

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2009
2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION

4. Exact name of issuer as specified in its charter

Philippines

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave.
corner Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

8190251

8. Issuer's telephone number, including area code

N/A

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
<u>Common</u>	<u>2,500,000,000</u>

.....
.....

11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer: A. SORIANO CORPORATION

Signature and Title: 
(Sgd.) JOSHUA CASTRO
Asst. Corporate Secretary

Date: **August 12, 2009**

Principal Financial/Accounting Officer/Controller: (Sgd.) 
Signature and Title NARCISA M. VILLAFLORES
VP - COMPTROLLER

Date: **August 12, 2009**

SECForm17-Q
August 12, 2009



A. SORIANO CORPORATION

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A. SORIANO CORPORATION**CONSOLIDATED BALANCE SHEETS**

(In Thousand Pesos)

	2009	2008
	June 30	December 31
ASSETS		
Current Assets		
Cash and cash equivalents	838,021	1,218,631
Fair value through profit and loss (FVPL) investments	663,223	666,664
Receivables	214,240	292,399
Inventories	14,972	13,489
Prepayments and other current assets	43,962	54,960
Total Current Assets	1,774,417	2,246,144
Noncurrent Assets		
Investments and advances	1,034,197	993,532
Available for sale (AFS) investments	3,319,110	2,543,608
Investment properties	266,984	265,445
Property, plant and equipment	162,013	142,759
Deferred income tax	-	67,881
Goodwill	622,098	622,098
Other noncurrent assets	46,588	46,061
Total Noncurrent Assets	5,450,989	4,681,383
TOTAL ASSETS	7,225,407	6,927,527
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	94,821	153,503
Accounts payable and accrued expenses	255,171	260,747
Dividends payable	125,022	269,327
Income tax payable	272	1,800
Current portion of long-term debt	9,047	14,839
Total Current Liabilities	484,332	700,216
Noncurrent Liabilities		
Advances from customer	32,658	33,132
Deferred revenues	88,310	89,799
Long-term debt – net of current portion	33,223	32,681
Deferred income tax	33,807	8,102
Total Noncurrent Liabilities	187,998	163,714
Total Liabilities	672,331	863,930

	2009	2008
	June 30	December 31
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	2,500,000	2,500,000
Additional paid-in capital	1,574,104	1,574,104
Unrealized valuation losses on AFS investments	(100,775)	(612,662)
Cumulative translation adjustment	(2,908)	3,429
Equity reserve on acquisition of minority interest	(26,357)	(26,357)
Retained earnings	4,083,725	4,094,476
	8,027,790	7,532,990
Less cost of shares held by a subsidiary	1,514,380	1,514,380
	6,513,410	6,018,610
Minority Interest	39,666	44,987
Total Equity	6,553,076	6,063,597
TOTAL LIABILITIES AND EQUITY	7,225,407	6,927,527

Note: The unaudited interim financial statements present herewith reflect all adjustments which are in the opinion of management necessary for the fair presentation of the financial position of A. Soriano Corporation and Subsidiaries as of June 30, 2009 and the results of its operations and its cash flows for the period then ended.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	For the Period Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
REVENUES				
Services	624,003	602,497	283,428	330,106
Dividend income	97,571	82,626	50,844	30,510
Interest income	56,195	49,368	26,565	26,418
Equity in net earnings of associates	42,632	19,219	33,734	4,698
Management fee	12,427	32,821	9,863	13,282
	832,829	786,531	404,434	405,014
INVESTMENT GAINS				
Gain (Loss) on increase (decrease) in market values of FVPL investments	77,988	(141,014)	63,482	(23,332)
Gain (loss) on sale of AFS investments	1,197	965	6,952	(526)
Gain on sale of Phelps Dodge International Philippines, Inc. (PDIPI) shares	-	312,275	-	312,275
	79,185	172,227	70,434	288,418
	912,014	958,758	474,868	693,432
Cost of services rendered	(508,259)	(455,985)	(224,654)	(247,980)
Operating expenses	(196,405)	(221,473)	(95,563)	(128,751)
Foreign exchange gain (loss)	19,724	151,234	(8,238)	137,026
Interest income (expense) - net	(2,214)	(11,161)	452	(7,243)
Valuation allowances	(103,357)	(71)	(103,180)	(71)
Other income (charges)	(2,797)	30,740	(13,639)	11,455
	(793,308)	(506,716)	(444,821)	(235,564)
INCOME BEFORE INCOME TAX	118,706	452,041	30,047	457,868
PROVISION FOR INCOME TAX - net	43,753	3,704	23,909	41,765
NET INCOME FROM CONTINUING OPERATIONS	74,953	448,338	6,138	416,103
NET INCOME (LOSS) FROM DECONSOLIDATED SUBSIDIARY	-	193,994	-	97,614
NET INCOME	74,953	642,332	6,138	513,717
Attributable to:				
Equity holdings of the parent	75,837	559,837	7,291	471,675
Minority interest	(885)	82,494	(1,154)	42,042
	74,953	642,332	6,138	513,717
EARNINGS PER SHARE - basic, for net income attributable to equity holdings of the parent	0.05	0.37	0.01	0.31

