

**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 March 31, 2010  
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: May 14, 2010

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

Date: May 14, 2010

SECForm17-Q  
May 14, 2010

## SEC FORM 17 – Q

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## A. SORIANO CORPORATION AND SUBSIDIARIES

### CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	2010	2009
	March 31	December 31
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	677,225	594,527
Fair value through profit and loss (FVPL) investments	651,204	733,786
Receivables	405,672	220,021
Inventories	14,898	14,426
Prepayments and other current assets	50,776	40,137
<b>Total Current Assets</b>	<b>1,799,774</b>	<b>1,602,896</b>
<b>Noncurrent Assets</b>		
Investments and advances	1,071,802	1,040,734
Available for sale (AFS) investments	5,470,562	4,682,992
Investment properties	264,835	264,082
Property, plant and equipment	190,557	200,493
Goodwill	489,665	503,111
Other noncurrent assets	61,664	60,401
<b>Total Noncurrent Assets</b>	<b>7,549,085</b>	<b>6,751,812</b>
<b>TOTAL ASSETS</b>	<b>9,348,859</b>	<b>8,354,708</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Notes payable	469,285	344,554
Accounts payable and accrued expenses	249,345	248,822
Dividends payable	265,731	121,684
Income tax payable	5,270	659
Current portion of long-term debt	11,293	14,438
<b>Total Current Liabilities</b>	<b>1,000,924</b>	<b>730,156</b>
<b>Noncurrent Liabilities</b>		
Advances from customer	22,014	21,787
Deferred revenues	82,574	84,457
Long-term debt	19,762	20,213
Deferred income tax	7,928	8,297
<b>Total Noncurrent Liabilities</b>	<b>132,278</b>	<b>134,753</b>
<b>Total Liabilities</b>	<b>1,133,201</b>	<b>864,909</b>

	2010	2009
	March 31	December 31
<b>Equity Attributable to Equity Holdings of the Parent</b>		
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	1,192,086	656,731
Cumulative translation adjustment	(44,649)	(30,974)
Equity reserve on acquisition of minority interest	(26,357)	(26,357)
Retained earnings	4,503,328	4,297,532
	<b>9,698,513</b>	<b>8,971,037</b>
Less cost of shares held by a subsidiary	1,520,143	1,517,163
	<b>8,178,370</b>	<b>7,453,873</b>
<b>Minority Interest</b>	<b>37,288</b>	<b>35,926</b>
<b>Total Equity</b>	<b>8,215,658</b>	<b>7,489,799</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,348,859</b>	<b>8,354,708</b>

## A. SORIANO CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	March 31	
	2010	2009
<b>REVENUES</b>		
Services	228,886	340,576
Equity in net earnings of associates	37,561	8,899
Interest income	26,859	29,630
Management fee	8,998	2,564
Dividend income	1,907	46,727
	<b>304,212</b>	<b>428,395</b>
<b>INVESTMENT GAINS</b>		
Gain (loss) on sale of AFS investments	361,756	(5,755)
Gain on increase in market values of FVPL investments	20,489	14,506
	<b>382,245</b>	<b>8,750</b>
	<b>686,457</b>	<b>437,145</b>
Cost of services rendered	(181,589)	(283,605)
Operating expenses	(115,632)	(100,842)
Foreign exchange gain (loss)	(57,924)	27,962
Interest expense	(5,561)	(2,666)
Recoveries (valuation allowances) - net	12,097	(178)
Other income	9,152	10,843
	<b>(339,457)</b>	<b>(348,486)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>346,999</b>	<b>88,659</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX - net</b>	<b>(5,670)</b>	<b>19,844</b>
<b>NET INCOME</b>	<b>352,669</b>	<b>68,815</b>
Attributable to:		
<b>Equity holdings of the parent</b>	<b>349,843</b>	<b>68,546</b>
Minority interest	2,826	269
	<b>352,669</b>	<b>68,815</b>
<b>EARNINGS PER SHARE - basic, for net income attributable to equity holdings of the parent</b>	<b>0.24</b>	<b>0.05</b>

Based on outstanding shares of 1,059,515,078 and 1,443,049,922 in 2010 and 2009, respectively.

