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

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1. For the quarterly period ended **31 March 2008**

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.

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%).

The major components of expenses decreased substantially in the quarter under review compared to last year's comparative period. Salaries & wages decreased by 39%, representation & entertainment went down by 36%, and interest expense declined by 16%. This is the result of the cost-cutting measures which the Company has been implementing continuously in recent years.

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.

2006-First Quarter Financial Highlights

Consolidated revenues for the first quarter of 2006 decreased by 24% compared to the prior year's first quarter figure. During the quarter under review, the revenue account only consisted of interest income from short-term placements (76%) and fees and other commissions (24%). Whereas, last year's revenue account for the first quarter were mainly composed of interest income from short-term placements (72%), fees and other commissions (20%), income from common trust fund (6%), and gain from foreign exchange transaction (2%).

The decrease in the revenue account was mainly brought about by the reduction on the interest rate of the deposit and placement accounts. An almost 10% decline of the interest rate was noticed, from a rate ranging from 5.75% to 6% in 2005 to an average rate of 5.25% in 2006.

Consolidated expenses decreased significantly by approximately 54% compared to last year's first quarter. The expenses for this quarter were mainly composed of salaries & wages (25%), representation & entertainment (18%), interest expense (14%), unrealized foreign exchange loss (13%), and taxes & licenses (10%).

The biggest component of last year's first quarter expense comprised of the unrealized foreign exchange loss account that accounted for the 52% of total expenses. This resulted from the revaluation of the dollar deposit and placement account of the Company's major subsidiary. The peso exchange rate vis-à-vis the US dollar appreciated by P1.548 or approximately 3% in the first quarter of 2005 and resulted to an unrealized forex loss of P9.4 million. This quarter's unrealized forex loss only amounted to P1 million.

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

There was no significant change in the total assets as compared to last year. However, significant movements were noted in some components thereof, specifically in the short-term investment and loans & receivables accounts. A partial termination of the peso placement (short-term investment) was made during the quarter to accommodate advances by the Company's major subsidiary to certain third parties, which receivables were subsequently collected in full in the second quarter of this year.

On the liabilities side, Medco obtained an additional short-term loan from a local bank for its working capital requirement. This transaction caused the loan payable account to increase by 3%. There are no events that will trigger a direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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 created 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, 2006 consisted of P277 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 the 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.	**MA. LOURDES B. BATHAN**
President	Principal Accounting Officer

First Quarter Top Five (5) Performance Indicators
March 31, 2008, 2007 and 2006

		Medco Holdings, Inc. (Consolidated)			Medco Asia Investment Corp (Major Subsidiary)		
		2008	2007	2006	2008	2007	2006
1. Revenue Growth	Revenue Y1-Y0 / Revenue Y0	10.23%	-67.29%	-23.60%	16.50%	-67.51%	-23.07%
2. Net Income Growth*	Net Income Y1-Y0 / Net Income Y0	-36.17%	28.04%	-64.39%	-70.22%	56.69%	-76.01%
3. Return on Equity	Net Income / Average Stockholders' Equity	-1.66%	-2.44%	-1.83%	-0.29%	-0.93%	-0.58%
4.Current Ratio	Current Assets / Current Liabilities	0.27x	0.11x	4.52x	15.24x	0.72x	42.04x
5. Debt-to-Equity- Ratio	Total Liabilities / Stockholders' Equity	0.75x	0.70x	0.28x	0.37x	0.35x	0.02x

* Losses

Note:
Y1= Current year
Y0= Previous year

MEDCO HOLDINGS, INC. AND SUBSIDIARY

Financial Statements
March 31, 2008 and 2007

MEDCO HOLDINGS, INC. AND SUBSIDIARY
Consolidated Balance Sheets
March 31, 2008 and December 31, 2007