* Based on outstanding shares 1,443,049,922 and 1,545,766,811 in 2009 and 2008, respectively.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos Except Earnings Per Share)

	For the Period Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
NET INCOME FOR THE PERIOD	74,953	561,514	6,138	432,899
OTHER COMPREHENSIVE INCOME (LOSS)				
Gain (Loss) on Increase (Decrease) in Market Value of Available for Sale (AFS) investments	562,235	(604,474)	486,760	33,974
Exchange Differences on Translating Foreign Operations	(6,337)	5,318	6,528	(3,209)
Income tax relating to components of other comprehensive income	(50,348)	4,376	(56,268)	(3,479)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	505,550	(594,780)	437,020	27,286
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	580,503	(33,266)	443,158	460,186
Attributable to:				
Equity holdings of the parent	581,388	(34,942)	444,311	498,961
Minority interest	(885)	1,677	(1,154)	(38,776)
	580,503	(33,266)	443,158	460,186

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousand pesos)

	Attributable to equity holders of the parent								Total
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Minority Interest	Unrealized Valuation Gain (losses) on AFS Investments	Cumulative Translation Adjustment	Retained Earnings	Cost of Shares Held by a Subsidiary	Minority Interest	
Balance at 12/31/2007	2,500,000	1,574,104		1,088,155	(107,057)	3,647,566	(1,203,060)	681,726	8,181,435
Valuation loss taken to equity	-	-	-	(592,564)	-	-	-	-	(592,564)
Foreign exchange loss taken to equity	-	-	-	-	(13,122)	-	-	-	(13,122)
Net income for the year	-	-	-	-	-	559,837	-	82,494	642,332
Cash dividends -net	-	-	-	-	-	(184,822)	-	-	(184,822)
Share repurchased - January to June 2008	-	-	-	-	-	-	(48,876)	-	(48,876)
Effect of deconsolidation	-	-	-	-	-	-	-	(770,144)	(770,144)
Movement in minority interest	-	-	-	-	-	-	-	(6,296)	(6,296)
Balance at 06/30/2008	2,500,000	1,574,104	-	495,591	(120,179)	4,022,581	(1,251,935)	(12,219)	7,207,943
Balance at 12/31/2008	2,500,000	1,574,104	(26,357)	(612,662)	3,429	4,094,476	(1,514,380)	44,987	6,063,597
Valuation gain taken to equity	-	-	-	511,887	-	-	-	-	439,766
Foreign exchange loss taken to equity	-	-	-	-	(6,337)	-	-	-	(6,337)
Net income for the year	-	-	-	-	-	75,837	-	(885)	74,953
Cash dividends -net	-	-	-	-	-	(86,588)	-	-	(86,588)
Movement in minority interest	-	-	-	-	-	-	-	(4,436)	(4,436)
Balance at 06/30/2009	2,500,000	1,574,104	(26,357)	(100,775)	(2,908)	4,083,725	(1,514,380)	39,666	6,553,076

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Period Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax from continuing operations	118,706	452,041	30,047	457,868
Income before income tax from a deconsolidated subsidiary	-	193,994	-	97,614
Income before income tax	118,706	646,035	30,047	555,482
Adjustment for:				
Valuation allowances	103,357	71	103,180	71
Depreciation and amortization	24,828	48,853	16,624	25,355
Foreign exchange loss (gain) - net	(19,724)	(151,234)	8,238	(137,026)
Interest expense (income)	2,214	29,208	(452)	18,448
Equity in net earnings of associates	(42,632)	(19,219)	(33,734)	(4,698)
Valuation allowances	326	71	149	71
Gain on increase in market values of FVPL investments	(77,988)	141,014	(63,482)	23,332
Gain on sale of AFS	(1,197)	(965)	(6,952)	526
Gain on sale of PDIPI	-	(312,275)	-	(312,275)
Interest income	(56,195)	(49,368)	(26,565)	(26,418)
Dividend income	(97,571)	(82,626)	(50,844)	(30,510)
Operating income (loss) before working capital changes	(46,202)	249,493	(23,941)	112,286
Decrease (increase) in:				
FVPL investments	84,490	385,326	51,456	(16,097)
Receivables	77,833	(162,163)	60,837	291,709
Inventories	(1,482)	1,877	(2,241)	(28,567)
Prepayments and other current assets	10,998	-	10,998	-
Increase (decrease) in:				
Accounts payable and accrued expenses	(5,576)	77,903	(18,545)	125,170
Advances from customers	(474)	2,666	(3,343)	508
Net cash generated from operations	119,586	555,103	75,221	485,009
Dividend received	97,571	140,963	50,844	88,848
Interest received	54,427	49,368	24,796	26,418
Interest paid	(2,214)	(29,208)	452	(18,448)
Income taxes paid	(3,121)	(1,894)	(860)	938
Net cash flows from operating activities	266,249	714,332	150,454	582,765

(Forward)

