present value of the estimated cash flows discounted at the current market rate of return for similar financial asset. The amount of the impairment loss is recognized in profit or loss. Impairment losses recognized are not reversed.

(b) Transactions with Minority Interests

The Group applies a policy of treating transactions with minority interest as transactions with parties external to the Group. Disposals of equity investments to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases of equity shares from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired in the carrying value of the net assets of the subsidiaries.

Minority interests in 2009 and 2008 represent the interests not held by the Group in MAIC.

2.4 Financial Assets

Financial assets include cash and other financial instruments. Financial assets, other than hedging instruments, are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly-liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the income statement.

The foregoing categories of financial instruments are more fully described below.

(a) Financial Assets at FVTPL

This category include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling it in the near term or if so designated by management. All derivatives fall into this category, except for those designated and effective as hedging instruments.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets (except derivatives and financial instruments originally designated as financial assets at fair value through profit or loss) may be reclassified out of fair value through profit or loss category if they are no longer held for the purpose of being sold or repurchased in the near term.

(b) 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 arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment losses. Any change in their value is recognized in profit or loss, except for changes in fair values of reclassified financial assets under PAS 39 and PFRS 7 (Amendments). Increases in estimates of future cash receipts from such financial assets shall be recognized as an adjustment to the effective interest rate from the date of the change in estimate rather than as an adjustment to the carrying amount of the financial asset at the date of the change in estimate. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

(c) Held-to-maturity Investments

This includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to maturity if the Group has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included in this classification.

Held-to-maturity investments are measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

(d) Available-for-sale Financial Assets

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All financial assets within this category are initially recognized at fair value plus transaction costs and subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the income statement when they are sold or when the investment is impaired.

In the case of impairment, the cumulative loss previously recognized directly in equity is transferred to the income statement. If circumstances change, impairment losses on available-for-sale equity instruments are not reversed through the income statement. On the other hand, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in income statement, the impairment loss is reversed through the income statement.

For investments that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest, dividend income and other cash flows resulting from holding financial assets are recognized in profit or loss when earned, regardless of how the related carrying amount of financial assets is measured.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

2.5 Financial Liabilities

Financial liabilities include interest-bearing loans and borrowings (including accrued interest thereon), accounts payable and accrued expenses and due to related parties.

Financial liabilities are recognized when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognized as an expense in the income statement under the caption Interest and Bank Charges.

Interest- bearing loans are raised for support of long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Accounts payable and accrued expenses and due to related parties are recognized initially at their fair value and subsequently measured at amortized cost less settlement payments.

Financial liabilities are derecognized from the balance sheet only when the obligations are extinguished either through payment, cancellation or expiration.

2.6 Provisions

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent assets, hence, are not recognized in the financial statements.

2.7 Equity

Capital stock is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuing of capital stock. Any transaction costs associated with the issuing of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Change in fair value of available-for-sale financial assets comprise gains and losses due to the revaluation of available-for-sale financial assets.

Deficit includes all current and prior period results as disclosed in the income statement.

Minority interest pertains to the initial investment and the equity share in the income and losses of the minority stockholders.

2.8 Revenue and Expense Recognition

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

(a) *Commission and fees* – Revenue from professional services provided to subsidiaries of EIB is recognized as the service has been completed.

(b) *Interest* – Revenue is recognized as the interest accrues (taking into account the effective yield on the asset).

(c) *Dividends* – Revenue is recognized when the stockholders' right to receive the payment is established.

(d) *Rental income* – Revenue is recognized on a straight-line basis over the term of the lease (see also Note 2.9).

Costs and expenses are recognized in the income statement upon utilization of the service or at the date they are incurred.

2.9 Leases

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as expense in the income statement on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.10 Functional Currency and Foreign Currency Transactions

(a) *Functional and Presentation Currency*

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Philippine pesos, which is the Group's functional presentation currency.

(b) *Transactions and Balances*

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.11 Impairment of Non-financial Assets

The Group's investments in subsidiaries and associate and goodwill are subject to impairment testing. Goodwill, which has indefinite useful life, are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

2.12 Employee Benefits

(a) *Retirement Benefit Obligations*

Pension benefits are provided to employees through a defined benefit plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of pension plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit pension plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the balance sheet for retirement benefit obligation is the present value of the defined benefit obligation (DBO) at the balance sheet date less the fair value of plan assets, if any, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within the 10% corridor are disclosed separately.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

(b) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the balance sheet date.