		2008		(Audited) 2007
ASSETS				
Cash and cash equivalents (Note 6)	P	53,950,452	P	59,186,798
Available-for-Sale Investments (Note 7)		32,809,061		32,809,061
Loans and receivables - net (Note 8)		3,504,132		4,654,589
Equity Investment- net (Note 9)		374,071,390		374,071,390
Other Assets (Note 10)		26,864,213		26,226,312
TOTAL ASSETS	P	**491,199,248**	P	**496,948,150**
LIABILITIES AND EQUITY				
LIABILITIES				
Loans Payable (Note 11)		67,423,681		67,423,681
Accounts Payable and Accrued Expenses (Note 15)		24,205,733		23,655,747
Due to an Affiliate (Note 12)		118,102,336		121,283,907
		209,731,750		212,363,335
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
Deficit		(561,669,815)		(558,892,131)
Total equity attributable to equityholders of the parent		163,829,097		166,606,781
Minority interest		117,638,401		117,978,034
		281,467,498		284,584,815
TOTAL LIABILITIES AND EQUITY	P	**491,199,248**	P	**496,948,150**

MEDCO HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (DEFICIT)

FOR THE THREE MONTHS ENDED MARCH 31, 2008, 2007, and 2006

		2008		2007		2006
REVENUES	**P**	**1,580,193**	**P**	**1,433,528**	**P**	**4,382,301**
EXPENSES		**4,697,529**		**6,925,752**		**8,508,959**
LOSS BEFORE MINORITY SHARE IN NET INCOME		(3,117,336)		(5,492,224)		(4,126,658)
LESS: MINORITY SHARE IN NET INCOME(LOSS)		(339,652)		(1,140,684)		(727,971)
LOSS BEFORE FINAL TAX		**(2,777,684)**		**(4,351,540)**		**(3,398,687)**
LESS: PROVISION FOR FINAL TAX		-		-		-
NET LOSS		**(2,777,684)**		**(4,351,540)**		**(3,398,687)**
DEFICIT AT BEGINNING OF YEAR		(558,892,131)		(549,837,203)		(536,498,236)
DEFICIT AT END OF THE QUARTER		(561,669,815)		(554,188,743)		(539,896,923)
LOSS PER SHARE (Note 18)	P	(0.004)	P	(0.006)	P	(0.005)

MEDCO HOLDINGS, INC. AND SUBSIDIARY

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2008, 2007, and 2006

	2008	2007	2006
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**
Deficit			
Balance, beginning of year	(558,892,131)	(549,837,203)	(536,498,236)
Net loss	(2,777,684)	(4,351,540)	(3,398,687)
Balance, end of quarter	**(561,669,815)**	**(554,188,743)**	**(539,896,923)**
Total Equity Attributable to Equityholders of the Parent Company	**163,829,097**	**171,310,169**	**185,601,989**
Minority Interest	**117,638,401**	**120,504,615**	**124,518,282**
Total Equity	**P 281,467,498**	**P 291,814,784**	**P 310,120,271**

MEDCO HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2008, 2007 AND
FOR THE YEAR ENDED DECEMBER 31, 2007

	March 31 2008	(Audited) December 31 2007	March 31 2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before tax and minority interest	P (3,117,336)	P (12,017,157)	P (5,492,224)
Adjustments for:			
Interest income	(437,660)	(3,582,435)	(485,668)
Interest expense	1,055,930	4,353,500	1,262,142
Depreciation and amortization	3,297	84,000	7,919
Unrealized forex exchange loss (gain)	(218,920)	3,439,994	490,613
Decrease (increase) in:			
Receivables	1,150,457	(848,570)	(312,369)
Other assets	(641,179)	(533,921)	119,169
Increase (decrease) in accounts payable and accrued expenses	549,986	4,775,841	4,486,400
Cash generated from (used in) operating activities	(1,655,425)	(4,328,748)	75,982
Cash paid for income taxes	-	(538,967)	-
Net Cash Provided by (Used in) Operating Activities	(1,655,425)	(4,867,715)	75,982
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	437,660	3,582,435	485,668
Net increase in investment in subsidiary and associate	-	(7,999,990)	(1,999,989)
Net increase in available-for-sale securities	-	(1,663,576)	-
Net Cash Provided by (Used in) Investing Activities	437,660	(6,081,131)	(1,514,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(1,055,930)	(4,353,500)	(1,262,142)
Increase (decrease) in due to a related party	(3,181,571)	7,584,635	-
Net Cash Provided by (Used in) Financing Activities	(4,237,501)	3,231,135	(1,262,142)
EFFECTS OF FOREIGN EXCHANGE ON REVALUATION OF CASH AND CASH EQUIVALENTS	218,920	(3,439,994)	(490,613)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,236,346)	(11,157,705)	(3,191,094)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	59,186,798	70,344,503	24,900,477
CASH AND CASH EQUIVALENTS AT END OF QUARTER/ YEAR	P 53,950,452	P 59,186,798	P 21,709,383

