

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

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

1. For the quarterly period ended June 30, 2011
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. Address of issuer's principal office 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
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
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<u>Common</u>	<u>2,500,000,000</u>
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11. Are any or all of the securities listed on a Stock Exchange?

Yes [x] No []

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

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

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

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

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

SIGNATURES

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

Issuer: A. SORIANO CORPORATION

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

Date: August 11, 2011

Principal Financial/Accounting Officer/Controller:
Signature and Title


(Sgd.) NARCISA M. VILLAFIOR
VP – Comptroller

Date: August 11, 2011

SECForm17-Q
August 11, 2011

SEC FORM 17 – Q

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

	PAGE NO.
Item 1. Financial Statements	
Consolidated Balance Sheets	1 - 2
Consolidated Statements of Income	3
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Changes in Equity	5
Consolidated Statements of Cash Flows	6 - 7
Parent Company Balance Sheets	8
Parent Company Statements of Income	9
Parent Company Statements of Comprehensive Income	10
Parent Company Statements of Changes in Equity	11
Parent Company Statements of Cash Flows	12 - 13
Notes to Consolidated Financial Statements	
1. Segment Information	14 - 15
2. Accounting Policies	16 - 20
3. Financial Risk Management Objectives and Policies	21 - 24
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation	
Notes to Consolidated Financial Statements	
4. Business Combination	24 - 26
5. Financial Condition	26 - 28
6. Results of Operation	29 - 30
7. Cash flows	30
8. Other Financial Information	30 - 31
9. Subsidiaries and Affiliates	31 - 32

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	2011	2010
	June 30	December 31
	(Note 1)	
ASSETS		
Current Assets		
Cash and cash equivalents	1,188,456	2,188,124
Fair value through profit and loss (FVPL) investments	688,576	817,657
Receivables	280,378	230,447
Inventories	78,355	15,909
Prepayments and other current assets	107,390	66,280
Total Current Assets	2,343,154	3,318,417
Noncurrent Assets		
Available for sale (AFS) investments	7,732,911	6,213,533
Investments and advances	655,858	942,753
Investment properties	216,432	260,483
Property, plant and equipment	884,604	143,178
Goodwill	610,725	510,905
Other noncurrent assets	26,560	41,034
Total Noncurrent Assets	10,127,090	8,111,886
TOTAL ASSETS	12,470,245	11,430,303
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	128,154	64,394
Accounts payable and accrued expenses	299,129	257,441
Dividends payable	134,856	134,856
Income tax payable	6,081	3,618
Current portion of long-term debt	5,416	10,960
Total Current Liabilities	573,637	471,269
Noncurrent Liabilities		
Advances from customer	192	22,142
Long-term debt – net of current portion	96,433	10,960
Deferred revenues	79,594	80,143
Deferred income tax	42,416	8,228
Retirement benefits payable	32,397	23,343
Total Noncurrent Liabilities	251,032	144,815
Total Liabilities	824,669	616,084

	2011	2010
	June 30	
	(Note 1)	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	2,653,334	2,650,947
Cumulative translation adjustment	(70,406)	(68,240)
Equity reserve on acquisition of minority interest	(26,357)	(26,357)
Other Reserve	2,868	-
Retained earnings	6,524,856	5,972,638
	13,158,400	12,603,092
Less cost of shares held by a subsidiary	1,830,762	1,827,024
	11,327,638	10,776,067
Noncontrolling interests	317,938	38,151
Total Equity	11,645,576	10,814,219
TOTAL LIABILITIES AND EQUITY	12,470,245	11,430,303