	For the Period Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	713,519	352,700	495,998	61,911
Long-term investments	-	668,787	-	632,977
Effect of deconsolidation:				
Phelps Dodge Philippines and Subsidiaries	-	(479,742)	-	(479,742)
Toledo Mining and Industrial Corporation	-	(68)	-	(68)
ASC Mining and Industrial Corporation	-	(4,230)	-	(4,230)
Addition to:				
AFS investments	(1,010,504)	(1,042,941)	(540,836)	(96,276)
Long-term investments	(350)	(491,519)	(350)	(11,693)
Property and equipment	(41,180)	(9,722)	(29,828)	(5,088)
Investments properties	(4,441)	(39,656)	(724)	(3,806)
Decrease (increase) in:				
Other assets	(527)	(28,675)	18,320	(13,062)
Advances to affiliates	2,317	506	(12,029)	(787)
Net cash flows from (used in) investing activities	(341,166)	(1,074,560)	(69,449)	80,136
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from (payment of) notes payable	(58,682)	47,349	(35,232)	(92,112)
Payment of:				
Long-term debt	(5,251)	(416)	(3,123)	2,138
Dividends	(230,893)	(184,822)	(86,588)	(184,822)
Company shares purchased by a subsidiary	-	(48,876)	-	(19,556)
Increase (decrease) in:				
Deferred revenue	(1,489)	11,262	(1,445)	11,122
Minority interest	(4,436)	(6,296)	1,481	(6,237)
Net cash flows used in financing activities	(300,750)	(181,798)	(124,907)	(289,467)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS				
	(4,943)	21,700	(856)	26,019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(380,610)	(520,326)	(44,758)	399,453
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,218,631	1,740,441	882,779	820,662
CASH AND CASH EQUIVALENTS AT END OF PERIOD	838,021	1,220,115	838,021	1,220,115

A. SORIANO CORPORATION
PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	2009	2008
	June 30	December 31
ASSETS		
Cash and Cash Equivalents	688,696	1,016,969
Fair Value through Profit and Loss (FVPL) Investments	663,223	666,664
Available for Sale (AFS) Investments	3,116,775	2,384,482
Receivables - net	67,996	81,122
Investments and Advances- net	2,411,041	2,398,298
Investment Property - net	81,241	84,142
Property and Equipment - net	61,433	66,288
Deferred Income Tax	-	67,881
Other Assets	16,479	16,217
TOTAL ASSETS	7,106,884	6,782,064
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	94,821	141,623
Dividends Payable	125,022	269,327
Accounts Payable and Accrued Expenses	76,928	87,338
Due to Affiliates	144,488	81,076
Deferred Income Tax	21,411	-
Total Liabilities	462,670	579,364
Equity		
Capital Stock - 1 Par Value	2,500,000	2,500,000
Additional Paid-in Capital	1,589,800	1,589,800
Unrealized Valuation Losses on AFS Investments	(109,939)	(629,714)
Retained Earnings	2,664,353	2,742,615
Total Equity	6,644,214	6,202,700
TOTAL LIABILITIES AND EQUITY	7,106,884	6,782,064

Note: The unaudited interim financial statements present herewith reflect all adjustments which are in the opinion of management necessary for the fair presentation of the financial position of A. Soriano Corporation as of June 30, 2009 and the results of its operations and its cash flows for the period then ended.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
REVENUES				
Dividend income	97,571	140,963	50,844	88,848
Interest Income	52,273	45,180	24,312	24,023
Management fees	11,182	32,821	9,574	13,282
	161,025	218,964	84,731	126,152
INVESTMENT GAINS				
Gains (Losses) on increase (decrease) in market values of FVPL investments	77,988	(141,014)	63,482	(23,332)
Gain on sale of AFS investments	1,069	(2,469)	6,824	(3,960)
Gain on sale of PDIPI shares	-	575,988	-	575,988
	79,057	432,505	70,307	548,696
	240,083	651,469	155,038	674,848
Provision for allowances	(103,031)	-	(103,031)	-
Operating expenses	(59,248)	(90,896)	(29,544)	(58,236)
Interest expense	(985)	(8,207)	(501)	(6,104)
Foreign exchange gain (loss)	22,615	154,731	(6,311)	140,491
Others	9,670	7,540	5,451	3,775
	(130,978)	63,168	(133,937)	79,925
INCOME BEFORE INCOME TAX	109,105	714,637	21,101	754,774
PROVISION FOR (BENEFIT FROM) INCOME TAX - DEFERRED	37,366	(1,669)	20,763	38,649
NET INCOME	71,739	716,305	338	716,124
Earnings Per Share*	0.03	0.29	0.00	0.29

* Based on outstanding shares of 2,500,000,000 in 2009 and 2008.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
NET INCOME FOR THE PERIOD	71,739	716,305	338	716,124
OTHER COMPREHENSIVE INCOME (LOSS)				
Gain (Loss) on Increase (Decrease) in Market Value of Available for Sale (AFS) investments	573,595	(591,804)	477,958	43,067
Income tax relating to components of other comprehensive income	(53,820)	6,901	(53,565)	(2,963)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	519,775	(584,903)	424,392	40,104
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	591,513	131,402	424,730	756,228