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

The registered office of the Parent Company and the subsidiary (the Group) is located at the 31st Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

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 net losses of P2,777,684, P4,351,540 and P3,398,687 for the quarters ended March 31, 2008, 2007 and 2006, respectively, and has deficit of P561,669,815, P554,188,743 and P539,896,923 as of March 31, 2008, 2007 and 2006, respectively, as a result of recurring losses arising from business operations. Although the Company has incurred net losses and has deficit for the quarters ended March 31, 2008, 2007 and 2006, management believes that the Company will be able to achieve positive business operations in the future. Consequently, the accompanying financial statements have been prepared assuming that the Company 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 in the succeeding pages. 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 (PFRSs). PFRSs are adopted by the Financial Reporting Standards Council (FRSC) 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 Company's functional currency, and all values represent absolute amounts except when otherwise indicated (see also Note 2.12).

2.2 Impact of New Standards, Amendments and Interpretations to Existing Standards

(a) *Effective in 2007 that are Relevant to the Group*

In 2007, the Group adopted for the first time the following new and amended PFRS which are mandatory for accounting periods beginning on or after January 1, 2007.

PAS 1 (Amendment)	: Presentation of Financial Statements
PFRS 7	: Financial Instruments: Disclosures

Discussed below is the impact on the financial statements of these new accounting standards.

(i) PAS 1 (Amendment), *Presentation of Financial Statements*. PAS 1 introduces new disclosures on the Group's capital management objectives, policies and procedures in each annual financial report. The amendments to PAS 1 were introduced to complement the adoption of PFRS 7. The new disclosures that became necessary due to this change in PAS 1 are shown in Note 5.

(ii) PFRS 7, *Financial Instruments: Disclosures*. PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, particularly:

- a sensitivity analysis, to explain the Group's market risk exposure with regard to its financial instruments; and,
- a maturity analysis that shows the remaining contractual maturities of financial liabilities.

PFRS 7 replaced PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, and the disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*. The new disclosures under PFRS 7 are required to be made for all periods presented. However, the Company availed of the transitional relief with regard to the disclosure of the sensitivity analysis granted by FRSC and presented only the relevant new disclosures required by PFRS 7 for 2007 (see Note 4).

The first time application of these standards, amendments and interpretations has not resulted in any prior period adjustments of cash flows, net income or balance sheet line items.

(b) Effective in 2007 But not Relevant to the Group

PFRS 4 (Amendment)	: Insurance Contracts
Philippine Interpretation IFRIC 7	: Applying the Restatement Approach under PAS 29, Financial Reporting In Hyper Inflationary Economies
Philippine Interpretation IFRIC 8	: Scope of PFRS 2
Philippine Interpretation IFRIC 9	: Re-assessment of Embedded Derivative
Philippine Interpretation IFRIC 10	: Interim Financial Reporting and Impairment

(c) Effective Subsequent to 2007

There are new and amended standards and Philippine Interpretation that are effective for periods subsequent to 2007. The following new standards are relevant to the Group which the Group will apply in accordance with their transitional provisions.

2008:	
Philippine Interpretation IFRIC 14	: PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
2009:	
PAS 1 (Revised 2007)	: Presentation of Financial Statements
PFRS 8	: Operating Segments

Below is a discussion of the possible impact of these accounting standards.

