COVER SHEET

PHILIPPINE SEVEN CORPORATION

(Company's Full Name)

7th Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City
(Company's Address: No. Street City/Town/Province)

724-4441 to 51
(Company's Telephone Number)

December 31	**Every 3rd Thursday of July of each year**
(Fiscal Year Ending) (Month & Day)	(Annual Meeting)

AMMENDED FIRST QUARTERLY REPORT
(SEC FORM 17-Q)
(FORM TYPE)

July 21, 2009
(Date)

(Amendment Designation if Applicable)

(Secondary License Type, if any)

LCU

Cashier

DTU

108476
S.E.C. Reg. No.

Central Receiving Unit

File Number

Document I.D.

SECURITIES AND EXCHANGE COMMISSION

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

3. BIR Tax Identification No : 000-390-189-000

4. Exact name of registrant as specified in its charter :

   PHILIPPINE SEVEN CORPORATION

5. Country of incorporation : **PHILIPPINES**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of registrant's principal office : 7TH Floor, The Columbia Tower
   Ortigas Avenue, Mandaluyong City
   1501

8. Telephone number : (632) 724-44-41 to 51

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

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

	No. of Shares of Common Stock
Shares Outstanding - Common :	260,977,200
Warrants	-0-

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

    Yes [X] No [ ]

    Stock Exchange: *Class/es of Securities listed*

    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 [X] No [ ]

b. Has been subject of such filing requirements for the past 90 days.

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to the attached

PART II - OTHER INFORMATION

N/A

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

Registrant: **PHILIPPINE SEVEN CORPORATION**

Signature and Title: **JOSE VICTOR P. PATERNO**
President and CEO
Date: July 21, 2009

Signature and Title: **YU-HSIU TSAI**
Treasurer and CFO
Date: July 21, 2009

PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower, Ortigas Avenue,
Mandaluyong City, 1501 Philippines
Telephone Nos. (632) 724-44-41 to 53 / (632) 727-6441
www.7-eleven.com.ph

July 21, 2009

SECURITIES AND EXCHANGE COMMISSION
SEC Building
EDSA, Quezon City

Gentlemen:

In connection with the financial statements of Philippine Seven Corporation as of March 31, 2009, which will be submitted to the Philippine Stock Exchange (PSE), we confirm to the best of our knowledge and belief, the following:

1. We are responsible for the fair presentation of the financial statements in conformity with the generally accepted accounting principles.

2. There have been no:

   a. Irregularities involving management or employees who have significant roles in the system or internal accounting control.

   b. Irregularities involving other employees that could have a material effect on financial statements.

   c. Communication from regulatory agencies concerning non-compliance with or deficiencies in, financial reporting practices that could have a material effect on the financial statements.

3. There are no:

   a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

   b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.

4. The accounting records underlying the financial statements accurately and fairly reflect the transactions of the company.

5. The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.

6. Provision has been made for any material loss to be sustained.

7. We have complied with all respects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.

Yu Hsiu Tsai

YU-HSIU TSAI
Treasurer and CFO

PHILIPPINE SEVEN CORPORATION

7th Floor, The Columbia Tower, Ortigas Avenue,
Mandaluyong City, 1501 Philippines

Telephone Nos. (632) 724-44-41 to 53 / (632) 727-6441
www.7-eleven.com.ph

STATEMENT OF MANGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine Seven Corporation is responsible for all information and representations contained in the consolidated unaudited financial statements for the quarter ended March 31, 2009. The Financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgment with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use of disposition and liabilities are recognized.

JOSE VICTOR P. PATERNO
President and CEO

YU-HSIU TSAI
Treasurer and CFO

PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2009 and DECEMBER 31, 2008
AND FOR EACH OF THE TWO PERIOD
ENDED MARCH 31, 2009

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	**467,849,644**	314,880,357
Receivables - net (Note 4)	**25,900,875**	145,854,513
Inventories - at cost (Note 5)	**311,565,506**	339,556,385
Prepayments and other current assets (Note 6)	**248,068,428**	117,947,178
Total Current Assets	**1,053,384,453**	918,238,433
Noncurrent Assets		
Property and equipment - net (Note 7)	**1,049,046,709**	1,072,041,329
Deposits (Note 8)	**139,598,152**	132,695,470
Deferred income tax assets - net	**33,936,261**	39,738,774
Other noncurrent assets - net (Note 9)	**121,017,149**	101,471,945
Total Noncurrent Assets	**1,343,598,271**	1,345,947,518
TOTAL ASSETS	**2,396,982,724**	2,264,185,951
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Bank loans (Note 10)	**410,000,000**	330,000,000
Accounts payable and accrued expenses (Note 11)	**701,216,426**	848,043,767
Income tax payable	**26,743,142**	25,898,866
Other current liabilities (Note 12)	**347,016,181**	174,586,972
Total Current Liabilities	**1,484,975,749**	1,378,529,605
Noncurrent Liabilities		
Deposits payable	**98,788,914**	83,252,646
Net retirement obligations	**33,374,273**	35,827,737
Deferred income tax liability	**1,384,241**	1,384,241
Cumulative redeemable preferred shares	**6,000,000**	6,000,000
Deferred revenue - net of current portion	**7,079,887**	7,079,887
Total Noncurrent Liabilities	**146,627,315**	133,544,511
Total Liabilities	**1,631,603,064**	1,512,074,116