Note1: Included line by line consolidation of assets and liabilities of Seven Seas Resorts and Leisure, Inc. as of June 30, 2011.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2011 (Note 2)	2010	2011 (Note 2)	2010
REVENUES				
Services	562,316	433,640	293,538	204,754
Dividend income	179,054	89,156	171,441	87,249
Hotel revenue	167,880	-	130,597	
Interest income	63,101	51,185	39,225	24,326
Equity in net earnings of associates	50,549	65,236	20,002	27,675
Management fees	18,652	17,019	8,820	8,021
	1,041,551	656,236	663,623	352,024
INVESTMENT GAINS				
Gain on sale of AFS investments	467,501	712,477	107,533	350,721
Gain from sale of investment properties	39,886	-	-	
Gain (Loss) on increase (decrease) in market values of FVPL investments	(1,016)	3,588	26	(16,901)
	506,370	716,065	107,559	333,820
	1,547,921	1,372,301	771,182	685,845
Cost of services rendered	(503,317)	(340,462)	(268,551)	(158,873)
Operating expenses	(326,207)	(199,154)	(195,544)	(83,522)
Foreign exchange gain (loss)	(4,069)	(40,352)	3,116	17,572
Interest expense	(3,389)	(10,727)	(2,593)	(5,166)
Recoveries (valuation allowances) - net	6,651	-	4,945	(12,097)
Other income (expense)	18,540	3,568	11,917	(5,584)
	(811,790)	(587,128)	(446,711)	(247,670)
INCOME BEFORE INCOME TAX	736,131	785,174	324,471	438,174
PROVISION FOR INCOME TAX - net	23,874	24,152	13,226	29,821
NET INCOME	712,257	761,022	311,245	408,353
Attributable to:				
Equity holdings of the parent	708,404	757,429	307,538	407,586
Minority interest	3,853	3,593	3,707	767
	712,257	761,022	311,245	408,353
EARNINGS PER SHARE - basic, for net income attributable to equity holdings of the parent	0.54	0.58	0.24	0.31

Note 2: Included line by line consolidation of revenue and expense accounts of Seven Seas Resorts and Leisure, Inc. effective March 1, 2011.

A. SORIANO CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2011	2010	2011	2010
NET INCOME FOR THE PERIOD	712,257	761,022	311,245	408,353
OTHER COMPREHENSIVE INCOME				
Gain (loss) on increase (decrease) in market value of AFS investments	(9,040)	1,286,232	359,949	740,489
Cumulative translation adjustments	(2,166)	2,258	3,376	15,933
Income tax effect	11,427	16,236	7,096	26,624
OTHER COMPREHENSIVE INCOME	222	1,304,726	370,421	783,046
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	712,479	2,065,749	681,666	1,191,399

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousand pesos)

	Attributable to equity holders of the parent									
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest	Other Reserve	Unrealized Valuation Gains (Loss) on AFS Investments	Cumulative Translation Adjustment	Retained Earnings	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2009	2,500,000	1,574,104	(26,357)	-	656,731	(30,974)	4,297,532	(1,517,163)	35,926	7,489,799
Total comprehensive income for the period	-	-	-	-	1,302,468	2,258	757,429	-	3,593	2,065,748
Cash dividends –net of dividends on common shares held by a subsidiary amounting to P106.0 million	-	-	-	-	-	-	(144,048)	-	-	(144,047)
Share repurchased during the period	-	-	-	-	-	-	-	(305,836)	-	(305,836)
Movement in noncontrolling interests	-	-	-	-	-	-	-	-	6	6
Balance at 06/30/2010	2,500,000	1,574,104	(26,357)	-	1,959,199	(28,716)	4,910,913	(1,822,999)	39,525	9,105,669
Balance at 12/31/2010	2,500,000	1,574,104	(26,357)	-	2,650,947	(68,240)	5,972,638	(1,827,024)	38,151	10,814,219
Total comprehensive income (loss) for the period	-	-	-	-	2,387	(2,166)	708,404	-	3,853	712,479
Cash dividends- net of dividends on common shares held by a subsidiary amounting to P143.8 million	-	-	-	-	-	-	(156,186)	-	-	(156,186)
Share repurchased during the period	-	-	-	-	-	-	-	(3,737)	-	(3,737)
Acquisition of noncontrolling interest	-	-	-	2,868	-	-	-	-	275,601	278,470
Movement in noncontrolling interests	-	-	-	-	-	-	-	-	332	332
Balance at 06/30/2011	2,500,000	1,574,104	(26,357)	2,868	2,653,334	(70,406)	6,524,856	(1,830,762)	317,938	11,645,576