2.13 Income Taxes

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the income statement.

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

Under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred income tax asset 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 probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements:

(a) Impairment of Available-for-sale Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

As of March 31, 2009, 2008, and 2007, the Group did not recognize any impairment losses in available-for-sale financial assets.

(b) *Operating Lease*

The Group has entered in a lease agreement as lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements.

Rent expense charged to the Group's operations amounted to P313,877 in 2009, and P269,567 in 2008 and 2007. Rent expense is presented as part of Occupancy in the income statements (see Note 13.1).

(c) *Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition and disclosure of provision and disclosure of contingencies are discussed in Note 2.6 and relevant disclosures are presented in Note 18.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) *Allowance for Impairment of Loans and Receivables*

Allowance is made for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates these accounts based on available facts and circumstances, including, but not limited to, the length of the Group's relationship with the customers, the customers' current credit status based on third party credit reports and known market forces, average age of accounts, collection experience and historical loss experience.

No provision for impairment losses was recognized by the Group in 2009, 2008, and 2007.

(b) *Valuation of Financial Assets Other than Loans and Receivables*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets and liabilities would affect profit and loss and equity.

(c) *Realizable Amount of Deferred Tax Assets*

The Group reviews its deferred tax assets at each balance sheet date and reduces the carrying amount 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.

The Group did not recognize any deferred tax asset as of March 31, 2009 and December 31, 2008 (see Note 16).

(d) *Impairment of Non-financial Assets*

Except for intangible assets with indefinite useful lives, PFRS requires that an impairment review be performed when certain impairment indicators are present. The Group's policy on estimating the impairment of non-financial assets is discussed in detail in Note 2.11. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No additional impairment losses were recognized by the Group as of March 31, 2009 and December 31, 2008.

(e) *Retirement Benefits*

The determination of the Group's obligation and cost of pension and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 16 and include, among others, discount rates, expected return on plan assets and salary increase rate. In accordance with PFRS, actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The estimated retirement benefit obligation of the Group amounted to P1,207,915 as of March 31, 2009.

SEGMENT REPORTING

4.1 Business Segments

For management purposes, the Group is organized into three major business segments, namely investment banking and investment holding activities. These are also the basis of the Group in reporting its primary segment information.

(a) Investment banking – principally engaged in activities such as debt and equity underwriting, money market placements, structured financing and corporate financial advisory services.

(b) Others – consists mainly of investment holding activities of the Parent Company, OHI and SHI.

4.2 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash and receivables, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts payable and accrued expenses and due to related parties.

The business segment information of the Group as of and for the first quarter ended March 31, 2009, 2008, and 2007 follows:

	2009		
	Investment Banking	**Others**	**Total**
Income:			
Dividend income	P 23,773	P -	P 23,773
Commission and fees	860,294	-	860,294
Interest income	386,637	404	387,041
Foreign exchange gain	372,372	-	372,372
Other income	358,812	-	358,812
Gross revenues	2,001,888	404	2,002,292
Expenses	2,430,021	1,157,503	3,587,524
Operating loss	(P 428,133)	(P 1,157,099)	(1,585,232)
Minority interest in net losses of subsidiary			(151,799)
Net loss			(P 1,433,433)
Segment assets	P 429,558,951	P 26,606,673	P 456,165,624
Goodwill			4,814,856
Total assets			P 460,890,480
Segment liabilities	P 46,237,352	P 142,732,367	P 188,969,719

2008	Investment Banking	Others	Total
Income:			
Interest income	₱435,543	₱2,117	₱437,660
Other income - net	1,142,533	-	1,142,533
Gross income	1,578,076	2,117	1,580,193
Expenses	2,536,030	2,161,499	4,697,529
Loss before income tax	(957,954)	(2,159,382)	(3,117,336)
Benefit from income tax	-	–	-
Operating loss			(3,117,336)
Minority interest in income of a subsidiary			(339,652)
Net loss			(₱2,777,684)
Segment assets	₱253,661,320	₱232,723,072	₱486,384,392
Goodwill			4,814,856
Total assets			₱491,199,248
Segment liabilities	₱121,870,227	₱87,861,523	₱209,731,750