(Forward)

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
Stockholders' Equity		
Capital stock - 1 par value		
Authorized - 400,000,000 shares		
Issued - 261,663,450 and 237,938,250 shares as of December 31, 2008 and 2007, respectively [held by 724 and 703 equity holders in 2008 and 2007, respectively		
	261,663,450	261,663,450
Additional paid-in capital	**293,525,037**	293,525,037
Retained earnings	**209,884,524**	196,616,699
Revaluation increment in land - net of deferred income tax liability	**3,229,895**	3,229,895
	768,302,906	755,035,081
Cost of 686,250 shares held in treasury	**(2,923,246)**	(2,923,246)
Total Stockholders' Equity	**765,379,660**	752,111,835
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**2,396,982,724**	2,264,185,951

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31

	March 31, 2009 (Unaudited)	March 31, 2008 (Unaudited)
REVENUE		
Revenue from merchandise sales	**1,364,895,839**	1,263,549,587
Franchise revenue	**72,086,028**	52,966,723
Marketing income	**23,073,207**	21,889,637
Rent income	**9,007,576**	10,244,082
Commission income	**5,274,725**	4,951,843
Interest income	**591,022**	442,559
Other income	**1,822,906**	593,035
	1,476,751,303	1,354,637,466
EXPENSES		
Cost of merchandise sales (Note 14)	**978,542,616**	907,257,176
General and administrative expenses (Note 15)	**470,315,561**	428,430,086
Interest expense	**7,154,974**	6,630,271
Loss on sale of property and equipment	**-**	1,235,701
Unrealized Foreign Exchange Loss (net)	**-**	(3,218)
Other expenses	**823,539**	1,377,991
	1,456,836,690	1,344,928,007
INCOME BEFORE INCOME TAX	**19,914,613**	9,709,459
PROVISION FOR INCOME TAX	**6,646,788**	4,125,498
NET INCOME	**13,267,825**	5,583,961
BASIC/DILUTED EARNINGS PER SHARE (Note 18)	**0.05**	0.02

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31 2009 (As Compared With the Period Ended March 31, 2008)

	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Increment in Land	Treasury Stock	Total
BALANCES AS OF DECEMBER 31, 2007	**237,938,250**	**293,525,037**	**136,070,248**	**2,999,188**	**(2,923,246)**	**667,609,477**
Net income for the First Quarter of 2008 (Unaudited)	–	–	5,583,961	–	–	5,583,961
BALANCES AS OF MARCH 31, 2008	**237,938,250**	**293,525,037**	**141,654,209**	**2,999,188**	**(2,923,246)**	**673,193,438**
Issuance of stock dividends (Note 17)	23,725,200	–	(23,725,200)	–	–	–
Effect of change in tax rate in 2009	–	–	–	230,707	–	230,707
Net income for the period April 1, 2008 to December 31, 2008	–	–	78,687,690	–	–	78,687,690
BALANCES AS OF DECEMBER 31, 2008	**261,663,450**	**293,525,037**	**196,616,699**	**3,229,895**	**(2,923,246)**	**752,111,835**
Net income for the First Quarter of 2009 (Unaudited)	–	–	13,267,825	–	–	13,267,825
BALANCES AS OF MARCH 31, 2009	**261,663,450**	**293,525,037**	**209,884,524**	**3,229,895**	**(2,923,246)**	**765,379,660**

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31

	March 31, 2009 (Unaudited)	March 31, 2008 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**19,914,613**	9,709,460
Adjustments for:		
Depreciation and amortization	**44,487,705**	37,067,029
Interest expense	**7,154,974**	6,630,271
Sale of property and equipment	**-**	1,235,701
Interest income	**(591,022)**	(442,559)
Software and other program costs	**755,090**	415,599
Operating income before working capital changes	**71,721,360**	54,615,501
Decrease (increase) in:		
Receivables	**119,953,638**	29,705,231
Inventories	**27,990,879**	71,879,727
Prepayments and other current assets	**(130,121,250)**	(39,835,837)
Increase (decrease) in:		
Accounts payable and accrued expenses	**(146,827,345)**	(93,247,403)
Other current liabilities	**172,429,213**	(10,977,932)
Deposits payable	**15,536,268**	11,364,940
Net retirement obligations	**(2,453,464)**	645,623
Cash generated from operations	**128,229,299**	24,149,850
Income taxes paid	**(5,802,512)**	(4,023,179)
Interest received	**591,022**	442,559
Net cash from operating activities	**123,017,809**	20,569,230
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment (Note 7)	(21,493,085)	(53,069,894)
Software and other program costs (Note 9)	(755,090)	
Decrease (increase) in:		
Deposits	(6,902,682)	(5,061,868)
Other noncurrent assets	(13,742,691)	3,963,334
Net cash used in investing activities	**(42,893,548)**	**(54,168,428)**

(forward)

	March 31, 2009 (Unaudited)	March 31, 2008 (Audited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Bank loans (Note 10)	-	(10,000,000)
Availments of bank loans (Note 10)	80,000,000	-
Interest paid	(7,154,974)	(6,630,271)
Net cash from (used in) financing activities	**72,845,026**	**(16,630,271)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**152,969,287**	**(50,229,469)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**314,880,357**	**308,873,944**
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	**467,849,644**	**258,644,475**

See accompanying Notes to Consolidated Financial Statements.