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(In thousand pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain (Losses) on AFS Investments	Retained Earnings	Total
Balance at 12/31/2007	2,500,000	1,589,800	1,030,439	2,435,143	7,555,381
Cash dividends	-	-	-	(300,000)	(300,000)
Valuation loss taken to equity	-	-	(584,903)	-	(584,903)
Net income for the year	-	-	-	716,305	716,305
Balance at 06/30/2008	2,500,000	1,589,800	445,536	2,851,448	7,386,783
Balance at 12/31/2008	2,500,000	1,589,800	(629,714)	2,742,615	6,202,700
Cash dividends	-	-	-	(150,000)	(150,000)
Valuation gain taken to equity	-	-	519,775	-	519,775
Net income for the year	-	-	-	71,739	71,739
Balance at 06/30/2009	2,500,000	1,589,800	(109,939)	2,664,353	6,644,214

A. SORIANO CORPORATION**PARENT COMPANY STATEMENTS OF CASH FLOWS****(In Thousand Pesos)**

	For the Period Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	109,105	714,637	21,101	754,774
Adjustment for:				
Provision for valuation allowances	103,031	-	103,031	-
Net foreign exchange loss (gain)	(22,615)	(154,731)	6,311	(140,491)
Interest expense	985	8,207	501	6,104
Depreciation and amortization	8,530	7,606	5,220	4,016
Gain on sale of long term investment	-	(575,988)	-	(575,988)
Loss (gain) on sale of AFS investments	(1,069)	2,469	(6,824)	3,960
Interest income	(52,273)	(45,180)	(24,312)	(24,023)
Dividend income	(97,571)	(140,963)	(50,844)	(88,848)
Loss (gain) on decrease (increase) in market values of FVPL investment	(77,988)	141,014	(63,482)	23,332
Operating loss before working capital changes	(29,866)	(42,929)	(9,299)	(37,163)
Decrease (increase) in:				
Receivables	13,126	32,546	8,485	(10,014)
FVPL investments	84,490	385,326	51,456	(16,097)
Accounts payable and accrued expenses	(10,409)	(1,197)	(15,516)	4,673
Net cash generated (used in) operations	57,341	373,747	35,126	(58,601)
Dividend received	97,571	140,963	50,844	88,848
Interest received	50,504	45,180	24,206	24,023
Interest paid	(985)	(8,207)	(501)	(6,104)
Income tax paid	(1,894)	(1,468)	(1,288)	(416)
Net cash flows from operating activities	202,538	550,215	108,386	47,749
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of:				
AFS investments	713,391	341,369	495,871	50,580
Long-term investments	-	668,787	-	632,977
Additions to:				
AFS investment	(957,899)	(1,039,037)	(510,358)	(92,917)
Long-term investments	(350)	(1,900)	(350)	(700)
Property and equipment	(774)	(1,449)	(250)	(96)
Increase in:				
Advances to affiliates	(12,393)	(254,462)	(10,745)	18,971
Other assets	(262)	2,216	(87)	(72)
Net cash flows from (used in) investing activities	(258,287)	(284,476)	(25,919)	608,744

(Forward)

	For the Period Ended June 30		For the Quarter Ended June 30	
	2009	2008	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from notes payable	(46,802)	45,000	(35,232)	(25,000)
Payment of cash dividends	(294,305)	(300,000)	(150,000)	(300,000)
Increase in due to affiliates	63,412	103,864	11,638	102,239
Net cash flows used in financing activities	(277,695)	(151,136)	(173,595)	(222,761)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS				
	5,171	31,798	(480)	32,692
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(382,403)	146,401	(91,608)	466,423
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,016,969	946,960	726,174	626,938
CASH AND CASH EQUIVALENTS AT END OF PERIOD	688,696	1,093,361	634,565	1,093,361

A. SORIANO CORPORATION

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations				After Eliminations	
	US-based Nurse/PT Staffing Co**.	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	Consolidated
06/30/2009						
REVENUES	527,825	155,281	240,083	923,188	(11,175)	912,014
NET INCOME	(37,998)	58,528	71,739	92,269	(17,316)	74,953
TOTAL ASSETS	869,973	843,471	7,106,884	8,820,328	(1,594,921)	7,225,407
INVESTMENT PORTFOLIO *	-	514,574	6,272,280	6,786,853	(1,503,340)	5,283,513
PROPERTY, PLANT & EQUIPMENT	8,006	92,574	61,433	162,013	-	162,013
TOTAL LIABILITIES	149,125	962,148	462,670	1,573,943	(901,613)	672,331
DEPRECIATION AND AMORTIZATION	2,911	13,387	8,530	24,828	-	24,828

* *Inclusive of FVPL investments, AFS investments and investment properties.*

** *Excluding IQHPC operations which were consolidated into IQMAN, the latter formed part of other operations.*

Note 1 Other than IQMAN consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscorland, Inc., Anscor International, Inc. and Anscor Property Holdings, Inc.