A. SORIANO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2011	2010	2011	2010
	(Note 3)		(Note 3)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	736,131	785,174	324,471	438,174
Adjustment for:				
Depreciation and amortization	46,976	26,874	29,705	10,552
Foreign exchange loss (gain)	4,069	40,352	(3,116)	(17,572)
Interest expense	3,389	10,727	2,593	5,166
Gain on sale of AFS investments	(467,501)	(712,477)	(107,533)	(350,721)
Dividend income	(179,054)	(89,156)	(171,441)	(87,249)
Interest income	(63,101)	(51,185)	(39,225)	(24,326)
Equity in net earnings of associates	(50,549)	(65,236)	(20,002)	(27,675)
Gain on sale of investment properties	(39,886)	-	-	-
Valuation allowances (recoveries) - net	(6,651)	-	(4,945)	12,097
Gain from fair value adjustment on net assets of acquired subsidiary	(4,880)	-	-	-
Loss (gain) on decrease (increase) in market values of FVPL investments	1,016	(3,588)	(26)	16,901
Operating income (loss) before working capital changes	(20,040)	(58,515)	10,480	(24,652)
Decrease (increase) in:				
FVPL investments	124,257	108,142	33,538	20,156
Receivables	(20,976)	7,274	(16,707)	193,091
Inventories	(14,549)	(2,335)	(6,423)	(1,864)
Increase (decrease) in:				
Accounts payable and accrued expenses	(98,494)	(1,674)	(54,395)	(2,197)
Retirement benefits payable	(5,713)	-	(6,031)	-
Advances from customers	(21,950)	619	(2,130)	392
Net cash generated from (used in) operations	(57,464)	53,511	(41, 667)	184,926
Dividend received	224,654	121,156	217,041	119,249
Interest received	62,836	50,107	38,800	23,687
Interest paid	(3,389)	(10,727)	(2,593)	(5,166)
Income taxes paid	(17,316)	(1,030)	(11,690)	(714)
Net cash flows from operating activities	209,320	213,017	199,892	321,982
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of subsidiary, net of cash acquired	(141,759)		(66,635)	-
Proceeds from the sale of:				
AFS investments	2,080,826	2,052,664	1,092,252	1,089,330
Investment properties	111,455	-	-	-
Addition to:				
AFS investments	(3,141,666)	(1,583,184)	(1,343,903)	(723,639)
Property and equipment	(68,713)	(6,194)	(135,431)	(1,259)
Investments properties	-	(2,204)	-	-
Decrease (increase) in:				
Other assets	43,563	(28,013)	2,869	(16,110)
Advances to affiliates	61,406	11,904	(7,052)	5,411
Net cash flows from (used in) investing activities	(1,054,890)	444,974	(457,901)	353,732

	Periods Ended June 30		Quarters Ended June 30	
	2011		2011	
	(Note 3)	2010	(Note 3)	2010
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of notes payable	23,761	(136,128)	21,050	(260,859)
Payment of:				
Long-term debt	(23,883)	(3,669)	(11,848)	(73)
Dividends	(156,186)	(144,048)	-	(144,048)
Company shares purchased by a subsidiary	(3,737)	(305,836)	(3,535)	(302,857)
Increase (decrease) in:				
Deferred revenue	(548)	201	197	2,084
Minority interest	(1,323)	6	(1,495)	1,471
Net cash flows from (used in) financing activities	(161,916)	(589,473)	4,370	(704,283)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS				
	7,818	(21,623)	8,671	(7,235)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(999,668)	46,894	(244,968)	(35,803)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,188,124	594,527	1,433,424	677,225
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,188,456	641,422	1,188,456	641,422

Note 3: Cash flow included the four months cash operation of Seven Seas Resorts and Leisure, Inc.

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

	2011	2010
	June 30	December 31
ASSETS		
Cash and Cash Equivalents	1,038,730	2,129,518
Fair Value through Profit and Loss (FVPL) Investments	682,023	810,900
Available for Sale (AFS) Investments	7,557,912	6,040,049
Receivables - net	63,970	58,636
Investments and Advances- net	2,539,704	2,246,514
Investment Property - net	-	72,537
Property and Equipment - net	43,618	47,641
Other Assets	792	285
TOTAL ASSETS	11,926,748	11,406,079
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	134,856	134,856
Dividends Payable	68,404	94,119
Accounts Payable and Accrued Expenses	206,234	66,453
Due to Affiliates	11,784	11,784
Total Liabilities	421,278	307,212
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	2,619,443	2,614,380
Retained Earnings	4,796,228	4,394,687
Total Equity	11,505,470	11,098,866
TOTAL LIABILITIES AND EQUITY	11,926,748	11,406,079

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2011	2010	2011	2010
REVENUES				
Dividend income	224,654	121,156	217,041	82,449
Interest Income	60,869	49,348	38,009	23,419
Management fees	17,735	15,097	8,300	7,062
	303,257	185,601	263,351	112,930
INVESTMENT GAINS				
Gain on sale of AFS investments	467,501	711,702	107,533	350,721
Gain on sale of investment property	39,886	-	-	-
Gains (losses) on increase (decrease) in market values of FVPL investments	(863)	3,526	154	(16,887)
	506,523	715,228	107,687	333,835
	809,780	900,830	371,038	446,765
Operating expenses	(104,709)	(73,102)	(48,156)	(30,533)
Foreign exchange gain (loss)	(6,557)	(39,330)	1,270	18,970
Interest expense	(284)	(9,393)	(172)	(4,655)
Other income (expense)	15,746	282	13,903	(12,185)
	(95,804)	(121,543)	(33,154)	(28,402)
INCOME BEFORE INCOME TAX	713,976	779,287	337,884	418,362
PROVISION FOR INCOME TAX – NET	12,436	15,946	7,397	26,317
NET INCOME	701,541	763,341	330,487	392,045
Earnings Per Share*	0.28	0.31	0.13	0.16

* Based on outstanding shares of 2,500,000,000 in 2011 and 2010.

