

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 March 31, 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: May 18, 2009

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

Date: May 18, 2009

SECForm17-Q
May 18, 2009

A. SORIANO CORPORATION

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A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	2009	2008
	March 31	December 31
ASSETS		
Current Assets		
Cash and cash equivalents	882,779	1,218,631
Fair value through profit and loss (FVPL) investments	660,826	666,664
Receivables	275,830	292,399
Inventories	12,731	13,489
Prepayments and other current assets	55,236	54,960
Total Current Assets	1,887,402	2,246,144
Noncurrent Assets		
Investments and advances	988,084	993,532
Available for sale (AFS) investments	2,885,547	2,543,608
Investment properties	267,711	265,445
Property, plant and equipment	145,697	142,759
Deferred income tax	63,491	67,881
Goodwill	622,098	622,098
Other noncurrent assets	52,486	46,061
Total Noncurrent Assets	5,025,113	4,681,383
TOTAL ASSETS	6,912,515	6,927,527
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	130,053	153,503
Accounts payable and accrued expenses	273,716	260,747
Dividends payable	125,022	269,327
Income tax payable	214	1,800
Current portion of long-term debt	12,094	14,839
Total Current Liabilities	541,098	700,216
Noncurrent Liabilities		
Advances from customer	36,000	33,132
Deferred revenues	89,755	89,799
Long-term debt	33,299	32,681
Deferred income tax	17,336	8,102
Total Noncurrent Liabilities	176,391	163,714
Total Liabilities	717,490	863,930

(Forward)

	2009	2008
	March 31	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 gains on AFS investments	(542,988)	(612,662)
Cumulative translation adjustment	2,285	3,429
Equity reserve on acquisition of minority interest	(26,357)	(26,357)
Retained earnings	4,163,022	4,094,476
	7,670,066	7,532,990
Less cost of shares held by a subsidiary	1,514,380	1,514,380
	6,155,686	6,018,610
Minority Interest	39,339	44,987
Total Equity	6,195,025	6,063,597
TOTAL LIABILITIES AND EQUITY	6,912,515	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 March 31, 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 March 31	
	2009	2008
REVENUES		
Services	340,576	272,391
Dividend income	46,727	52,116
Interest income	29,630	22,950
Equity in net earnings of associates	8,899	14,522
Management fee	2,564	19,539
	428,395	381,517
INVESTMENT GAINS		
Gain (Loss) on increase (decrease) in market values of FVPL investments	14,506	(117,682)
Gain on sale of AFS investments	(5,755)	1,491
	8,750	(116,191)
	437,145	265,325
Cost of services rendered	(283,605)	(208,005)
Operating expenses	(100,842)	(92,723)
Interest expense	(2,666)	(3,917)
Valuation allowances	(178)	-
Foreign exchange gain	27,962	14,207
Other income	10,843	19,286
	(348,486)	(271,152)
INCOME (LOSS) BEFORE INCOME TAX	88,659	(5,827)
PROVISION FOR (BENEFIT FROM) INCOME TAX - net	19,844	(38,061)
NET INCOME FROM CONTINUING OPERATIONS	68,815	32,234
NET INCOME (LOSS) FROM DECONSOLIDATED SUBSIDIARY	-	96,380
NET INCOME	68,815	128,614

	For the Period Ended March 31	
	2009	2008
Attributable to:		
Equity holdings of the parent	68,546	88,162
Minority interest	(269)	40,452
	68,815	128,614
* EARNINGS PER SHARE - basic, for net income		
attributable to equity holdings of the parent	0.05	0.06

* 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)

	For the Period Ended March 31	
	2009	2008
NET INCOME FOR THE PERIOD	68,815	128,614
OTHER COMPREHENSIVE INCOME (LOSS)		
Gain (Loss) on Increase (Decrease) in Market Value of AFS Investments	75,475	(638,447)
Exchange Differences on Translating Foreign Operations	(12,865)	8,527
Income Tax Relating to Components of Other Comprehensive Income	5,920	7,855
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	68,530	(622,066)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	137,345	(493,451)
Attributable to:		
Equity holdings of the parent	137,076	(533,904)
Minority interest	269	40,452
	137,345	(493,451)