	Before Eliminations				After Eliminations	
	US-based Nurse Staffing Co**.	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	Consolidated
06/30/2008						
REVENUES	524,385	201,431	651,469	1,377,285	(418,527)	958,758
NET INCOME	41,784	101,713	716,305	859,803	(217,471)	642,332
TOTAL ASSETS	713,864	909,782	8,013,386	9,637,032	(1,622,506)	8,014,526
INVESTMENT PORTFOLIO *	0	607,740	6,701,961	7,309,701	(1,615,790)	5,693,911
PROPERTY, PLANT & EQUIPMENT	2,760	98,260	72,400	173,420	-	173,420
TOTAL LIABILITIES	692,696	304,096	626,603	1,623,395	(816,842)	806,553
DEPRECIATION AND AMORTIZATION	951	17,143	7,606	25,701	-	25,701

* *Inclusive of FVPL investments, AFS investments and investment properties.*

** *Excluding IQHPC operations which were consolidated into IQMAN, the latter formed part of other operations.*

Note 1 *Other than IQMAN consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscorland, Inc., Anscor International, Inc. and Anscor Property Holdings, Inc.*

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Nurse staffing segment engages in the contract and temporary staffing and permanent placement of nurses and allied healthcare professional (e.g. physical therapists) in the USA.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management and manpower services.

2. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following Philippine Interpretations which became effective on January 1, 2008, and amendments to existing standards that became effective on July 1, 2008. Adoption of these changes in PFRS did not have any significant effect to the Group:

- Philippine Interpretation IFRIC 11, *PFRS 2 - Group and Treasury Share Transactions*
- Philippine Interpretation IFRIC 12, *Service Concession Arrangements*
- Philippine Interpretation IFRIC 14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction*
- Amendments to Philippine Accounting Standard (PAS) 39, *Financial Instruments: Recognition and Measurement* and PFRS 7, *Financial Instruments: Disclosures - Reclassification of Financial Assets*

New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to December 31, 2008

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

Effective in 2009

PFRS 2, Share-based Payment - Vesting Condition and Cancellations

The standard has been revised to clarify the definition of a vesting condition and prescribes the treatment for an award that is effectively cancelled.

PFRS 8, Operating Segments

PFRS 8 will replace PAS 14, *Segment Reporting*, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. The Group will assess the impact of this standard to its current manner of reporting segment information.

Amendments to PAS 1, Presentation of Financial Statements

This Amendment introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. This Amendment also requires additional requirements in the presentation of the balance sheet and owner's equity as well as additional disclosures to be included in the financial statements.

PAS 23, Borrowing Costs

The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

Amendments to PAS 27, Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to PAS 27 will be effective on January 1, 2009 which has changes in respect of the holding companies, separate financial statements including (a) the deletion of 'cost method', making the distinction between pre- and post-acquisition profits no longer required; and (b) in cases of reorganizations where a new parent is inserted above an existing parent of the group (subject to meeting specific requirements), the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. All dividends will be recognized in profit or loss. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment.

Amendment to PAS 32, Financial Instruments: Presentation and PAS 1, Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments specify, among others, that puttable financial instruments will be classified as equity if they have all of the following specified features: (a) the instrument entitles the holder to require the entity to repurchase or redeem the instrument (either or on an ongoing basis or on liquidation) for a pro rata share of the entity's net assets; (b) the instrument is in the most subordinate class of instruments, with no priority over the claims to the assets of the entity on liquidations; (c) all instruments in the subordinate class have identical features; (d) the instrument does not include any contractual obligation to pay cash or financial assets other than the holder's right to a pro rata share of the entity's net assets; and (e) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, a change in recognized net assets, or a change in the fair value of the recognized and unrecognized net assets of the entity over the life of the instrument.

Philippine Interpretation IFRIC 13, Customer Loyalty Programmes

This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and realized in income over the period that the award credits are redeemed or expire.

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

This Interpretation provides guidance on identifying foreign currency risks that qualify for hedge accounting in the hedge of net investment; where within the group the hedging instrument can be held in the hedge of a net investment; and how an entity should determine the amount of foreign currency gains or losses, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Improvements to PFRS

In May 2008, the International Accounting Standards Board issued its first omnibus of amendments to certain standards, primarily with a view to removing inconsistencies and clarifying wording. These are the separate transitional provisions for each standard. The applicable amendments to the Group are as follows:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations*
When a subsidiary is held for sale, all of its assets and liabilities will be classified as held for sale under PFRS 5, even when the entity retains a non-controlling interest in the subsidiary after the sale.
- *PAS 19, Employee Benefits*
Revises the definition of 'past service costs' to include reductions in benefits related to past services ('negative past service costs') and to exclude reductions in benefits related to future services that arise from plan amendments. Amendments to plans that result in a reduction in benefits related to future services are accounted for as a curtailment.