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2011	2010	2011	2010
NET INCOME FOR THE PERIOD	701,541	763,341	330,487	392,045
OTHER COMPREHENSIVE INCOME				
Gain (loss) on increase (decrease) in market value (AFS) investments	(6,091)	1,281,880	360,538	735,387
Income tax effect	11,154	15,719	6,919	26,317
OTHER COMPREHENSIVE INCOME	5,063	1,297,599	367,458	761,703
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	706,604	2,060,940	697,944	1,153,749

A. SORIANO CORPORATION

PARENT 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 12/31/2009	2,500,000	1,589,800	634,073	2,977,450	7,701,322
Cash dividends	-	-	-	(250,000)	(250,000)
Comprehensive income for the period	-	-	1,297,599	763,341	2,060,940
Balance at 06/30/2010	2,500,000	1,589,800	1,931,671	3,490,791	9,512,262
Balance at 12/31/2010	2,500,000	1,589,800	2,614,380	4,394,687	11,098,866
Cash dividends	-	-	-	(300,000)	(300,000)
Comprehensive income for the period	-	-	5,063	701,541	706,604
Balance at 06/30/2011	2,500,000	1,589,800	2,619,443	4,796,228	11,505,470

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2011	2010	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	713,976	779,287	337,884	418,362
Adjustment for:				
Net foreign exchange loss (gain)	6,557	39,330	(1,270)	(18,970)
Depreciation and amortization	5,152	7,427	2,098	3,614
Loss (gain) on decrease (increase) in market values of FVPL investment	863	(3,526)	(154)	16,887
Interest expense	284	9,393	172	4,655
Gain on sale of AFS investments	(467,501)	(711,702)	(107,533)	(350,721)
Dividend income	(224,654)	(121,156)	(217,041)	(82,449)
Interest income	(60,869)	(49,348)	(38,009)	(23,419)
Gain on sale of investment property	(39,886)	-	-	-
Provision for valuation allowances (recoveries) - net	(6,897)	-	(5,117)	12,263
Operating loss before working capital changes	(72,973)	(50,295)	(28,971)	(19,778)
Decrease(increase) in receivables	(5,334)	21,364	9,882	192,947
Decrease in FVPL investments	124,257	108,159	33,599	20,317
Increase (decrease) in accounts payable and accrued expenses	(25,715)	1,853	(33,065)	(3,418)
Net cash generated (used in) operations	20,234	81,081	(18,555)	196,904
Dividend received	224,654	121,156	217,041	119,249
Interest received	60,330	48,270	37,448	22,780
Interest paid	(284)	(9,393)	(172)	4,655)
Income tax paid	(1,281)	(227)	(478)	-
Net cash flows from operating activities	303,653	240,887	235,285	334,277
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	2,080,826	2,036,676	1,092,252	1,081,259
Investment property	111,455	-	-	-
Additions to:				
AFS investments	(3,136,094)	(1,552,130)	(1,340,194)	(692,585)
Long-term investments	(255,901)	-	(66,635)	-
Property and equipment	(162)	(75)	(43)	-
Increase in:				
Advances to affiliates	(35,509)	(101,716)	(29,452)	(95,554)
Other assets	(507)	(131)	856	(22)
Net cash flows from (used in) investing activities	(1,235,893)	382,625	(343,217)	293,098

	Periods Ended June 30		Quarters Ended June 30	
	2011	2010	2011	2010
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of notes payable	-	(128,451)	-	(262,371)
Payment of cash dividends	(300,000)	(250,000)	-	(250,000)
Increase (decrease) in due to affiliates	139,781	(126,622)	(4,021)	(123,745)
Net cash flows used in financing activities	(160,219)	(505,073)	(4,021)	(636,116)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS				
	1,671	(21,976)	4,230	(6,235)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	(1,090,788)	96,463	(107,723)	(14,976)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD				
	2,129,518	474,116	1,146,453	585,555
CASH AND CASH EQUIVALENTS AT END OF PERIOD				
	1,038,730	570,579	1,038,730	570,579