PHILIPPINE SEVEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Corporate Information
Philippine Seven Corporation (the Company or PSC) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 29, 1982. The Company and its subsidiaries (collectively referred to as "the Group"), are primarily engaged in the business of retailing, merchandising, buying, selling, marketing, importing, exporting, franchising, acquiring, holding, distributing, warehousing, trading, exchanging or otherwise dealing in all kinds of grocery items, dry goods, food or foodstuffs, beverages, drinks and all kinds of consumer needs or requirements and in connection therewith, operating or maintaining warehouses, storages, delivery vehicles and similar or incidental facilities. The Group is also engaged in the management, development, sale, exchange, and holding for investment or otherwise of real estate of all kinds, including buildings, houses and apartments and other structures.

The Company is controlled by President Chain Store (Labuan) Holdings, Ltd., an investment holding company incorporated in Malaysia, which owns 56.59% of the Company's outstanding shares. The remaining 43.41% of the shares are widely held. The ultimate parent of the Company is President Chain Store Corporation (PCSC, incorporated in Taiwan, Republic of China).

The registered business address of the Company is 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City.

2. **Summary of Significant Accounting Policies and Financial Reporting Practices**

Basis of Preparation
The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale (AFS) financial assets and land, which are carried at fair value and revalued amount, respectively. The consolidated financial statements are presented in Philippine Peso (Peso), which is the Company's functional and presentation currency.

Statement of Compliance
The consolidated financial statements, which were prepared for submission to the SEC, have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

3. **Cash and Cash Equivalents**

	March 2009	**December 2008**
Cash on hand and in banks	467,211,021	314,241,734
Cash equivalents	638,623	638,623
	467,849,644	**314,880,357**

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term placement rates.

4. **Receivables**

	March 2009	December 2008
Franchisee - net	-	76,989,185
Suppliers	23,397,849	61,650,671
Employees	5,393,576	5,137,033
Current portion of lease receivable - net	1,474,623	2,317,248
Insurance claims	575,638	938,402
Due from Philippine Foundation, Inc. (PFI)	-	53,883
Others	3,799,363	7,508,265
	34,641,049	**154,594,687**
Less allowance for impairment	8,740,174	8,740,174
	25,900,875	**145,854,513**

The classes of receivables of the Group are as follows:

- Franchisee - pertains to loans by the franchisees at the start of their store operations.
- Suppliers - pertains to receivables from the Group's suppliers for display allowances, annual volume discount and commission income from different service providers.

5. **Inventories**

	March 2009	December 2008
At cost :		
Warehouse merchandise and others	177,050,742	175,581,160
Store merchandise	134,514,765	163,975,225
	311,565,506	339,556,385

6. **Prepayments and Other Current Assets**

	March 2009	December 2008
Input value-added tax (VAT)	135,923,542	66,075,401
Prepaid rent	20,992,317	15,464,928
Advances for expenses	8,202,697	11,077,907
Advances to suppliers	29,343,354	7,847,838
Prepaid taxes and licenses	19,191,756	1,867,481
Current portion of deferred lease	1,519,365	1,519,365
Prepaid uniform	1,172,323	1,045,510
Others	31,723,074	13,048,748
	248,068,428	117,947,178

7. Property and Equipment

Movements in property and equipment are as follows:

MARCH 2009	Land	Buildings and Improvements	Store Furniture and Equipment	Office Furniture and Equipment	Transportation Equipment	Computer Equipment	Leasehold Improvements	Construction In-Progress	Total
Costs/Revalued Amount:									
Beginning balances	**44,481,000**	**106,053,132**	**713,363,611**	**272,075,851**	**26,056,994**	**214,549,222**	**599,133,189**	**15,631,887**	**1,991,344,886**
Additions	–	319,929	76,657,769	7,996,721	375,000	1,398,178	20,080,751	6,988,658	113,817,007
Disposals	–	–	–	–	–	–	(2,539,292)	–	(2,539,292)
Reclassifications	–	–	–	–	–	–	–	–	–
Adjustments	–	(784,574)	(84,931,328)	10,832,473	(2,009)	(6,986,892)	(10,451,592)	–	(92,323,922)
Ending balances	**44,481,000**	**105,588,486**	**705,090,052**	**290,905,046**	**26,429,985**	**208,960,507**	**606,223,056**	**22,620,545**	**2,010,298,679**
Accumulated Depreciation and Amortization:									
Beginning balances	**–**	**49,663,042**	**306,461,568**	**144,210,934**	**16,959,659**	**117,352,566**	**284,655,788**	**–**	**919,303,557**
Depreciation and amortization (Note 19)	–	1,167,948	12,745,474	7,093,258	737,378	9,589,112	13,154,535	–	44,487,705
Disposals	–	–	–	–	–	–	(2,539,292)	–	(2,539,292)
Reclassifications	–	–	–	–	–	–	–	–	–
Adjustments	–	–	–	–	–	–	–	–	–
Ending balances	**–**	**50,830,990**	**319,207,042**	**151,304,192**	**17,697,037**	**126,941,678**	**295,271,031**	**–**	**961,251,970**
Net Book Values	**44,481,000**	**54,757,496**	**385,156,990**	**139,600,854**	**8,732,948**	**82,018,828**	**310,952,026**	**22,620,545**	**1,049,046,709**