Revises the definition of 'return on plan assets' to exclude plan administration costs if they have already been included in the actuarial assumptions used to measure the defined benefit obligation.
- *PAS 23, Borrowing Costs*
Revises the definition of borrowing costs to consolidate the types of items that are considered components of 'borrowing costs' - that is, components of the interest expense calculated using the effective interest rate method.
- *PAS 28, Investments in Associates*
An investment in an associate is a single asset for the purpose of conducting the impairment test. Therefore, any impairment test is not separately allocated to the goodwill included in the investment balance.
- *PAS 36, Impairment of Assets*
When discounted cash flows are used to estimate 'fair value less cost to sell', additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'.
- *PAS 38, Intangible Assets*
Expenditure on advertising and promotional activities is recognised as an expense when the Group either has the right to access the goods or has received the service.

- *PAS 40, Investment Property*
Revises the scope (and the scope of PAS 16, *Property, Plant and Equipment*) to include property that is being constructed or developed for future use as an investment property. Where an entity is unable to determine the fair value of an investment property under construction, but expects to be able to determine its fair value on completion, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete.

Effective in 2010

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

The revised PFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. The revised PAS 27 requires, among others, that (a) change in ownership interests of a subsidiary (that do not result in loss of control) will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to a gain or loss; (b) losses incurred by the subsidiary will be allocated between the controlling and non-controlling interests (previously referred to as 'minority interests'); even if the losses exceed the non-controlling equity investment in the subsidiary; and (c) on loss of control of a subsidiary, any retained interest will be remeasured to fair value and this will impact the gain or loss recognized on disposal. The changes introduced by the revised PFRS 3 must be applied prospectively, while the revised PAS 27 must be applied retrospectively with certain exceptions. These changes will affect future acquisitions and transactions with non-controlling interests.

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

This Interpretation covers accounting for all non-reciprocal distribution of non-cash assets to owners. It provides guidance on when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability and the consequences of doing so.

Philippine Interpretation IFRIC 18, *Transfers of Assets from Customers*

This Interpretation applies to the accounting for transfers of items of property, plant and equipment by an entity that receive such transfers from its customer, wherein the entity must then use such transferred asset either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

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

Amendment to PAS 39 will be effective on July 1, 2009, which addresses only the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The Amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item.

Effective in 2012

Philippine Interpretation IFRIC 15, Agreement for Construction of Real Estate

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

3. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash and cash equivalents, receivables, investments in plain vanilla and structured debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long term bank loans.

The Company's investment objectives consist mainly of:

- a) maintaining a bond portfolio that earns adequate cash yields and
- b) maintaining a stable equity portfolio that generates capital gains through a combination of long-term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and equity price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company Chairman, Vice Chairman, Chief Finance Officer, and an independent consultant. The evaluation and meetings occur at least every quarter.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit Risk

The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being able to or unwilling to honor its contractual obligations. The Company is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Company transacts only with recognized and creditworthy counterparties. For investments in bonds, funds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield and capital appreciation. Investments in foreign equity funds are made in mutual funds and/or hedge funds with investments in A-rated companies with good dividend track record as well as capital appreciation. The investment portfolio mix between debt and equities is reviewed regularly by the Company's Investment Committee.

Credit risk exposures

The carrying amounts of the assets represent maximum credit exposure, without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques

Credit quality per class of financial asset

For the Group's receivables' credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Company evaluates credit quality on the basis of the credit strength of the security and or counterparty/issuer.

Liquidity Risk

Liquidity risk is defined as the risk that the fund may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank lines are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity or quasi-equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due, this is done by primarily investing in highly liquid investments. The Group is exposed to liquidity risk arising from its short-term bank loans from local and investment banks.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31 based on undiscounted contractual payments.

Market Risks

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, foreign currency risk, and equity price risks.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments, unquoted debt instruments linked to quoted equity securities, and mutual fund/hedge fund investments.

The Group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

a. Interest rate risks

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Price interest rate risk

The Company accounts for its debt investments at fair value. Changes in bench mark interest rate will cause changes in the fair value of quoted debt instruments.

The basic sensitivity analysis assumes that the bond's standard deviation on its historical yield for the past one year provides the basis for the range of reasonably possible change in bond prices.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Company's investment in stocks and equity linked notes. For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

The basic sensitivity analysis assumes that the stocks' standard deviation on its historical yield for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments.

Investments in equity linked notes are also exposed to equity price risk as the return on the investments is dependent on the performance of the underlying stock investments. The basic sensitivity analysis assumes that the underlying stocks' standard deviation on its historical yield for the past one year provides the basis for the reasonable possible change in prices of the equity linked notes.

c. Price interest risk of mutual funds

The Company is exposed to the risks of changes in the fund's net asset value due to its market risk exposures.

The basic sensitivity analysis assumes that the related market indices' standard deviation on its historical yield for the past one year provides the basis for reasonably possible change in prices of the investments in mutual funds.

d. Foreign exchange risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial and cash flows. This arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as US\$ and Euros. This also enables the parent company and a subsidiary to access investment opportunities in those currencies. The parent company and a subsidiary occasionally engage in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and affiliates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in ₱. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, SSRLI and IQMAN can borrow in US\$ as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

4. Financial Condition

There was no significant change in the Company's Balance Sheet as of June 30, 2009 versus December 31, 2008 except for the reduction in cash and cash equivalents balance and the increase in balance of AFS investments with decrease in unrealized valuation loss on AFS investments.