(i) Philippine Interpretation IFRIC 14, *PAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* (effective from 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. As any excess of the asset over the obligation is fully refundable to the Group based on the set-up of the pension trust fund, the Group determined that adoption of this Philippine Interpretation will not materially affect its financial statements.

(ii) 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 Company will apply PAS 1 (Revised 2007) in its 2009 financial statements.

2.3 Basis of Consolidation

The Group obtains and exercises control through voting rights. The Group's financial statements comprise the accounts of the Parent Company and its 64.54%-owned subsidiary, MAIC, after the elimination of material intercompany transactions. All significant intercompany balances and transactions with its Subsidiary, 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 MAIC are prepared for the same reporting period as the Group, using consistent accounting principles.

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

(a) Investments in Subsidiary and Associate

A subsidiary is an entity over which the Group has the power to control the financial and operating policies. The Group obtains and exercises control through voting rights. A subsidiary is fully consolidated from the date the Group obtains control until such time that such control ceases.

Acquired subsidiary is 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.

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 subsidiary and 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 subsidiary.

Minority interests in 2008 and 2007 represent the interests not held by the Group in MAIC.

2.4 Segment Information

The Group presents segment information according to nature of products and services provided, with each segment representing a strategic business unit that offers different products and serve different markets. Segment accounting policies are the same as the policies described in the succeeding paragraphs. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

2.5 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 (HTM) and available-for-sale financial (AFS) assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. Except for financial assets at FVTPL, 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 are defined as cash on hand and demand deposits.

All financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value, plus transaction costs. Financial assets carried at FVTPL 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 in the succeeding pages.

(a) Financial Assets at FVTPL

This category includes financial assets that are either classified as held for trading or are designated by the entity to be carried at FVTPL 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. Derivatives are also categorized as 'held-for-trading' unless they are designated as hedges.

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 originally designated as financial assets at FVTPL may not subsequently be reclassified.

(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. 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 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.

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.

2.6 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets of the Subsidiary at the date of acquisition. Goodwill is classified as intangible asset with indefinite useful life and, thus, not subject to amortization but would require an annual test for impairment. It is presented as part of Other assets in the balance sheet.

Goodwill is subsequently carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing. Each of those cash generating units is represented by each primary reporting segment.

2.7 Financial Liabilities

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

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.

Bank 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, accrued expenses and due to a related party 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.

2.8 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.

2.9 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.

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.

2.10 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 subsidiary and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

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

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

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

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

2.11 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.

2.12 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.

2.13 Impairment of Non-financial Assets

The Group's investments in subsidiary and associate and intangible assets are subject to impairment testing. Intangible assets with an indefinite useful life or those not yet available for use 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.

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.

2.14 Employee Benefits

(a) *Retirement Benefit Obligations*

The Group does not have a formal retirement plan. However, the Group accrues for the retirement benefit obligation based on an actuarial valuation performed by an actuary annually.

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.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

(b) *Compensated Absences*

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

2.15 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 Company'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 vary ultimately differ from these estimates.

3.1 Critical 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 Group follows the guidance of PAS 39 on determining when an investment is other-than-temporarily impaired. This determination 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 flow.

As of March 31, 2008, 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.

(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 2.8.

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) Useful Life of Property and Equipment

The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase recorded operating expenses and decrease non-current assets.

Property and equipment net of accumulated depreciation, amortization and any impairment losses amounted to P1,641 and P4,937 as of March 31, 2008 and December 31, 2007, respectively (see Note 10).

(b) 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 for the first quarter of 2008.

(c) 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. Significant components of fair value measurement were determined using verifiable objective evidence such as foreign exchange rates, interest rates, volatility rates. However, 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.

No additional impairment loss was recognized by the Group on its available-for-sale financial assets as of March 31, 2008 and December 31, 2007.

(d) 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.

Deferred tax assets amounting to P18,811,689 as of December 31, 2005 was derecognized on January 1, 2006 against the related valuation allowance, thus, no deferred tax asset was reported in March 31, 2008 and December 31, 2007 balance sheets.

(e) Impairment of Non-financial Assets

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 2.13. 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 on its investments in associates as of March 31, 2008.