2007	Investment Banking	Others	Total
Income:			
Interest income	₱484,662	₱1,006	₱485,668
Other income - net	869,860	78,000	947,860
Gross income	1,354,522	79,006	1,433,528
Expenses	4,571,704	2,354,048	6,925,752
Loss before income tax	(3,217,182)	(2,275,041)	(5,492,224)
Benefit from income tax	-	–	-
Operating loss			(5,492,224)
Minority interest in income of a subsidiary			1,140,684
Net loss			(₱4,351,540)
Segment assets	₱459,014,475	₱232,470,641	₱691,485,116
Goodwill			4,814,856
Total assets			₱696,299,972
Segment liabilities	₱119,143,606	₱85,345,670	₱204,489,276

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's risk management is coordinated with the BOD, and focuses on actively securing the Group's short- to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

5.1 Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Exposures to currency exchange rates mainly arise from the Group's United States (U.S.) and Hong Kong Dollar denominated bank deposits. The Group also holds U.S. dollar-denominated short-term investments.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are monitored.

5.2 Interest Rate Sensitivity

The Group monitors interest rate movements and makes adjustments on its financial assets and financial liabilities as may be deemed necessary. At March 31, 2009 and December 31, 2008, the Group is exposed to changes in market interest rates of its bank placements which is subject to variable interest rates (see Note 7). All other financial assets and liabilities have fixed rates.

5.3 Liquidity Risk

The Group sets limit on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover unexpected liabilities falling due.

As at March 31, the Group's financial liabilities with their corresponding contractual maturities are presented in detail in Note 14.

5.4 Credit Risk

The Group continuously monitors defaults of customers and other counterparty, identified either individually or by group, and incorporates this information into its credit risk controls.

As part of Company policy, bank deposits and short-term placements are only maintained with reputable financial institutions. Cash on hand amounting to P8,000 in 2009 and 2008 is not included in determining credit risk. Cash in banks and short-term placements are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P250,000 for every depositor per banking institution.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

With respect to credit arising from financial assets of the Group, which comprise cash and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of the instruments.

6. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that the Group continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

7. CASH AND CASH EQUIVALENTS

This account consists of:

	Group		Parent Company	
	2009	2008	2009	2008
Short-term placements	P32,692,183	P 52,367,973	**P** -	P -
Cash in banks	21,463,483	3,412,829	631,746	137,981
Petty cash fund	8,000	8,000	-	-
	P54,163,666	P 55,788,802	**P** 631,746	P 137,981

Cash accounts with the banks generally earn interest at rates based on daily bank deposit rates. Short-term placements are made for varying periods of between 15 to 90 days and earn annual effective interest ranging from 2.50% to 6.00% in 2009 and 2.50% to 6.75% in 2008.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets consisting of shares of stock are summarized as follows:

	Group		Parent Company	
	2009	2008	2009	2008
Cost				
Quoted	**P** 1,682,578	P 1,682,578	**P** -	P -
Not quoted	76,292,533	76,292,533	76,268,750	76,268,750
	77,975,111	77,975,111	76,268,750	76,268,750
Allowance for impairment	(45,000,000)	(45,000,000)	(45,000,000)	(45,000,000)
	32,975,111	32,975,111	31,268,750	31,268,750
Fair value loss	(925,186)	(925,186)	-	-
Market value	**P** 32,049,925	P 32,049,925	**P** 31,268,750	P 31,268,750

The investment in available-for-sale financial asset of the Parent Company in 2009 and 2008 pertains to the 18.18% investment (P31,268,750) in Manila Exposition Complex, Inc. and 10% investment (P45,000,000) in I-Mart Corporation. The Group provided a 100% allowance for impairment losses on its investment in I-Mart Corporation as a result of the latter's cessation of business.

The fair value of quoted available-for-sale financial assets have been determined directly by reference to published prices in active markets.