Cash and Cash Equivalents

The decrease in cash and cash equivalents can be attributed to net cash flows used in investing activities total of P341.2 million such as additional investments in traded securities, local and foreign denominated investments. Cash dividend paid amounted to P230.1 million.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements.)

Receivables

Change in this account was mainly due to collection of management fee receivable and interest income from short placements and bonds.

Inventories

Minimal purchases were made in 2009 that brought up increase in inventories from P13.5 million to P15.0 million, mainly spare parts and supplies needed by the aviation subsidiary.

Prepayments and Other Current Assets

Decrease in this account can be attributed to various prepaid expenses charged to income for the period.

Investments and Advances

The increase in investments and advances was mainly due to equity earnings of associates of about P42.6 million.

Available for Sale (AFS) Investments

Increase in the account can be attributed to P1.0 billion, mostly additional investments in bonds, equity funds and traded equities. Also, foreign exchange gain from translation of foreign denominated investments partially increased the value of AFS investments. Another factor for the increase was a gain in market value of AFS investments of about P552.9 million which caused the increase in AFS investments balance with a corresponding reduction in the unrealized valuation losses in the balance sheet's stockholders' equity portion. The increase was offset by divestments of about P713.5 million and provision for valuation allowances of P103.4 million.

Investment Properties

Minimal addition made by Anscor Property Holdings, Inc. (a wholly owned subsidiary of Anscor) through its subsidiaries.

Depreciation for the period amounted to P2.9 million.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to P21.8 million. Additions to property and equipment amounted to P41.2 million.

Deferred Tax Assets

Change in this account was due to the deferred tax effect of unrealized valuation gains for both AFS and FVPL foreign denominated investments by the parent company for the period. The Group reported net deferred income tax liability as of June 30, 2009.

Notes Payable

The Parent Company made partial payment of its loan out of the proceeds from sale of investments.

Dividends Payable

Net cash dividends of P144.3 million declared in September 2008 was paid in February 2009. In April 2009 a P0.06 per share cash dividend or P86.6 million, net of share of a subsidiary, was declared.

Income Tax Payable

Movement in the account was attributable to payment of income taxes last April 2009.

Current Portion of Long-term Debt

The decrease in the account can be attributed to current portion of debt paid by a subsidiary.

Advances from Customers

In June 2003, Seven Seas Resorts and Leisure Inc. (SSRLI), an affiliate of Anscor, entered into an agreement with Island Aviation Inc. (IAI), a subsidiary of Anscor, for the latter to provide regular air service. IAI shall charge SSRLI a fixed round trip rate per passenger, subject to an annual review by both parties, with a guarantee that all IAI's operating costs will be covered. The original agreement had duration of no less than two years and was renewed in February 2006 for another two (2) years. Another renewal took place last February 2008.

In line with the above agreement, SSRLI made several advances to IAI, which IAI expects to pay through application against future services to be rendered by IAI to SSRLI. There is a minimal decrease in the December 31, 2008 balance.

Deferred Income Tax

This account increased mainly by deferred tax effect of unrealized foreign exchange gain for both AFS and FVPL foreign denominated investments by the parent company for the period ended June 30, 2009.

Unrealized valuation losses on AFS investments

Available for sale (AFS) investments are carried at fair value as of June 30, 2009. The increase in market values from December 31, 2008 to June 30, 2009 of about P511.9 million net of deferred income taxes was reflected as reduction in unrealized valuation losses on AFS investments, a separate component of stockholders' equity. When the assets are sold, the gain is realized or reflected in the consolidated statements of income.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Holding USA, MDI Medical Staffing and International Quality Healthcare Professional Connection (IQHPC, LLC).

Minority Interest

Decrease in minority interest was mainly due to share of minority shareholder on losses of subsidiaries for the period ended June 30, 2009.

Others

There were no commitments for major capital expenditures in 2009.

5. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political and market uncertainties that are expected to have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods Ended June 30	
	2009	2008
<i>Revenues (excluding investment gains or losses)</i>	161,025	218,964
<i>Investment Gains (Losses)</i>	79,057	432,505
<i>Net Income</i>	71,739	716,305
<i>Earnings Per Share</i>	0.03	0.29
<i>Market Price Per Share (PSE)</i>	2.90	2.65

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues

This year's consolidated gross revenues of P832.8 million were higher compared to 2008 revenues of P404.4 million, mainly due to inclusion of Cirrus' P527.8 million service revenues for the whole 1st semester of 2009 vs 2008 revenues starting January 19 only. Also, the equity earnings in 2009 were higher than 2008 equity earnings.

Investment gain amounted of P79.2 million as a result of slight recovery in market value of investments.

Cost of goods sold/services rendered

Increase in cost of goods sold/services rendered was mainly attributable to increase in Cirrus's cost of services.

Operating expenses

Operating expenses increased as a result of consolidation of the new US subsidiary, MDI Medical. MDI Medical was not included in the 2008 1st semester results.