A. SORIANO CORPORATION AND SUBSIDIARIES

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				Total	After Eliminations	
	US-based Nurse/PT Staffing Co**.	Resort Operation	Other Operations (Note 1)	Holding Co. (Parent)		Eliminations	Consolidated
JUNE 30, 2011							
REVENUES	473,434	167,880	235,471	809,780	1,686,565	(138,644)	1,547,921
NET INCOME	(3,867)	4,389	141,980	701,541	844,043	(131,786)	712,257
TOTAL ASSETS	813,304	914,971	933,391	11,926,748	14,588,415	(2,118,170)	12,470,245
INVESTMENT PORTFOLIO *	0	64,445	767,170	10,779,639	11,611,254	(2,317,477)	9,293,778
PROPERTY, PLANT & EQUIPMENT	8,434	594,571	122,776	43,618	769,398	115,205	884,604
TOTAL LIABILITIES	258,732	257,319	1,050,988	421,278	1,988,317	(1,163,648)	824,669
DEPRECIATION AND AMORTIZATION	3,674	25,278	12,872	5,152	46,976	-	46,976

	Before Eliminations				After Eliminations	
	US-based Nurse/PT Staffing Co**.	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	Consolidated
JUNE 30, 2010						
REVENUES	335,185	209,033	900,830	1,445,048	(72,746)	1,372,301
NET INCOME	(30,145)	96,937	763,341	830,133	(69,111)	761,022
TOTAL ASSETS	761,014	720,756	9,895,889	11,377,658	(1,540,655)	9,837,003
INVESTMENT PORTFOLIO *	-	511,111	9,177,610	9,688,721	(1,538,459)	8,150,262
PROPERTY, PLANT & EQUIPMENT	7,908	122,998	51,807	182,714	-	182,714
TOTAL LIABILITIES	159,366	887,087	383,626	1,430,079	(698,746)	731,333
DEPRECIATION AND AMORTIZATION	7,427	15,663	4,526	26,874	-	26,874

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

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

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

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

2. Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended standards and Philippine Interpretations effective January 1, 2010.

- PFRS 3 (Revised), *Business Combinations*, and PAS 27 (Amended), *Consolidated and Separate Financial Statements*, 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. PAS 27 (amended) 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 PAS 27 (amended) must be applied retrospectively, with certain exceptions.
- Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*, 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.

Adoption of these changes in PFRS did not have an impact on the Group’s financial statements:

- Amendment to PFRS 2, *Share-based Payment - Group Cash settled Share-based Payment Transactions*, clarifies the scope and the accounting for group cash-settled share-based payment transactions.
- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*, provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

Improvements to PFRSs

Improvements to PFRSs, an omnibus of amendments to standards, deal primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

Improvements to PFRSs 2008

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, clarifies that when a subsidiary is classified as held for sale, all its assets and liabilities are classified as held for sale, even when the entity remains a non-controlling interest after the sale transaction. The amendment is applied prospectively and has no impact on the financial position or the financial performance of the Group.

Improvements to PFRSs 2009

PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, clarifies that the disclosures required in respect of non-current assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRSs only apply if specifically required for such non-current assets or discontinued operations.

PFRS 8, *Operating Segments*, clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker (CODM). As the Group's CODM does review segment assets and liabilities, the Group has continued to disclose this information in Note 5.

PAS 7, *Statement of Cash Flows*, states that only expenditure that results in recognizing an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of the contingent consideration on the business combination completed in 2010 upon cash settlement.

PAS 36, *Impairment of Assets*, the amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.

Other amendments resulting from the 2009 Improvements to PFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- PFRS 2, *Share-based Payment*
- PAS 1, *Presentation of Financial Statements*
- PAS 17, *Leases*
- PAS 34, *Interim Financial Reporting*
- PAS 38, *Intangible Assets*
- PAS 39, *Financial Instruments: Recognition and Measurement*
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*
- Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*

New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to December 31, 2010

The Group will adopt the following standards and interpretations enumerated below when these become effective subsequent to January 1, 2010. 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 2011

- Amendment to PAS 32, *Financial Instruments: Presentation - Classification of Rights Issues*, amends the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.
- PAS 24 (Amended), *Related Party Disclosures*, clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Group does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government-related entities or for the entire standard.
- Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equities*, clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished.

- Philippine Interpretation IFRIC 14, *Prepayments of Minimum Funding Requirement*, provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset. The amendment should be applied retrospectively but is deemed to have no impact on the financial statements of the Group.