DECEMBER 2008	Land	Buildings and Improvements	Store Furniture and Equipment	Office Furniture and Equipment	Transportation Equipment	Computer Equipment	Leasehold Improvements	Construction In-Progress	Total
Costs/Revalued Amount:									
Beginning balances	**44,481,000**	**104,385,538**	**566,198,319**	**240,570,651**	**25,206,994**	**180,499,131**	**492,150,509**	**25,366,630**	**1,678,858,772**
Additions	–	1,667,594	201,696,186	36,387,334	1,100,000	53,602,342	109,934,135	10,708,180	415,095,771
Disposals	–	–	(54,755,870)	(4,882,134)	(250,000)	(19,552,251)	(8,586,937)	(14,582,465)	(102,609,657)
Reclassifications	–	–	224,976	–	–	–	5,635,482	(5,860,458)	–
Ending balances	**44,481,000**	**106,053,132**	**713,363,611**	**272,075,851**	**26,056,994**	**214,549,222**	**599,133,189**	**15,631,887**	**1,991,344,886**
Accumulated Depreciation and Amortization:									
Beginning balances	**–**	**45,179,341**	**307,595,172**	**125,146,623**	**14,406,685**	**96,201,950**	**237,870,843**	**–**	**826,400,614**
Depreciation and amortization (Note 19)	–	4,483,701	52,611,210	23,859,688	2,802,974	40,509,549	55,371,884	– –	179,639,006
Disposals	–	–	(53,744,814)	(4,795,377)	(250,000)	(19,358,933)	(8,586,939)	–	(86,736,063)
Ending balances	**–**	**49,663,042**	**306,461,568**	**144,210,934**	**16,959,659**	**117,352,566**	**284,655,788**	**–**	**919,303,557**
Net Book Values	**44,481,000**	**56,390,090**	**406,902,043**	**127,864,917**	**9,097,335**	**97,196,656**	**314,477,401**	**15,631,887**	**1,072,041,329**

8. Deposits

	March 2009	December 2008
Rent	102,432,241	97,645,367
Utilities	22,489,242	21,766,646
Refundable	9,346,374	9,314,578
Others	5,330,296	3,968,879
	139,598,152	**132,695,470**

9. Other Noncurrent Assets

	March 2009	December 2008
Goodwill	75,590,857	65,567,524
Deferred lease - net of current portion (Note 26)	13,058,023	13,058,023
Software and program cost	10,023,333	10,778,423
Lease receivable - net of current portion (Note 26)	6,453,041	6,453,041
AFS financial assets	2,314,575	2,314,575
Others	13,577,320	3,300,359
	121,017,149	**101,471,945**

Movements in deferred lease are as follows:

	March 2009	December 2008
Beginning balance	14,577,388	16,479,749
Amortization (Note 26)	–	(1,902,361)
Ending balance	**14,577,388**	**14,577,388**
Less current portion	1,519,365	1,519,365
	13,058,023	**13,058,023**

Software and Program Cost

Movements in software and program cost are as follows:

	March 2009	**December 2008**
Cost		
Beginning balance	*14,214,085*	*7,426,000*
Acquisition	–	*6,788,085*
Ending balance	***14,214,085***	***14,214,085***
Accumulated amortization		
Beginning balance	*3,435,662*	*1,330,536*
Amortization (Note 19)	*755,090*	*2,105,126*
Ending balance	***4,190,752***	***3,435,662***
Net Book Values	***10,023,333***	***10,778,423***

10. **Bank Loans**

Bank loans represent unsecured Peso-denominated short-term borrowings from local banks.

Movements in bank loans are as follows:

	March 2009	**December 2008**
Beginning balance	330,000,000	375,000,000
Availment	80,000,000	40,000,000
Payments	–	(85,000,000)
Ending balance	**410,000,000**	**330,000,000**

11. **Accounts Payable and Accrued Expenses**

	March 2009	**December 2008**
Trade payable	558,282,046	697,108,015
Rent	85,813,002	85,020,970
Employee benefits	13,205,244	22,364,011
Utilities	9,873,232	12,288,794
Outsourced services	5,047,200	5,764,897
Advertising and promotion	5,183,516	4,242,668
Security services	2,172,604	2,395,139
Interest	1,176,361	1,825,689
Bank charges	1,721,200	1,678,000
Others	18,742,021	15,355,584
	701,216,426	**848,043,767**

12. **Other Current Liabilities**

	March 2009	**December 2008**
Non-trade accounts payable	216,711,410	120,494,703
Retention payable	15,071,397	15,129,370
Withholding taxes	11,540,752	11,929,960
Output VAT	68,521,827	10,099,637
Royalty	5,208,590	5,671,223
Current portion of deferred revenue on:		
Exclusivity contract	3,913,691	3,913,691
Finance lease	1,310,151	1,310,151
Others	24,738,363	6,038,237
	347,016,181	**174,586,972**

13. **Stock Dividends**

On June 18, 2008, the Company's BOD approved the recommendation for a stock dividend declaration corresponding to 10% of the outstanding common shares of the Company of 237,252,000 shares or equivalent of 23,725,200 common shares (Note 28).

On July 17, 2008, at least 2/3 of the Company's stockholders approved the stock declaration corresponding to 10% of the outstanding common shares and the issuance of 23,725,200 common shares with par value of 1 amounting to 23,725,200. Record date of entitlement is August 15, 2008.