Foreign exchange gain

Due to depreciation of peso vis-à-vis US dollar and euro, the peso value of foreign-denominated investments of the Group increased which resulted to foreign exchange gain.

Interest expense

The Group reported lower charges for interest expense resulting from payment of loans obtained by the parent company and its subsidiary.

Other Income

Other income in 2008 pertains mainly to catch up on gain realized by IQMAN in 2007 when it paid its existing non-bank liabilities at 20% of recorded values.

Provision for Income Tax

This account increased mainly due to the Parent Company's set up of a deferred tax asset pertaining to unrealized valuation gain for FVPL investments and unrealized foreign exchange gain as of June 30, 2009.

Minority Interest

This account no longer included the share of non-Anscor owners in PDPI's net income. What was included in this account is the share of minority interest in the results of IQMAN/IQHPC and Cirrus, Inc.

6. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

7. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicity trends in the business that would have material effect on the Company's result of operations and financial condition.

In the interim period, there has been:

- There was no significant change in the composition of assets, liabilities, equity, net income and cash flows in the consolidated financial statements reported by the Group.
- No issuance or repayment of equity securities.
- No contingent assets or liabilities since the last annual balance sheet date.

- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.

8. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance indicators for Phelps Dodge Philippines (In thousand pesos except volume and earnings per share):

	<i>For the Periods Ended June 30</i>	
	<i>2009</i>	<i>2008</i>
<i>Volume sold (MT)</i>	<i>4,800</i>	<i>6,091</i>
<i>Revenues</i>	<i>1,763,334</i>	<i>2,797,429</i>
<i>Marginal Income</i>	<i>188,872</i>	<i>441,536</i>
<i>Operating Income</i>	<i>97,211</i>	<i>310,964</i>
<i>Net Income</i>	<i>63,208</i>	<i>193,964</i>

PDP's sales volume this year declined by 21%. PD Energy International (PDEI), the PDP subsidiary that was registered with the Philippine Export Zone Authority to handle exports of low and medium voltage power cables, started its commercial operations in January 2009. Due to the global market slow down, PDEI's contribution to revenues amounted to only P5.5 million for sales volume of 27 metric tons. Average selling price was down for the current period due to lower copper cost, thereby reducing the Company's sales to P1.8 billion, vis a vis last year's revenues of P2.8 billion.

PDP recorded a net income of P63.2 million, lower than the P194.0 million net profit recorded in the prior year.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 53.39% for this period, lower than the 2008 average occupancy rate of 70.33%. Average room rate was higher at US\$892.75, compared to last year's average US\$788.83. In pesos, average peso room rate in 2009 was P43,410 which was higher than last year's average of P33,512 due to the dollar appreciation vis a vis peso. Total hotel revenues amounted to P262.4 million, slightly lower than last year's revenues of P263.1 million. Gross operating profit (GOP) of P109.0 million, slightly lower than last year's GOP.

Seven Seas reported a net income of P37.7 million, lower than last year's net income of P41.8 million due to higher depreciation expense for the additional capital expenditures that were introduced the last two years by the Resort.

International Quality Manpower Services, Inc. (IQMan) registered consolidated revenues of P6.1 million for the 1st semester of 2009, an increase from last year's consolidated revenues of P2.6 million mainly due to new revenues for recruiting and processing nurses and physical therapists for the staffing venture in the USA. The company's inability to secure visas due to the U.S. State Department's temporary ban on the issuance of immigrant visas announced in November 2006, limited its ability to deploy nurses to the US and generate new contracts. The American Hospital Association (AHA) and industry leaders are actively involved in lobbying the US government for a resolution of this issue and it is anticipated that deployments will resume once retrogression is lifted. The Company continues to report losses for the period.

Cirrus Medical Staffing, Inc. (Cirrus)' consolidated revenue for the 1st semester of 2009 was US\$11.0 million, a 14.1% decline from the \$12.8 million revenues earned in the same period last year. Despite the additional \$4.6 million revenues contributed by the Allied division, the nursing division's revenue continues to deteriorate due to current competition resulting from low hospital job orders.

The economic situation in the United States worsened in the second quarter of 2009. Over 15 states currently have unemployment rates over 10% with an expectation that the whole country will be over 10%. Hospitals and medical facilities continue to struggle with the down turn in elective surgeries, increases in the number of people without health insurance, and a pay mix that is not covering their costs. In addition, with national unemployment over 9% and increasing, more nurses have returned full time to the work force and are working increased hours because of the economic uncertainty and spouses that have lost their jobs. It is expected that the macro economic conditions of 2009 will make for a difficult environment in the healthcare temporary staffing sector through the rest of 2009 and potentially into 2010. One of the bright spots for healthcare staffing has been the therapy staffing sector which has remained stable during this downturn. Although hospitals have reduced their use of therapy staffing, home health and skill nursing facilities have shown strong demand. Cirrus is focusing its resources on taking advantage of these therapy staffing marketing conditions. Cirrus is broadening its staffing offerings to existing and new clients including a renewed focus on further developing the government and school market. The focus on investing in its core competencies through developing new staffing offerings and training of employees will position the company well for growth when the market turns positive.