(f) 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 14 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 retirement benefit obligation amounted to P1,380,584 as March 31, 2008 and December 31, 2007.

4. 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.

4.1 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.

4.2 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, 2008 and December 31, 2007, the Company is exposed to changes in market interest rates of its bank placements and loans payable which are subject to variable interest rates (see Note 6). All other financial assets and liabilities have fixed rates.

4.3 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, 2008 and December 31, 2007 the Group's financial liabilities with their corresponding contractual maturities are presented in detail in Note 13.

4.4 Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet, as summarized below:

	Notes	Group
Cash	6	P 53,950,452
Loans and receivables	8	3,504,132
Other assets	10	28,864,213
		P 86,318,797

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.

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.

5. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure that the Company's ability to 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 Company sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. The Company 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 Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

	March 31 2008	December 31 2007
Total liabilities	**P 209,731,750**	P 212,363,335
Total equity	**281,467,498**	284,584,815
Debt-to-equity ratio	**0.75 : 1**	0.75 : 1

The Company has honored its covenant obligations, including maintaining the required debt-to-equity ratio for both years.

6. CASH

This account consists of:

	Group		**Parent Company**	
	2008	2007	**2008**	2007
Short-term placements	**P 35,857,284**	P 40,120,577	**P -**	P -
Cash in banks	**18,085,168**	19,058,221	**576,977**	2,059,293
Petty cash fund	**8,000**	8,000	**-**	-
	P 53,950,452	P 59,186,798	**P 576,977**	P 2,059,293

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 90 to 91 days and earn annual effective interest ranging from 3% to 5.25% in the first quarter of 2008 and 3.50% to 5.25% in 2007.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

As of March 31, 2008 and December 31, 2007, the available-for-sale financial assets, net of accumulated discount, consist of:

	Group		Parent Company	
	2008	2007	**2008**	2007
Shares of stocks	**P 77,766,278**	P 77,766,278	**P 76,268,750**	P 76,268,750
Private bonds	**42,783**	42,783	**-**	-
	77,809,061	77,809,061	**76,268,750**	76,268,750
Allowance for impairment	**(45,000,000)**	(45,000,000)	**(45,000,000)**	(45,000,000)
	P 32,809,061	P 32,809,061	**P 31,268,750**	P 31,268,750

The shares of stocks pertain to the Company's 18.18% investment in Manila Exposition Complex, Inc. (MECI) and 10% investment in I-Mart Corporation with cost amounting to P31,268,750 and P45,000,000, respectively, in 2008 and 2007. These investments were previously reported in the balance sheet using the equity method but were subsequently reclassified as Available-for-Sale Financial Asset in 2005 as a result of the adoption of PAS 39 *Financial Instruments: Recognition and Measurement.*

In 2004, the Parent Company provided a 100% allowance for impairment losses amounting to P45 million on its investment in I-Mart Corporation as a result of the latter's cessation of business.

8. LOANS AND RECEIVABLES

This account consists of the following:

	Group		Parent Company	
	2008	2007	**2008**	2007
Loans	**P 41,521,260**	P 41,539,669	**P 40,324,521**	P 40,331,409
Accounts receivable	**2,295,872**	3,020,142	**-**	-
Other receivables		407,778	**-**	2,000
	43,817,132	44,967,589	**40,326,521**	40,333,409
Allowance for impairment losses	**(40,313,000)**	(40,313,000)	**(40,313,000)**	(40,313,000)
	P 3,504,132	P 4,654,589	**P 11,521**	P 20,409

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

9. INVESTMENTS IN SUBSIDIARY AND ASSOCIATE

This account consists of the following:

	Group		Parent Company	
	2008	2007	**2008**	2007
At equity				
Acquisition cost				
EIB (2.45% owned)	**P 844,452,250**	P 844,452,250	**P 478,380,851**	P 478,380,851
MAIC (64.54% owned)	**-**	-	**199,995,912**	199,995,912
	844,452,250	844,452,250	**678,376,763**	678,376,763
Accumulated equity in net earnings (losses)		**-**	-	
Allowance for impairment losses	**(478,380,850)**	(478,380,850)	-**(478,380,834)**	(478,380,834)
	366,071,400	366,071,400	**199,995,929**	199,995,929
At cost:				
Safeharbor Holdings, Inc.	**3,999,995**	3,999,995	**-**	-
Goldwin Bancshares, Inc.	**3,999,995**	3,999,995	**-**	-
	7,999,990	7,999,990	**-**	-
	P 374,071,390	P 374,071,390	**P 199,995,929**	P 199,995,929

Equity Investment in EIB

The Subsidiary owns 21,300,000 Class A shares of EIB amounting to P15,397,615. In 2004, certain accounts of the Subsidiary were restated to recognize full provision for impairment loss on its investment in EIB amounting to P15,397,615 resulting mainly from recognizing unrecognized losses of EIB amounting to about P6.2 billion.

In May and June 2006, the Subsidiary purchased an additional 1,464,285,600 EIB Class B shares amounting to P366,071,400 which increased its ownership interest in EIB from 0.92% to 7.84%. Total carrying amount of the Subsidiary's investment in EIB amount to P366,071,400 as of March 31, 2008 and December 31, 2007. EIB's Class B shares are not traded at the stock exchange.

On February 15, 2006, Cardinal Bancresources, Inc. assigned the Subsidiary its rights over 3,999,995 shares of Safeharbor Holdings, Inc. Also on the same date, Goldwin Bancshares, Inc. assigned the Subsidiary its rights over 3,999,995 shares of Outperform Holdings. The Group recorded the acquisition at P7,999,990 and recognized a liability to Lippo China Resources for the funding.

10. OTHER ASSETS

This account consists of the following:

	Note	Group 2008	Group 2007	Parent Company 2008	Parent Company 2007
Bank placements		**P 19,108,347**	P 19,108,347	**P -**	P -
Goodwill		**4,814,856**	4,814,856	**-**	-
Creditable withholding tax		**1,032,353**	1,032,353	-	-
Prepayments		**676,284**	764,089	**436,825**	524,630
Miscellaneous	15.1	**1,232,373**	506,667	**433,069**	391,708
		P 26,864,213	P 26,226,312	**P 869,894**	P 916,338

Bank placements consist of placements with various banks, with maturities expected to extend beyond one year. The effective interest rates of such bank placements are 3.5% in the first quarter of 2008 and 2007.

Goodwill represents the excess of the cost of acquisition over the fair value of the net assets of the Subsidiary at the date of acquisition.

Miscellaneous asset includes the balance of property and equipment of the Subsidiary with net book value of P1,641 and P4,937 as of March 31, 2008 and December 31, 2007, respectively.

11. INTEREST-BEARING LOANS AND BORROWINGS

This account represents loans obtained by the Parent Company from a local bank with interest rates ranging from 6.50% to 8.00% per annum in the first quarter of 2008 and 2007. The loans are acquired to finance the working capital requirements of the Group.

12. DUE TO A RELATED PARTY

This account pertains to non-interest bearing advances of the Subsidiary from Lippo China Resources Limited (LCR), a related party, that is payable on demand and with an original amount of P119,565,022 to fund pre-operating expenses of newly created companies of LCR. Outstanding balance of this account at the end of the first quarter of 2008 amounted to P118,102,336 and P121,283,907 as of December 31, 2007.