Improvements to PFRSs 2010

The omnibus amendments to PFRSs issued in 2010 were issued primarily with a view to remove inconsistencies and clarify wording. The amendments are effective for annual periods beginning on or after January 1, 2011, except otherwise stated. The Group has not yet adopted the following amendments and anticipates that these changes will have no material effect on the consolidated financial statements:

- PFRS 3, *Business Combinations*
- PFRS 7, *Financial Instruments: Disclosures*
- PAS 1, *Presentation of Financial Statements*
- PAS 27, *Consolidated and Separate Financial Statements*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*

Effective in 2012

- Philippine Interpretation IFRIC 15, *Agreement for Construction of Real Estate*, 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 reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.
- PAS 12, *Income Taxes (Amendment) – Deferred Tax: Recovery of Underlying Assets*, will be effective for annual periods beginning on or after 1 January 2012. It provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

- PFRS 7, *Financial Instruments: Disclosures (Amendments) - Disclosures–Transfers of Financial Assets*, will be effective for annual periods beginning on or after 1 July 2011. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Effective in 2013

- PFRS 9, *Financial Instruments: Classification and Measurement*, will eventually replace PAS 39, *Financial Instruments: Recognition and Measurement*, and introduces new requirements for classifying and measuring financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 2013. In subsequent phases, hedge accounting and derecognition will be addressed. The completion of this project is expected in the middle of 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

3. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

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's 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 Group is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a customer that accounts for more than 10% of the consolidated revenue.

Credit risk management

In managing credit risk on these investments, capital preservation is paramount. The Group 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 Committee.

Credit risk exposures

The carrying amounts of the assets represent maximum credit exposure.

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 Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; realizability is thus assured. Standard grade assets are considered moderately realizable.

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 loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or 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.

Market risks

Market risk is defined as the risk that the fair value of 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 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.

Fair value interest rate risk

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

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 Group's investment in stocks listed in the PSE index (PSEi). For investments in Philippine equities, majority of funds are invested in equities listed in the PSE.

c. Price interest risk of mutual funds

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

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 financials 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 U.S. dollar and Euro. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The 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 associates 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 Philippine peso. 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 U.S. dollar 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.

Capital Management

Due to the diversity of the operations of each company in the Group, capital risk management processes in place are specific to each company. Below are the capital risk management policies of the Company and its more significant subsidiary and associate:

- a. The primary objective of the Company's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Company establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Company establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

No changes were made in the objectives, policies or process for the periods ended June 30, 2011 and December 31, 2010.

b. Cirrus' and Cirrus Global, Inc.'s capital management objectives are:

- To ensure its ability to continue as a going concern; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Cirrus Global, Inc. monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

Cirrus Global, Inc. sets the amount of capital in proportion to its overall financing structure, i.e., equity and financial liabilities. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying business.

4. Business Combination

In February 2011, Anscor purchased additional 16.3% of Seven Seas Resorts and Liesure, Inc. (SSRLI) from minority shareholders of SSRLI. As a result, the shareholdings of Anscor increased from the present 46% to 62.3% of the total outstanding common and preferred shares of SSRLI and it's therefore consolidated in Anscor balances starting March 1, 2011. SSRLI is the owner of Amanpulo Resort.

The fair value of investment previously held as investment in associates (46% stake) at the acquisition date using the discount rate of 13.5% amounted to P304.0 million.

The total consideration was allocated to assets acquired and liabilities assumed on a provisional assessment of fair value. Adjustments to the provisional amounts will be determined within one year from the date of acquisition.

The fair values of the identifiable assets and liabilities of SSRLI as of February 28, 2011 were:

	Fair Value Recognized on Acquisition (in millions)
Cash and cash equivalents	P 114.1
Trade and other receivables	119.4
Inventories	47.9
Property development in progress	38.0
Property and equipment	680.7
Land held for future development	28.5
Prepayments and other assets	67.3
Total assets	1,095.9
Short-term debt	40.0
Accounts payable and accrued expenses	138.3
Income tax payable	7.1
Long-term debt	103.8
Deferred tax liability	34.6
Other liabilities	41.1
Net assets	731.0
Less: Noncontrolling interest	(275.6)
Balance	455.4
Goodwill arising from the acquisition	104.5
Total consideration	P 559.9

The cost of the combination was P559.9 million broken down as follows (in millions):

Cash consideration (16.3%)	P 255.9
Fair value of investment previously held as investment in associates (46%)	304.0
Total consideration	P 559.9

5. Financial Condition

The consolidation of SSRLI balances due to increase of Anscor's shareholdings from 46.0% to 62.30% changed the composition of assets, liabilities, equity, net income and cash flows in the consolidated financial statements reported by the Group as of June 30, 2011 versus December 31, 2010.