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 Gains 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	-	1,094,621	(113,523)	3,647,566	(1,203,060)	681,726	8,181,435
Valuation losses taken to equity	-	-	-	(619,236)	-	-	-	-	(619,236)
Foreign exchange losses taken to equity	-	-	-	-	(2,830)	-	-	-	(2,830)
Net income for the year	-	-	-	-	-	88,162	-	40,452	128,614
Share repurchased - January to March 2008	-	-	-	-	-	-	(29,320)	-	(29,320)
Movement in minority interest	-	-	-	-	-	-	-	(58)	(58)
Balance at 03/31/2008	2,500,000	1,574,104	-	475,385	(116,353)	3,735,728	(1,232,380)	722,120	7,658,605
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 (loss) taken to equity	-	-	-	69,674	-	-	-	-	69,674
Foreign exchange gains (loss) taken to equity	-	-	-	-	(1,144)	-	-	-	(1,144)
Net income for the year	-	-	-	-	-	68,546	-	269	68,815
Movement in minority interest	-	-	-	-	-	-	-	(5,917)	(5,917)
Balance at 03/31/2009	2,500,000	1,574,104	(26,357)	(542,988)	2,285	4,163,022	(1,514,380)	39,339	6,195,025

A. SORIANO CORPORATION**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousand Pesos)

	For the Period Ended March 31	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax from continuing operations	97,434	(5,827)
Income (loss) before income tax from a deconsolidated subsidiary	(21,937)	96,380
Income before income tax	75,497	90,553
Adjustment for:		
Depreciation and amortization	8,204	23,497
Gain on sale of AFS investments	5,755	(1,491)
Interest expense	2,666	10,759
Valuation allowances	178	-
Dividend income	(46,727)	(52,116)
Interest income	(29,630)	(22,950)
Foreign exchange gain - net	(27,962)	(14,207)
Equity in net earnings of associates	(17,674)	(14,522)
Loss (gain) on decrease (increase) in market values of FVPL investment	(14,506)	117,682
Operating income (loss) before working capital changes	(44,199)	137,207
Decrease (increase) in:		
FVPL investments	33,034	401,423
Receivables	16,997	(453,873)
Inventories	758	30,444
Increase (decrease) in:		
Accounts payable and accrued expenses	12,969	(47,267)
Advances from customers	2,869	2,158
Net cash generated from operations	22,427	70,093
Dividend received	46,727	52,116
Interest received	29,630	22,950
Interest paid	(2,666)	(10,759)
Income taxes paid	(2,261)	(2,832)
Net cash flows from operating activities	93,858	131,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of:		
AFS investments	217,521	290,789
Long-term investments	-	35,810
Addition to:		
AFS investments	(469,667)	(946,665)
Long-term investments	-	(479,826)
Property and equipment	(11,353)	(4,634)
Investments properties	(3,717)	(35,850)
Decrease (increase) in:		
Other assets	(18,847)	(15,613)
Advances to affiliates	14,347	1,294
Net cash flows used in investing activities	(271,717)	(1,154,696)

(Forward)

	For the Period Ended March 31	
	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) notes payable	(23,450)	139,461
Payment of:		
Long-term debt	(2,127)	(2,554)
Dividends	(144,305)	-
Company shares purchased by a subsidiary	-	(29,320)
Increase (decrease) in:		
Deferred revenue	(44)	139
Minority interest	7,245	(58)
Net cash flows from (used in) financing activities	(162,681)	107,668
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		
	4,688	(4,319)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(335,852)	(919,779)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,218,631	1,740,441
CASH AND CASH EQUIVALENTS AT END OF PERIOD	882,779	820,662