13. MATURITY PROFILE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	Group											
	2008						2007					
		Due Within One Year		Due Beyond One Year		Total		Due Within One Year		Due Beyond One Year		Total
Financial Assets:												
Cash	P	53,950,452	P	-	P	53,950,452	P	59,186,798	P	-	P	59,186,798
AFS financial assets		-		32,809,061		32,809,061		-		32,809,061		32,809,061
Loans and receivables (at gross)												
Loans		41,521,260		-		41,521,260		43,864,253		-		43,864,253
Trade and other receivables		2,295,872		-		2,295,872		1,973,661		-		1,973,661
Accrued interest receivable		-		-				162,028	-			162,028
Other assets - other investments		-		19,108,347		19,108,347		-		19,108,347		19,108,347
		97,767,584		51,917,408		149,684,992		105,186,740		51,917,408		157,104,148
Financial Liabilities:												
Interest-bearing loans and borrowings	P	67,423,681	P	-	P	67,423,681	P	67,423,681	P	-	P	67,423,681
Accounts payable and accrued expenses												
Due to affiliates		118,102,336		-		118,102,336		121,283,907		-		121,283,907
Accounts payable		2,396,044		-		2,396,044		3,532,767		-		2,532,767
Interest payable		-		1,484,106		1,484,106		-		1,484,106		1,484,106
Other liabilities		20,325,583		-		20,325,583		18,638,874		-		18,638,874
		140,823,963		1,484,106		142,309,609		143,455,548		1,484,106		144,939,654
	P	208,247,644	P	1,484,106	P	209,731,750	P	210,879,229	P	1,484,106	P	212,363,335

14. EMPLOYEE BENEFITS

Employee Retirement Benefit Obligation

The Group does not have a formal retirement plan. Retirement benefit obligation is accrued based on an actuarial valuation performed by an independent actuary annually.

The movement in the present value obligation of the Group is as follows:

		March 31 2008		December 31 2007
Present value of obligation, beginning	P	2,018,383	P	2,018,383
Current service cost		89,891		89,891
Interest cost		167,294		167,294
Unrecognized actuarial loss		1,132,426		1,132,426
Other income – retirement		-		-
Present value of obligation, ending	P	3,407,994	P	3,407,994

The amounts of retirement benefit obligation recognized as part of Accounts Payable and Accrued Expenses in the balance sheets are determined as follows:

	March 31 2008	December 31 2007
Present value of unfunded obligation	**P 3,407,994**	P 3,407,994
Unrecognized actuarial (gain) loss	**(2,027,410)**	(2,027,410)
Other income - retirement	**-**	(-)
Retirement benefit obligation	**P 1,380,584**	P 1,380,584

Income on retirement arises as a result of change in actuarial estimates due to different assumptions.

15. RELATED PARTY TRANSACTIONS

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:

15.1 Purchase of Services

The Parent Company's subsidiary leases an office space from Capital Place International Limited – Philippine Branch, an affiliate. Rent expense amounted to P269,567 for both the first quarter ended March 31, 2008 and March 31, 2007, is shown as part of Occupancy and Equipment-Related Expenses in the income statements. Related rental deposits amount to P239,459 for both for the period ended March 31, 2008 and December 31, 2007 and are shown as part of Other Assets account in the balance sheets (see Note 10).

15.2 Due to/from Related Parties

The Group obtains advances from its related parties for working capital purposes. The advances are non-interest bearing and repayable within 12 months. The significant transactions of the Group in the normal course of business with related parties are described below:

(a) The Subsidiary grants advances to Lippo Securities, Inc. (LSI) for working capital purposes. Due from Lippo Securities Inc., shown as part of Loans and Receivables in the balance sheets, amounted toP2,284,351 and P2,290,368 as of March 31, 2008 and December 31, 2007.

(b) The Parent Company, on the other hand, receives advances from LSI and Capital Place International, Ltd. (CPIL), an affiliate, to finance its working capital requirements. Total outstanding advances from these affiliates as of March 31, 2008 and December 31, 2007 amounted to P4,854,200 and P4,460,041, respectively, for LSI and P308,433 and P724,973, respectively, for CPIL. These amounts are reported as part of Accounts Payable and Accrued Expenses in the balance sheets.

(c) In 2006, the Subsidiary received non-interest bearing advances from Lippo China Resources (LCR) amounting to P119,565,022. Balance at the end of March 31, 2008 amounted to P118,102,336 and P121,283,907 as of December 31, 2007. These advances were made to fund pre-operating expenses of newly created companies of LCR (see also Note 12).