Cash and Cash Equivalents

The decrease in cash and cash equivalents can be attributed to net cash flows used in investing and financing activities total of P1.2 billion which included additional AFS investments and property and equipment; and payment of dividends. Cash generated from operating activities amounted to P209.3 million

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

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the net sale for the period of about P124.3 million. The market value of foreign denominated investment in bonds, stocks and funds slightly decreased by P1.0 million vs. December 31, 2010 market values.

Receivables

The increase in receivables was mainly due consolidation of SSRLI balances as of June 30, 2011.

Inventories

Inventories increased by P62.4 million, one of the reasons was the consolidation of SSRLI inventories. Also, minimal purchases were made in 2011 for spare parts and supplies needed by the aviation subsidiary.

Prepayments and Other Current Assets

Change in this account can be attributed mainly to the consolidation of SSRLI balances. Expended cash deposits related to acquisition of new aircraft engine of the aviation subsidiary partially offset the increase in account by P23.5 million.

Investments and Advances

By consolidating SSRLI, investments and advances decreased by P299.2 million, the booked value of the 46% holdings of Anscor in SSRLI held as investment in associate as of February 28, 2011.

The decrease in investments and advances was offset by equity earnings of associates amounting to P50.5 million for the first six months of 2011.

Available for Sale (AFS) Investments

Change in the account can be attributed mainly to the net additions that were mostly in bonds, equity funds and traded equities amounting to P1.5 billion. There was a decrease of about P7.0 million in market value of AFS investments. Foreign exchange loss from translation of foreign currency-denominated AFS investments amounted to P7.3 million.

Investment Properties

The parent company sold the 34th floor of Enterprise Center with a book value of P71.6 million as of February 28, 2011 which resulted to reduction in the investment properties account.

The reduction in the account was offset by the consolidation of SSRLI balances by about P28.5 million.

Depreciation for the period amounted to P1.0 million.

Property, Plant and Equipment - net

The consolidation of SSRLI increases the property, plant and equipment by P603.5 million. As required by the new accounting standard for business combination, when Anscor increased its stake in SSRLI from 46% to 62.3%, the net assets of SSRLI were valued at P765.6 million using discounted cash flow from operations (including future PPE acquisition) for the next 10 years, reduced by its book value of P650.4 million as of February 28, 2011, resulting in an upward adjustment in fair value attributable to Property, plant and equipment amounting to P115.2 million.

Depreciation charged to operations amounted to P46.0 million. Additions to property and equipment amounted to P68.7 million.

Goodwill

The provisional goodwill that arises from the acquisition of SSRLI amounted to P104.5 million. This goodwill calculation is subject to review by the external auditors at year end. This explains the increase in the account.

The goodwill from US-based staffing business decreased by P4.7 million due to foreign exchange loss of the peso equivalent of the dollar investment.

Notes Payable

The increase in the account was mainly due to consolidation of SSRLI balances as of June 30, 2011.

Income Tax Payable

Movement in the account was attributable to income taxes for the first semester of 2011 by the group and the consolidation of SSRLI balances as of June 30, 2011.

Current Portion of Long-term Debt

Payment of loan by a subsidiary decreased the current portion of long-term debt.

Deferred Income Tax Liability

Deferred tax effect of the fair value adjustment on property, plant and equipment of SSRLI amounted to P34.6 million (30% of P115.3 million).

Unrealized valuation gains on AFS investments (equity portion)

The increase in market values of AFS investments from December 31, 2010 to June 30, 2011 amounted P2.4 million, net of deferred income taxes. When the assets are sold, the gain or loss is realized and will be reflected in the consolidated statements of income.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and Cirrus Global, Inc. (formerly IQMAN).

Noncontrolling interests

Increase in noncontrolling interests was mainly due to share of minority shareholders on net assets of SSRLI as June 30, 2011.

Others

There were no commitments for major capital expenditures in 2011.

6. Results of Operation

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

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

	Periods ended June 30	
	2011	2010
<i>Revenues (excluding investment gains or losses)</i>	303,257	185,601
<i>Investment Gains</i>	506,523	715,228
<i>Net Income</i>	701,541	763,341
<i>Earnings Per Share</i>	0.28	0.31
<i>Market Price Per Share (PSE)</i>	3.33	2.32

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

Revenues

This year's consolidated gross revenues of P1.5 billion was 12.8% higher than last year's revenue of P1.4 million. The increase in gross revenues was mainly due improved service revenues of Cirrus group and inclusion of SSRLI's P167.9 million hotel revenues for the period March 1 to June 30, 2011.