Movement in the number of shares issued and outstanding in 2008 is as follows:

Beginning balance	237,938,250
Issuance of stock dividend	23,725,200
Ending balance	261,663,450

14. **Cost of Merchandise Sales**

	March 2009	March 2008
Merchandise inventory, beginning	P 339,556,385	323,973,849
Net purchases	950,551,737	835,377,448
	1,290,108,122	**1,159,351,297**
Less merchandise inventory, ending	311,565,506	252,094,122
	978,542,616	**907,257,175**

15. **General and Administrative Expenses**

	March 2009	March 2008
Communication, light and water	86,801,097	73,489,498
Rent	75,740,809	64,974,362
Outside services	68,525,055	58,843,245
Personnel costs	73,879,906	78,721,429
Depreciation and amortization	44,487,705	39,092,967
Trucking services	15,356,623	14,822,795
Supplies	10,919,767	12,726,076
Royalties	16,188,704	14,407,771
Advertising and promotion	16,065,431	13,453,207
Repairs and maintenance	12,664,831	11,989,481
Taxes and licenses	16,827,409	14,875,434
Warehousing services	10,529,372	10,347,781
Transportation and travel	4,358,825	3,506,003
Entertainment, amusement and recreation	2,000,137	1,292,503
Inventory losses	8,377,158	9,021,430
Provision for impairment of receivables	-	-
Insurance	1,013,589	911,566
Dues and subscription	920,717	1,044,229
Amortization of software and program costs	755,090	415,599
Loss on accounts written off	-	-
Others	4,903,336	4,494,710
	470,315,561	**428,430,086**

16. **Marketing Income**

	March 2009	**March 2008**
Display charges	10,090,117	13,486,594
Promotions	8,749,500	5,723,214
Marketing support funds	4,233,589	2,679,829
	23,073,207	**21,889,637**

17. **Interest Expense**

	March 2009	**DMarch 2008**
Interest on:		
Bank loans	7,051,879	6,538,711
Guaranteed preferred dividends	103,095	91,560
	7,154,974	**6,630,271**

18. **Basic/Diluted Earnings Per Share**

		March 2009	March 2008
a.	Net income	**13,267,825**	**5,583,961**
b.	Weighted average number of shares outstanding	**261,663,450**	**261,663,450**
c.	Less weighted average number of shares held in treasury	**686,250**	**686,250**
d.	Weighted average number of shares outstanding **(b-c)**	**260,977,200**	**260,977,200**
e.	Basic/diluted earnings per share **(a/d)**	**0.05**	**0.02**

The Group does not have potentially dilutive common shares as of March 31, 2009 and March 31, 2008. Thus, the basic earnings per share is equal to the diluted earnings per share as of those dates.

The Group's outstanding common shares increased from 237,938,250 to 261,663,450 as a result of stock dividend issuance equivalent to 23,725,200 common shares approved on June 18, 2008. Therefore, the calculation of basic/diluted earnings per share for all periods presented has been adjusted retrospectively.

19. **Financial Instruments Recognition and Measurement Disclosures (PAS 39 and PFRS 7)**

The following table summarizes the carrying value and fair value of the Group's financial assets and financial liabilities per class as of March 31, 2009 and December 31, 2008:

	AS OF MARCH 31, 2009		**AS OF DECEMBER 31, 2008**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
FINANCIAL ASSETS				
Loans and Receivables				
Cash and cash equivalents				
Cash	467,211,021	467,211,021	314,241,734	314,241,734
Cash equivalents	638,623	638,623	638,623	638,623
	467,849,644	**467,849,644**	**314,880,357**	**314,880,357**
Receivables:				
Franchisee	0	0	76,989,185	76,989,185
Suppliers	16,792,808	16,792,808	55,045,630	55,045,630
Employees	5,393,576	5,393,576	5,137,033	5,137,033
Current portion of lease receivable	1,474,623	1,474,623	2,317,248	2,328,007
Insurance claims	575,638	575,638	938,402	938,402
Due from PFI	0	0	53,883	53,883
Others	1,664,229	1,664,229	5,373,132	5,373,132
	25,900,875	**25,900,875**	**145,854,513**	**145,865,272**
Deposits:				
Utilities	22,489,242	22,489,242	21,766,646	21,766,646
Refundable	9,346,374	9,346,374	9,314,578	11,883,424
Others	5,330,296	5,330,296	3,968,879	3,968,879
	37,165,912	**37,165,912**	**35,050,103**	**37,573,766**
Other noncurrent assets - lease receivable - net of current portion	6,453,041	6,405,327	6,453,041	6,405,327

(Forward)