16. INCOME TAXES

The breakdown of consolidated 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:

Year	Original Amount	Applied in Current Year	Expired Balance	Remaining Balance	Valid Until
2007	P 9,576,162	P -	P -	P 9,576,162	2010
2006	5,926,230	-	-	5,143,101	2009
2005	9,523,094	-	-	9,523,094	2008
2004	15,461,911	-	15,461,911	-	2007
	P 40,487,397	P -	P 15,461,911	P 24,242,357	

Recent Tax Regulations

On October 19, 2007, the Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) No. 12-207 which requires the quarterly computation and payment of the MCIT beginning on the income tax return for fiscal quarter ending September 30, 2007. This RR amended certain provisions of RR No. 9-98 which specifically provides for the computation of the MCIT at the end of each taxable year.

Thus, in the computation of the tax due for the taxable quarter, if the computed MCIT is higher than the quarterly normal income tax, the tax due to be paid for such taxable quarter at the time of filing the quarterly corporate income tax return shall be the MCIT which is 2% of the gross income as of the end of the taxable quarter.

On May 24, 2005, Republic Act No. 9337 (RA 9337), amending certain sections of the National Internal Revenue Code of 1997, was signed into law and become effective beginning on November 1, 2005. The following are the major changes brought about by RA 9337 that are relevant to the Company:

(a) RCIT rate was increased from 32% to 35% starting on November 1, 2005 until December 31, 2008 and will be reduced to 30% beginning on January 1, 2009;

(b) Value-added tax (VAT) rate of 10% was increased from 10% to 12% effective on February 1, 2006;

(c) VAT rate is now imposed on certain goods and services that were previously zero-rated or subject to percentage tax;

(d) Input tax on capital goods shall be claimed on a staggered basis over 60 months or the useful life of the related assets, whichever is shorter; and,

(e) Creditable input VAT was capped at a maximum of 70% of output VAT per quarter which was effective until the third quarter of 2006 (this cap was removed effective for quarters ending on December 31, 2006 and onwards).

17. SEGMENT INFORMATION

The Group's operating businesses are recognized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit.

The Group's business segments are as follows:

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

- Others – consists mainly of investment holding activities of the Parent Company.

The business segment information of the Group as of and for the first quarter ended March 31, 2008, 2007, and 2006, follows:

	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

2006			
	Investment Banking	Others	Total
Income:			
Interest income	₱3,307,100	₱464	₱3,307,564
Other income - net	8662,009	212,728	1,074,737
Gross income	4,169,109	213,191	4,382,301
Expenses	6,222,278	2,286,681	8,508,959
Loss before income tax	(2,053,169)	(2,073,490)	(4,126,658)
Benefit from income tax	-	–	-
Operating loss			(4,126,658)
Minority interest in income of a subsidiary			(727,971)
Net loss			(₱3,398,687)
Segment assets	₱357,786,445	₱232,924,081	₱590,710,526
Goodwill			4,814,856
Total assets			₱595,525,382
Segment liabilities	₱6,595,442	₱78,813,578	₱85,409,020

18. LOSS PER SHARE

Loss per share amounts for the quarters ended March 31, 2008, 2007 and 2006 is computed as follows:

	2008	2007	2006
a. Net loss	**₱ 2,777,684**	**₱ 4,351,540**	₱3,398,687
b. Weighted average number of outstanding common shares	**700,000,000**	**700,000,000**	700,000,000
c. Basic EPS (a/b)	**(₱0.004)**	**(₱0.006)**	(₱0.005)

19. COMMITMENTS AND CONTINGENCIES

19.1 Leases

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

Total quarterly rental charged to operations amounted to P269,567 in 2008, 2007 and 2006 in the consolidated financial statements, and P78,000 in 2008, 2007,and 2006, in the Parent Company financial statements. These are included under Occupancy and Equipment-related expenses in the income statements. Security deposits and advance rentals paid totaling P239,459 as of March 31, 2008 and December 31, 2007 are included under Other Assets in the balance sheets.

19.2 Others

There are 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, 2008, 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, 2008

		NO OF DAYS OUTSTANDING				
	AMOUNT	**1 -30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**Over 120 days**
Various	3,504,132					3,504,132