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

	2009	2008
	March 31	December 31
ASSETS		
Cash and Cash Equivalents	726,174	1,016,969
Fair Value through Profit and Loss (FVPL) Investments	660,826	666,664
Available for Sale (AFS) Investments	2,716,025	2,384,482
Receivables - net	77,086	81,122
Investments and Advances- net	2,399,946	2,398,298
Investment Property - net	82,692	84,142
Property and Equipment - net	64,952	66,288
Deferred Income Tax	51,629	67,881
Other Assets	16,392	16,217
TOTAL ASSETS	6,795,723	6,782,064
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	130,053	141,623
Dividends Payable	125,022	269,327
Accounts Payable and Accrued Expenses	92,444	87,338
Due to Affiliates	78,720	81,076
Total Liabilities	426,239	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 Gains on AFS Investments	(534,331)	(629,714)
Retained Earnings	2,814,016	2,742,615
Total Equity	6,369,484	6,202,700
TOTAL LIABILITIES AND EQUITY	6,795,723	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 March 31, 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 March 31	
	2009	2008
REVENUES		
Dividend income	46,727	52,116
Interest Income	27,961	21,157
Management fees	1,607	19,539
	76,294	92,812
INVESTMENT GAINS		
Gain (loss) on increase (decrease) in market values of FVPL investments	14,506	(117,682)
Gain on sale of AFS investments	(5,755)	1,491
	8,750	(116,191)
	85,045	(23,380)
Operating expenses	(29,704)	(32,660)
Interest expense	(483)	(2,102)
Foreign exchange gain	28,926	14,240
Other income – net	4,220	3,765
	2,959	(16,757)
INCOME (LOSS) BEFORE INCOME TAX	88,003	(40,137)
PROVISION FOR (BENEFIT FROM) INCOME TAX - DEFERRED	16,603	(40,318)
NET INCOME	71,401	181
Earnings Per Share*	0.0286	0.0001

* 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 March 31	
	2009	2008
NET INCOME FOR THE PERIOD	71,401	181
OTHER COMPREHENSIVE INCOME (LOSS)		
Gain (Loss) on Increase (Decrease) in Market Value of (AFS) investments	95,637	(634,871)
Income Tax Relating to Components of Other Comprehensive Income	(254)	9,865
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD, NET OF TAX	95,383	(625,007)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	166,784	(624,826)

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

(In thousand pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains 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
Valuation losses taken to equity	-	-	(614,100)	-	(614,100)
Net income for the year	-	-	-	181	181
Balance at 03/31/2008	2,500,000	1,589,800	416,399	2,435,324	6,941,462
Balance at 12/31/2008	2,500,000	1,589,800	(629,714)	2,742,615	6,202,700
Valuation gain (loss) taken to equity	-	-	95,383	-	95,383
Net income for the year	-	-	-	71,401	71,401
Balance at 03/31/2009	2,500,000	1,589,800	(534,331)	2,814,016	6,369,484

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Period Ended March 31	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before tax	88,003	(40,137)
Adjustment for:		
Loss (gain) on sale of AFS investments	5,755	(1,491)
Depreciation and amortization	3,311	3,589
Interest expense	483	2,102
Dividend income	(46,727)	(52,116)
Net foreign exchange gain	(28,926)	(14,240)
Interest income	(27,961)	(21,157)
Loss (gain) on decrease (increase) in market values of FVPL investment	(14,506)	117,682
Operating loss before working capital changes	(20,566)	(5,766)
Decrease (increase) in:		
FVPL investments	33,034	401,423
Receivables	4,641	42,561
Increase (decrease) in accounts payable and accrued expenses	5,107	(5,870)
Net cash generated from operations	22,216	432,348
Payment of cash dividends	(144,305)	-
Dividend received	46,727	52,116
Interest received	26,299	21,157
Interest paid	(483)	(2,102)
Income tax paid	(605)	(1,052)
Net cash flows from operating activities	94,152	502,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
AFS investments	217,521	290,789
Long-term investments	-	35,810
Additions to:		
AFS investment	(447,541)	(946,120)
Long-term investments	-	(1,200)
Property and equipment	(524)	(1,353)
Decrease (increase) in:		
Advances to affiliates	(1,648)	(273,433)
Other assets	(175)	2,288
Net cash flows used in investing activities	(232,368)	(893,220)