Total Loans and Receivables	**537,369,472**	**537,321,758**	**502,238,014**	**504,724,722**
AFS Financial Assets	2,314,575	2,314,575	2,314,575	2,314,575
TOTAL FINANCIAL ASSETS	**539,684,047**	**539,636,333**	**504,552,589**	**507,039,297**
FINANCIAL LIABILITIES				
Other Financial Liabilities				
Bank loans	410,000,000	410,000,000	330,000,000	330,000,000
Accounts payable and accrued expenses:				
Trade payable	558,282,046	558,282,046	697,108,015	697,108,015
Rent	85,813,002	85,813,002	85,020,970	85,020,970
Employee benefits	13,205,244	13,205,244	22,364,011	22,364,011
Utilities	9,873,232	9,873,232	12,288,794	12,288,794
Outsourced services	5,047,200	5,047,200	5,764,897	5,764,897
Advertising and promotion	5,183,516	5,183,516	4,242,668	4,242,668
Security services	2,172,604	2,172,604	2,395,139	2,395,139
Interest	1,176,361	1,176,361	1,825,689	1,825,689
Bank charges	1,721,200	1,721,200	1,678,000	1,678,000
Others	18,742,021	18,742,021	15,355,584	15,355,584
	701,216,426	**701,216,426**	**848,043,767**	**848,043,767**
Other current liabilities:				
Non-trade accounts payable	216,711,410	216,711,410	120,494,703	120,494,703
Retention payable	15,071,397	15,071,397	15,129,370	15,129,370
Royalty	5,208,590	5,208,590	5,671,223	5,671,223
Others	24,738,365	24,738,365	6,038,237	6,038,237
	261,729,762	**261,729,762**	**147,333,533**	**147,333,533**
Cumulative redeemable preferred shares	6,000,000	6,000,000	6,000,000	6,000,000
TOTAL FINANCIAL LIABILITIES	**1,378,946,188**	**1,378,946,188**	**1,331,377,300**	**1,331,377,300**

Fair Value Information

Current financial assets and financial liabilities

Due to the short-term nature of the transactions, the fair value of cash and cash equivalents, receivables (except for lease receivables), accounts payable and accrued expenses and other current liabilities approximates carrying amount as of balance sheet date.

Lease receivables

The fair value of lease receivable is determined by discounting the sum of future cash flows using the prevailing market rates for instruments with similar maturities as of December 31, 2008 and 2007, which is 6.63% and 5.97%, respectively.

Utility and other deposits

The fair value of utility and other deposits approximates its carrying value at it earn interest based on repriced market conditions.

Refundable deposits

The fair value of deposits is determined by discounting the sum of future cash flows using the prevailing market rates for instruments with similar maturities as of December 31, 2008 and 2007 ranging from 6.73% to 9.52% and 5.86% to 7.61%, respectively.

AFS financial assets

The fair value of unquoted available-for-sale financial assets is not reasonably determinable, thus, balances are presented at cost.

Bank loans
The carrying value approximates fair value because of recent and monthly repricing of related interest based on market conditions.

Cumulative redeemable preferred shares
The carrying value approximates fair value because corresponding dividends on these shares that are charged as interest expense in the consolidated statement of income are based on recent treasury bill rates repriced annually at yearend.

PHILIPPINE SEVEN CORPORATION
RECEIVABLE FROM SUPPLIERS
AS OF MARCH 31, 2009

SUPPLIER NAME	MARCH BALANCE	TOTAL	JAN-MAR 61-90 DAYS	OCT-DEC 91 - 180 DAYS	JUL-SEP 181 - 270 DAYS	APR-JUN 270-360 DAYS	2006 PRIOR OVER 360 DAYS
COCA COLA BOTTLERS PHILS. INC. (CCK)	26,247	26,247		26,247			
CITIBANK	624,867	624,867	624,867				
GATE DISTRIBUTION	295,944	295,944	109,554	14,967	20,776	22,384	128,263
SODEXHO PASS	2,969,022	2,969,022	2,969,022				
SMB	690,890	690,890					690,890
UNILEVER	1,394,089	1,394,089	497,653	524,978		14,927	356,531
PEEL A MILLION PROMO	260,198	260,198				656	259,542
SIKSIK MEAL PROMO	1,643,738	1,643,738	1,477,146	113,710	346	52,536	
SKY CABLE PROMO	11,250	11,250		4,380	6,870		
SNICKER SLURPEE TIE-UP PROMO	15,610	15,610		15,095	515		
JUMBO HOTDOG DORITOS COMBO PROM	7,436	7,436		2,590	4,846		
HOLIDAY SURPRIZE PROMO	(422,475)	(422,475)	(422,475)				
BIG BITE GULP DRINK PROMO	340,345	340,345	340,345				
BIG BIT COMBO PROMO	2,796,822	2,796,822	2,796,822				
OCTOBER TRIPLE TREATS	4,389	4,389		4,389			
FREE TEQUILA BIG SHOTS PROMO	156	156	156				
IOUs SUPPLIERS' NIGHT	2,477	2,477	2,477				
PEPSI SUPPORT ON TROPICANA TWISTER	231,542	231,542					231,542
XMAS DÉCOR SPONSORED BY PEPSI	233,504	233,504					233,504
DEL MONTE PHILS	100	100					100
REVICON-ION	570	570					570
Wrigley Philippines, Inc.	812,500	812,500					812,500
CONVENIENCE DISTRIBUTION INC. - VAR	645,984	645,984					645,984
ANNUAL VOLUME DISCOUNTS (VARIOUS	7,277,208	7,277,208	7,277,208				
Aquasoft Water System Inc. (AWS)(	504,071	504,071	504,071				
Asset Marketing Corporation	361,678	361,678	361,678				
Beljar Traders Inc. (BTI)	235,986	235,986	235,986				
Canasia Traders, Inc. (CAN)	58,969	58,969	58,969				
Extended Distribution Corporation	152,770	152,770	152,770				
Filgen Business Solution, Inc. [FBS]	50,177	50,177	50,177				
King Ventures Distribution, Inc. [KVI]	23,461	23,461	23,461				
Kodak Philippines, Ltd. [KPL]	1,169,507	1,169,507	1,169,507				
Marby Food Ventures Corporation	93,643	93,643	93,643				
Pac-A Cham Marketing Corporation [PA1]	27,118	27,118	27,118				
Palmafil Trading Co.	144,280	144,280	144,280				
Peerless Products Manufacturing Corp. [PPM]	62,694	62,694	62,694				
Philip Morris	(385,950)	(385,950)	(385,950)				
Richmarsh Industrial Trade Corporation [RIT]	763,023	763,023	763,023				
Whistle Incorported [WHI]	274,011	274,011	274,011				
TOTAL: AR SUPPLIERS	**23,397,849**	**23,397,849**	**19,208,212**	**706,356**	**33,353**	**90,503**	**3,359,426**