9. LOANS AND RECEIVABLES

This account consists of the following:

	Group		Parent Company	
	2009	2008	2009	2008
Accounts receivable	P 40,515,141	P 40,451,252	P 40,351,599	P 40,361,179
Interest receivable	-	768,383	-	437,938
Loans receivable	-	-	-	-
Other receivables	-	-	-	-
	40,515,141	41,219,635	40,351,599	40,799,117
Allowance for impairment	(40,313,000)	(40,313,000)	(40,313,000)	(40,313,000)
	P 202,141	P 906,635	P 38,599	P 486,117

The net carrying amount of these financial assets is a reasonable approximation of their fair value.

10. INVESTMENTS IN SUBSIDIARIES AND AN ASSOCIATE

This account consists of the following:

	% Interest Held	Group		Parent Company	
		2009	2008	**2009**	2008
At acquisition cost					
EIB	10.31%	**P** 860,659,849	P 860,659,849		
	2.45%			**P**478,380,834	P 478,380,834
SHI	64.54%	-	-	-	
OHI	64.54%	-	-	-	-
MAIC	64.54%	-	-	199,995,929	199,995,929
		860,659,849	860,659,849	678,376,763	678,376,763
Allowance for impairment		(493,778,449)	(493,778,449)	(478,380,834)	(478,380,834)
		P 366,881,400	P 366,881,400	**P** 199,995,929	P 199,995,929

In September 2008, MAIC purchased additional three million Class A shares of EIB amounting to P810,000 which increased the Group's ownership interest in EIB from 10.29% to 10.31%.

11. OTHER ASSETS

This account consists of the following:

	Group		Parent Company	
	2009	2008	**2009**	2008
Goodwill	**P**4,814,856	P 4,814,856	**P**	P -
Creditable withholding tax	1,750,480	1,621,436		-
Prepayments	239,459	239,459	-	
Miscellaneous	665,641	585,273	**545,309**	501,149
	P 7,470,436	P 7,261,024	**P 545,309**	P 501,149

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets of MAIC at the date of acquisition. As of March 31, 2009 no impairment was recognized by the Group.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of the following:

		Group		Parent Company	
	Note	2009	2008	**2009**	2008
Accounts payable		P 3,065,990	P 3,503,340	P	P -
Retirement benefit obligation	16.2	1,207,915	1,207,915	55,407	55,407
Other payables		638,571	719,482	276,645	271,342
		P4,912,476	P 5,430,737	P 332,052	P 326,749

The carrying amount of accounts payable and accrued expenses is a reasonable approximation of its fair value.

13. RELATED PARTY TRANSACTIONS AND BALANCES

In the normal course of business, the Group transacts with entities that are considered related parties under PAS 24, *Related Party Disclosures*. The following transactions were carried out with related parties:

13.1 Purchase of Services

The Group leases its office space from Capital Place International Limited – Philippine Branch (CPIL), a related party, for a period of one year, renewable upon mutual agreement of the parties.

Total rental charged to operations amounted to P 269,567 in the first quarter of 2009, 2008 and 2007 and P78,000 in 2009, 2008, and 2007 in the Parent Company financial statements. These are included under Occupancy expenses in the income statements. Security deposits and advance rentals paid totaling P239,459 as of March 31, 2009 and December 31, 2008, are included under Other Assets in the balance sheets.

13.2 Due from Related Parties

This account consists of the following:

	Group		Parent Company	
	2009	2008	**2009**	2008
Lippo Securities, Inc. (LSI)	**P 290,490**	P 209,371	**P -**	P -
MAIC	**-**	-	**54,276,867**	55,316,828
	P 290,490	P 209,371	**P54,276,867**	P55,316,828

13.3 Due to Related Parties

This account consists of the following:

	Group		Parent Company	
	2009	2008	**2009**	2008
LCR	**P** 176,451,592	P 176,592,096	**P**141,315,408	P 141,315,408
Solid Payback Holdings, Inc.	3,552,525	3,552,525	3,552,525	3,552,525
LSI	1,665,490	1,621,628	1,665,490	1,621,628
CPIL	2,387,636	2,304,177	1,595,386	1,511,926
	P184,057,243	P 184,070,426	**P** 148,128,809	P 148,001,487

Due to related parties pertains to the non-interest bearing advances from various affiliates for working capital purposes.

14. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts and fair values of the categories of assets and liabilities presented in the balance sheets are shown below.

	2009			2008		
	Due Within One Year	**Due Beyond One Year**	**Total**	Due Within One Year	Due Beyond One Year	Total
Financial Assets:						
Cash	P 54,163,666	**P**	P 54,163,666	P 55,788,802	P -	P 55,788,802
Available-for sale financial assets		32,049,925	32,049,925	-	32,049,925	32,049,925
Loans and receivables (at gross)	202,141	40,313,000	40,515,141	768,383	40,660,623	41,429,006
Other assets	-	-	-	-	-	-
	P 54,365,807	P 72,362,925	P126,728,732	P 56,557,185	P 72,710,548	P 129,267,733
Financial Liabilities:						
Due to a related party	P 184,057,243	P	P 184,057,243	P 184,070,426	P -	P 184,070,426
Accounts payable and accrued expenses		4,912,476	4,912,476	163,221	5,267,516	5,430,737
	P 184,057,243	**P** 4,9122,476	P 188,969,719	P 184,223,647	P 5,267,516	P 189,501,163

15. EMPLOYEE BENEFITS

Employee Retirement Benefit Obligation

The Group maintains a non-contributory retirement plan that is being administered by a trustee covering all regular full-time employees. Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions.

As of December 31, 2008, the plan assets consist of the following:

	Group	Parent Company
Deposit in banks	P 726,075	P 211,816
Interest receivables	1,994	580
Accrued trust fees payable	(206)	(60)
	P 727,863	P 212,336

16. TAXES

As discussed in Note 3.2, the Parent Company derecognized the balance of deferred tax assets as of January 1, 2006 of P18,811,689 against the related valuation allowance of P18,811,689, and did not recognize any deferred tax assets relating to temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as of March 31, 2009 and December 31, 2008.

The breakdown of the Group and the Parent Company's NOLCO, which can be claimed as deductions from future taxable income within three years from the year the taxable loss was incurred, is shown below.

	Group		Parent Company		
Year	Original Amount	Valid Balance	Original Amount	Valid Balance	Valid Until
2008	P 20,345,571	P 6,103,671	P 7,865,069	P 2,359,521	2011
2007	15,053,176	4,515,953	7,730,333	2,319,100	2010
2006	18,123,269	5,436,981	8,808,524	2,642,557	2009
	P 53,522,016	P 16,056,605	P 24,403,926	P 7,321,178	

The Company is subject to minimum corporate income tax (MCIT) which is computed at 2% of gross income, as defined under the tax regulations.

In accordance with Republic Act (RA) No. 9337 which amended certain sections of the National Internal Revenue Code of 1997, the RCIT rate is reduced from 35% to 30% beginning January 1, 2009. As a result of this law, the Company's deferred tax assets and liability as of December 31, 2008 were measured at 30% representing the enacted tax rate that will apply to the period when the asset will be realized or the liability will be settled.

Effective July 2008, Republic Act No. 9504 was approved giving corporate taxpayers an option to claim itemized deduction or optional standard deduction (OSD) equivalent to 40% of gross sales. Once the option to use OSD is made, it shall be irrevocable for the taxable year for which the option was made.

In 2009, the Group opted to continue claiming itemized deductions.

17. LOSS PER SHARE

Loss per share amounts for the quarters ended March 31, 2009, 2008 and 2007 is computed as follows:

		2008	2007	2007
a.	Net loss	₱ 1,433,433	₱ 2,777,684	₱4,351,540
b.	Weighted average number of outstanding common shares	700,000,000	700,000,000	700,000,000
c.	Basic EPS (a/b)	(₱0.002)	(₱0.004)	(₱0.006)

18. COMMITMENTS AND CONTINGENCIES

In addition to those already mentioned earlier, there are other commitments and contingencies that arise in the normal course of the Group's operations which are not reflected in the accompanying financial statements. As of March 31, 2009, management is of the opinion that losses, if any, that may arise from these commitments and contingencies will not have a material effect on the Group's financial statements.

MEDCO HOLDINGS, INC.and SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
As of March 31, 2009

		NO OF DAYS OUTSTANDING				
	AMOUNT	**1 -30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**Over 120 days**
Various	P 202,141					P202,141