(Forward)

	For the Period Ended March 31	
	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of cash dividends	(144,305)	-
Proceeds from notes payable	(11,570)	70,000
Increase in due to affiliates	(2,356)	1,625
Net cash flows from (used in) financing activities	(158,231)	71,625
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		
	5,652	(893)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(290,795)	(320,022)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,016,969	946,960
CASH AND CASH EQUIVALENTS AT END OF PERIOD	726,174	626,938

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 Staffing Co**.	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	Consolidated
03/31/2009						
REVENUES	298,598	41,749	85,045	425,392	11,753	437,145
NET INCOME	(11,799)	(6,880)	71,401	52,722	16,093	68,815
				0		
TOTAL ASSETS	902,872	593,745	6,795,723	8,292,339	(1,379,824)	6,912,515
INVESTMENT PORTFOLIO *	633,867	262,860	5,859,489	6,756,216	(1,331,951)	5,424,266
PROPERTY, PLANT & EQUIPMENT	8,095	72,649	64,952	145,697	-	145,697
TOTAL LIABILITIES	153,149	991,026	426,239	1,570,413	(852,924)	717,490
DEPRECIATION AND AMORTIZATION	1,684	3,209	3,311	8,204	-	8,204

* *Inclusive of FVPL investments, AFS investment, investments & advances 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, Anscor International, Inc. and Anscor Property Holdings, Inc.

	Before Eliminations					After Eliminations	
	Wire Manufacturing	US-based Nurse Staffing Co. **	Other Operations	Holding Co. (Parent)	Total	Eliminations	Consolidated
03/31/2008							
REVENUES	-	233,529	40,655	(23,380)	250,804	14,522	265,325
NET INCOME	-	16,824	276	181	17,282	111,333	128,614
TOTAL ASSETS	2,607,165	677,682	811,287	7,486,153	11,582,288	(2,329,816)	9,252,472
INVESTMENT PORTFOLIO*	153,997	0	511,973	6,613,657	7,279,627	(2,297,769)	4,981,858
PROPERTY, PLANT & EQUIPMENT	355,747	2,760	102,734	75,083	536,325	-	536,325
TOTAL LIABILITIES	853,096	685,655	257,066	544,691	2,340,509	(746,642)	1,593,867
DEPRECIATION AND AMORTIZATION	11,586	386	7,936	3,589	23,497	-	23,497

* *Inclusive of FVPL investments, AFS investments, investments & advances 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 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 benchmark 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 March 31, 2009 versus December 31, 2008.

Cash and Cash Equivalents

The decrease in cash and cash equivalents can be attributed to net cash flows used in investing activities total of P271.7 million such as addition to traded securities, local and foreign denominated investments. Cash dividend paid amounted to P144.3 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 interest income from short placements and bonds.

Inventories

Minimal purchases were made in 2009. The decrease in inventory balance was due to lower spare parts and supplies needed by the aviation subsidiary.

Available for Sale (AFS) Investments

Increase in the account can be attributed to P469.7 million additional investments, mostly in bonds, equity funds and traded equities. Also, foreign exchange gain from translation of foreign denominated investments increased the value of AFS investments. The increase was offset by divestments of about P217.5 million. Another factor for the increase was a gain in market value of AFS investments of about P93.9 million which was booked as reduction in the unrealized valuation losses in the balance sheet's stockholders' equity portion.

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 P1.4 million.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to P8.4 million. Additions to property and equipment amounted to P11.4 million.