Management's Discussion and Analysis of Financial Condition and Results of Operations for the First Quarter Ended March 31, 2009 and 2008

SELECTED FINANCIAL DATA

	Q1 2009	Q1 2008
(amount in thousands, except EPS)		
SYSTEM WIDE SALES	1,627,967	1,450,733
Statement of Income Data:		
Revenue and other income		
Sales of merchandise	1,364,896	1,263,550
Commission Income	5,275	4,952
Others (Net)	106,580	86,135
Cost and expenses		
General & Administrative Expenses	(470,316)	(428,430)
Interest Expense	(7,155)	(6,630)
Cost of merchandise sold	(978,543)	(907,257)
Net income	13,268	5,584
Earnings per share	0.05	0.02
Other Data:		
Net cash from operating activities	123,018	20,569
Net cash used in investing activities	(42,894)	(54,168)
Net cash from (used in) financing activities	72,845	(16,630)
Balance Sheet Data:		**FY 2008**
Total assets	2,396,983	2,264,186
Total liabilities	1,631,603	1,512,074
Total stockholders' equity	765,380	752,112

OVERVIEW

Philippine Seven Corporation (PSC) operates the largest convenience store network in the country. It acquired from 7-Eleven Inc. of Dallas, Texas the license to operate 7-Eleven stores in the Philippines on December 13, 1982. Operations commenced with the opening of its first store on February 29, 1984. Considering the country's economic condition in the early 80's, the Company grew steadily in the first few years of its existence. In 1993, PSC, encouraged by the resilient economy, stepped up its rate of expansion.

As of March 31, 2009, PSC has grown to 371 stores. It is sustained by a manpower complement of 1,004 employees engaged in store operations and in various support service units. Despite the growing competition in the C-store (Convenience Store) business, the Company maintains its leadership in the industry.

7-Eleven derives its revenues principally from retail of merchandise, commission on services and franchising activities. Its primary expenditures consist of cost of goods, general and administrative expenses, interest and income taxes.

PSC seeks to meet the needs of convenience customers and maintain a leadership position in the C-store industry by taking advantage of economies of scale, technology, people and a widely recognized brand. Its vision is to be the best retailer of convenience in emerging markets.

THREE MONTHS ENDED MARCH 31, 2009 COMPARED TO THREE MONTHS ENDED MARCH 31, 2008

PSC ended the first quarter with 371 stores, a 17% increase compared to the previous year's level of 318. Moreover, the aggregate number of franchised stores reached 203 and this accounted for 55% of total operating stores. The increasing store base has driven this quarter's profitability amidst the challenges posed by the global economic slowdown.

7-Eleven is working to optimize the earnings of its stores by improving merchandise assortment and ensuring stock availability. It also aims to open new stores in strategic locations to further strengthen its foothold in the markets where it is present. The Company also continues to evaluate the performance of stores that dragged profitability. In the first quarter, 7 new stores were opened and 4 underperforming stores were closed. These efforts are geared towards the goal of the organization of enhancing shareholder value.

Revenues and Other Income
Revenues

For the first three months of 2009, PSC registered an 8 percent growth in revenues from merchandise sold to P1.36 billion at the end of the current quarter from P1.26 billion in the same period last year. The Company attributes the growth in sales to the continuous expansion of its store network.

System wide sales, which represents the overall retail sales to customers of company and franchise operated stores reached P1.63 billion in Q1 2009 vis-à-vis P1.45 billion in Q1 2008 or an increase of 12%.

Commissions earned from the services category grew by 6.5 percent to P 5.3 million.

On the other hand, gross profit reached P386 million, P30 million higher compared to the P356 million registered in the same period last year. Gross margin is pegged at about 28%, almost the same with the previous year. Further, aggregate

merchandise transfers to franchised stores reached P338 million, up by 23% from P275 million in Q1 2008.
Other Income

Other income consists mainly of marketing income, franchise revenues and rent income. Total other income for the period up to March went up by 22% to P104 million.

Franchise revenue rose to P72 million from P53 million in Q1 2008 as a result of the increased number of franchise operated stores. Franchise fees amounted to P9 million and P6.3 million in the first quarter of 2009 and 2008, respectively, and franchise revenues increased to P63 million. Rent income went down by 12% partly due to the decrease in occupancy rate during the period.

Cost and Expenses

Operating expenses in Q1 2009 totaled P470 million and is 9.8% higher than last year. Ratio of operating expenses to sales stood at 34.5% and 33.9% in Q1 2009 and Q1 2008, respectively.

Communication, light and water which accounted for 18.5% of the total OPEX in Q1 2009 is the highest contributor. This is followed by lease expense with 16.0% and personnel cost, accounting for 15.7% of the total.