Cost of Services Rendered

Increase in cost of services rendered was mainly attributable to higher cost of services of nurse staffing business (as a result of improved revenues) and consolidation of SSRLI cost of services for the period March 1 to June 30, 2011.

Operating Expenses

Operating expenses increased as a result of consolidation of SSRLI operating expenses for the period March 1 to June 30, 2011.

Recoveries (Valuation Allowances) - net

As a result of recovery in market values of some AFS investments mostly from bonds, previously booked provisions were reversed.

Foreign Exchange Loss

Due to the appreciation of peso vis-à-vis US dollar and euro, the peso value of foreign currency-denominated investments of the Group decreased which resulted to foreign exchange loss.

Interest Expense

The Group reported lower charges for interest expense in 2011 resulting from payment of the parent company of its loan. Despite the pick up in the consolidated balance sheet of SSRLI loans/debt, the interest expense that was considered only pertained to March 1 to June 30, 2011, as the effectivity of consolidation of income statement accounts of SSRLI was March 1, 2011.

Other Income

Other income reported in 2011 pertains mainly to gain from fair value adjustment of net assets of acquired subsidiary and reversal of long outstanding deposit payable by the Parent.

Provision for Income Tax - net

The current provision for income tax of the group increased due to consolidation of SSRLI's income tax expense of P6.1 million for the period March 1 to June 30, 2011. The parent company setup provision for deferred income tax liability on unrealized gain from increase in market value of FVPL investments and uncollected management fee during the year and wrote off the tax benefit on foreign exchange loss.

Noncontrolling Interests

Increase in noncontrolling interests was mainly due to share of minority shareholders on reduced losses of Cirrus Global, Inc. and Cirrus Medical Staffing, Inc. and the share of minority shareholders on income of SSRLI from March 1 to June 30, 2011.

7. 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.

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:

- The consolidation of SSRLI balances due to increase of Anscor's shareholdings from 46.0% to 62.30% 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.
- The parent company has not repurchased its equity securities but its 100%-owned subsidiary, Anscor Consolidated Corporation, purchased 1.2 million Anscor shares amounting P3.7 million during the first six months of 2011 and todate owns 1,199,541,093 shares of Anscor.
- 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

Phelps Dodge Philippines (PDP)

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

	Periods Ended June 30	
	2011	2010
<i>Volume sold (MT)</i>		
<i>Domestic</i>	4,453	4,781
<i>Export</i>	1,506	524
<i>Total</i>	5,959	5,305
<i>Revenue</i>	3,223,523	2,437,263
<i>Marginal Income</i>	310,789	287,766
<i>Net Income</i>	115,632	114,177

PDP's 2011 volume of deliveries netted to 12.33% higher as compared to 2010 due to the increase in sales of PD Energy International, the PEZA Company intended for export of low and medium voltage power cables to General Cable Australia (172MT of 2010 vs. 688MT of 2011). Domestic Sales volume was lower by 6.9%, however it contributed higher margins due to higher metal price as compared to same period of last year with an average selling price per kilograms of P539.50 versus the P456 for 2010.

PDP posted a net income of P115.6 million for the first six months of 2011, P1.5 million higher than the P114.2 million net income realized last year for the same period.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 47.9% for this period, lower than the 2010 average occupancy rate of 50.9%. Average room rate was slightly higher at US\$981, compared to last year's average of US\$979. Total hotel revenues amounted to P272.4 million, down by P4.7 million from last year's revenues of P277.1 million. Gross operating profit (GOP) of P94.7 million, decreased versus 2010's GOP by 10.7%. Cancellations of booking from the Japanese market and the Tsunami scare unfavorably affected the occupancy and business volume for period.

Seven Seas reported a net income of P23.8 million, lower than last year's net profit of P35.3million. Appreciation of the peso vis a vis US dollar and low occupancy contributed to decrease in net profits.

Cirrus Group

Cirrus Medical Staffing, Inc. registered \$10.7 million revenue as of June 2011, a 32% increase vis-à-vis the same period last year. Total revenue including the website/community division is \$10.8 million. The Nursing division increased its revenues by 28% while the Therapy division boasts a 35% increase.

Cirrus is re-aligning its business strategy to take advantage of the improving US market. Unemployment rates have been at its lowest at 8.8% since February of 2008. Staffing Industry analysts' project that travel nursing will grow 7% in 2011 and 15% in 2012. Allied health services are projected to grow 4% and 10% in 2011 and 2012, respectively.