Deferred Tax Assets

This account decreased by deferred tax effect of unrealized valuation gains for both AFS and FVPL foreign denominated investments by the parent company for the period ended March 31, 2009.

Other Noncurrent Assets

The increase in other noncurrent assets was attributable to additions in deferred nurse costs of IQHPC and deposit of Island Aviation, Inc. for future maintenance and change engine of their planes.

Notes Payable

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

Accounts Payable and Accrued Expenses

Increase in the account was mainly due to acquisition of locally traded shares still unpaid as of March 31, 2009. This was paid subsequently.

Dividends Payable

Net cash dividends of P144.3 million declared in September 2008 was paid in February 2009.

Income Tax Payable

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

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.

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 March 31, 2009.

Unrealized valuation gains on AFS investments

Available for sale investments are carried at fair value as of March 31, 2009. The increase in market values from December 31, 2008 to March 31, 2009 of about P80.9 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 deconsolidation of PDPI.

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 March 31	
	2009	2008
<i>Revenues (excluding investment gains or losses)</i>	76,294	92,812
<i>Investment Gains (Losses)</i>	8,750	(116,191)
<i>Net Income</i>	71,401	181
<i>Earnings Per Share</i>	0.0286	0.0001
<i>Market Price Per Share (PSE)</i>	2.40	3.10

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

Revenues

This year's consolidated gross revenues of P437.2 million were higher compared to 2008 revenues of P381.5 million, mainly due to inclusion of Cirrus' P340.6 million service revenues for the whole quarter of 2009 vs 2008 revenues starting January 19 only.

Investment gain amounted of P8.8 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 and IQMAN's nurse deployment costs.

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 quarter 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 subsidiaries.

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 a deferred tax asset pertaining to unrealized valuation gain for FVPL investments and unrealized foreign exchange gain as of March 31, 2009.

Minority Interest

This account decreased due to deconsolidation of PDPI.

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. Subsequent Events

On April 22, 2009, the Board of Directors of A. Soriano Corporation, approved a cash dividend of six centavos (P0.06) per share payable on May 28, 2009 to all stockholders of record as of May 8, 2009.

8. 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 was no significantly changed 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.

9. Subsidiaries and Affiliates

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 61.3% for this period, lower than the 2008 average occupancy rate of 81.3%. Average room rate was higher at US\$932, compared to last year's average US\$817. In pesos, average peso room rate in 2009 was P45,303 which was higher than the average last year of P34,054 due to the dollar appreciation vis a vis peso. Total hotel revenues amounted to P154.8 million, slightly lower than last year's revenues of P155.6 million.

Seven Seas reported a net income of P38.4 million, higher than last year's net income of P29.6 million due to favorable air transfer results, higher peso room rate and additional revenue from villa management.

International Quality Manpower Services, Inc. (IQMan) registered consolidated revenues of P0.98 million for three months of 2009, a drop from last year's consolidated revenues of P2.8 million. The decline in revenues was caused by the continued temporary ban by the U.S. State Department on the issuance of immigration visas since November 2006. The Company's inability to secure visas limited its ability to deploy nurses and generate new contracts during the period. The American Hospital Association (AHA), industry leaders and IQMAN 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.

Cirrus Medical Staffing, Inc. (Cirrus)' consolidated revenue for the first quarter of 2009 was US\$6.3 million. This represents an increase of 22% over last year's \$5.7 million revenues. The increase was mainly the contribution of the allied division's \$2.4 million revenues. The nursing division's revenue significantly decreased in 1st quarter of 2009 vs 1st quarter of 2008 due to the current competition resulting from low hospital job orders.

The economic situation in the United States continued to worsen in the first quarter of 2009. Hospitals and medical facilities, being the main clients of Cirrus Inc., were not immune from the economic turmoil. Hospitals have been negatively impacted by a 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, 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, especially in nursing. Cirrus is working to broaden its reach with existing clients and new clients as well as contain costs. Cirrus is focused on investing on its core competencies to insure its ability to grow when the market turns positive.