In the first quarter, personnel costs declined to P73.9 million from P78.7 million last year. Ratio to sales revenue is 5% and 6%, respectively. Personnel costs include salaries and wages at P40.6 million, employee benefits at P31.1 million and retirement benefits at P2.2million.

Communication, light and water amounted to P86.8 million or 6.4% of total sales revenue and are higher than last year's rate of 5.8%.

Moreover, depreciation and amortization expense posted an increase of 14% or P5.4 million as a result of the allocation of the cost of capital expenditures, pertaining to new stores, over its estimated useful life.

Interest Expense

Interest expense paid for during the period reached P7.2 million, higher than last year's level of P6.6 million. This was attributed to the increase in short term loans from P330 million in 2008 to P410 million as of March 31, 2009.

Net Income

Net Income generated during the first three months of 2009 reached P 13.3 million, an improvement compared to the P 5.6 million earned in the first quarter of 2008.

The better results in the current year can be attributed to the aggregate growth in revenues complimented by effective cost management.

Liquidity and Capital Resources

The Company obtains the majority of its working capital from these sources:

- Cash flows generated from retailing operations and franchising activities
- Borrowings under our revolving credit facility

PSC believes that cash provided by operating activities and available credit extended by various banks will provide sufficient liquidity in 2009 to fund its capital expenditures and meet is maturing obligations. The following are the discussion of the sources and uses of cash for the 1Q 2009.

Cash Flows from Operating Activities

Net cash generated by operating activities reached P123 million compared to P20.6 million in Q1 2008. The higher recurring cash flow was due to improved profitability during the period.

In addition, receivables from suppliers and franchisees went down by P120 million as a result of collection of annual rebates and promo support and reduction of cash held by franchisees. At the end of 2008, receivables from franchisees substantially grew due to the higher cash sales that remained undeposited because of the long holiday weekend that led to reduced banking days.

Moreover, inventories decreased but at a slower pace compared with the previous period. Settlement of trade and non-trade payables accounted for bulk of the cash outflow.

Cash Flows from Investing Activities

Net cash used in investing activities is lower at P42.9 million in the current quarter compared to P54.2 million in Q1 2008. Major cash outlay went to the procurement of store equipment and construction of new stores.

Majority of the Company's commitments for capital expenditures for the year are for new store constructions and acquisition of revenue generating assets. Funds that will finance these expenditures are expected to come from the anticipated increase in cash flows and from additional borrowings if the need for such may arise.

Cash Flows from Financing Activities

Financing activities provided net cash inflow of P72.8 million due to loan availment and debt servicing cost. Proceeds of loan were used to fund capital expenditures and for general corporate purposes.

Financial Condition

Cash and cash equivalents in 2009 increased to P467.8 million from P314.9 million at the beginning of the year. This was driven mainly by improved profitability as substantial portion of earnings are realized in cash.

Receivables, on the other hand, went down by P120 million as well as inventories, which reflected a decrease of P28 million due mainly to the increasing number of franchise operated stores.

As a result of the changes in major accounts, current assets had a net increase of P135 million for the period up to March and aggregated P1.05 billion or 15% higher from the beginning of the year.

Property and equipment, net of accumulated depreciation decreased by P23 million because of the changes made in accounting estimate that brought down the estimated useful life of assets. This was made in order to better reflect the true economic life of the asset.

Total current liabilities increased by P106 million or 8%. This is primarily due to the increase in bank loans and other current liabilities arising from capital expenditures. Current ratio stood at .71 to1 as of March this year against .67 to 1 at the beginning of the year.

Stockholders' equity at the end of March comprises 32% of total assets, compared to 33% at the beginning of the year. Consequently, debt to equity ratio is 2.1 to 1, from 2.0 to 1 at the end of 2008.

DISCUSSION OF THE COMPANY'S KEY PERFORMANCE INDICATORS

System Wide Sales

System-wide sales represents the overall retail sales to customers of corporate and franchise-operated stores.

Sales per Store Day

Average daily sales of mature and new stores computed periodically and determine growth of all stores.

Gross Margin

This is the ratio of sales, less cost of sales but before considering selling and general expense, other income and income deduction over sales and expressed in terms of percentage.

Return on Sales (ROS)

Measures the level of recurring income generated by continuing operations relative to revenues and is calculated by dividing net income over sales.

Return on Equity (ROE)

The ratio of the net income over stockholders' equity and indicates the level of efficiency with which a company utilizes owners' capital.

Discussion and Analysis of Material Events and Uncertainties

1. There were no known trends, events and uncertainties that will have a material impact on liquidity after the balance sheet date except for the uncertainties related to the potentially adverse effect of the global financial crisis on the local economy.

2. The effect of higher inflation and widening credit spread on interest rates will not trigger a direct or contingent financial obligation to the Company since the loan it availed from local banks are short term in nature and subjected to periodic repricing that is at par with the prevailing market rates.

3. There were no material off-balance sheet transactions, arrangements and obligations of the Company with unconsolidated entities during the reporting period.

4. The Company's commitment for capital expenditures in 2009 amounts to Php 350.0 million. Bulk of the said amount will be spent on construction of new stores, acquisition of store and computer equipment. Financing of the capital expenditures will come mainly from internal funds and the rest from bank loans.

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.

Registrant: **PHILIPPINE SEVEN CORPORATION**

Jose Victor P. Paterno
President