## A. SORIANO CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	For the Period Ended March 31	
	2010	2009
<b>NET INCOME FOR THE PERIOD</b>	<b>352,669</b>	68,815
<b>OTHER COMPREHENSIVE INCOME</b>		
Gain on increase in market value of AFS investments	<b>545,743</b>	75,475
Cumulative translation adjustment	<b>(13,674)</b>	(12,865)
Income tax effect	<b>(10,388)</b>	5,920
<b>OTHER COMPREHENSIVE INCOME</b>	<b>521,680</b>	68,530
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>874,349</b>	137,345
Attributable to:		
<b>Equity holdings of the parent</b>	<b>871,523</b>	137,076
Minority interest	2,826	269
	<b>874,349</b>	137,345

## 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 Minority Interest	Unrealized Valuation Gains on AFS Investments	Cumulative Translation Adjustment	Retained Earnings	Cost of Shares Held by a Subsidiary	Minority Interest	Total
<b>Balance at 12/31/2008</b>	<b>2,500,000</b>	<b>1,574,104</b>	<b>(26,357)</b>	<b>(612,662)</b>	<b>3,429</b>	<b>4,094,476</b>	<b>(1,514,380)</b>	<b>44,987</b>	<b>6,063,597</b>
Valuation gain taken to equity	-	-	-	69,674	-	-	-	-	69,674
Foreign exchange loss taken to equity	-	-	-	-	(1,144)	-	-	-	(1,144)
Net income for the year	-	-	-	-	-	68,546	-	269	68,815
Movement in minority interest	-	-	-	-	-	-	-	(5,917)	(5,917)
<b>Balance at 03/31/2009</b>	<b>2,500,000</b>	<b>1,574,104</b>	<b>(26,357)</b>	<b>(542,988)</b>	<b>2,285</b>	<b>4,163,022</b>	<b>(1,514,380)</b>	<b>39,339</b>	<b>6,195,025</b>
<b>Balance at 12/31/2009</b>	<b>2,500,000</b>	<b>1,574,104</b>	<b>(26,357)</b>	<b>656,731</b>	<b>(30,974)</b>	<b>4,297,532</b>	<b>(1,517,163)</b>	<b>35,926</b>	<b>7,489,799</b>
Cash dividends	-	-	-	-	-	(144,047)	-	-	(144,047)
Valuation gain taken to equity	-	-	-	535,355	-	-	-	-	535,355
Foreign exchange loss taken to equity	-	-	-	-	(13,674)	-	-	-	(13,674)
Net income for the year	-	-	-	-	-	349,843	-	2,826	349,843
Share repurchased - January to March 2010	-	-	-	-	-	-	(2,979)	-	(2,979)
Movement in minority interest	-	-	-	-	-	-	-	(1,464)	(1,464)
<b>Balance at 03/31/2010</b>	<b>2,500,000</b>	<b>1,574,104</b>	<b>(26,357)</b>	<b>1,192,086</b>	<b>(44,649)</b>	<b>4,503,328</b>	<b>(1,520,143)</b>	<b>37,288</b>	<b>8,215,658</b>

## A. SORIANO CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Period Ended March 31	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	346,999	88,659
Adjustment for:		
Foreign exchange loss (gain)	57,924	(27,962)
Depreciation and amortization	16,321	9,866
Interest expense	5,561	2,666
Loss (gain) on sale of AFS investments	(361,756)	5,755
Equity in net earnings of associates	(37,561)	(8,899)
Interest income	(26,859)	(29,630)
Gain on increase in market values of FVPL investments	(20,489)	(14,506)
Valuation allowances (recoveries) - net	(12,097)	178
Dividend income	(1,907)	(46,727)
Operating loss before working capital changes	(33,863)	(20,600)
Decrease (increase) in:		
FVPL investments	87,987	33,034
Receivables	(185,817)	16,997
Inventories	(471)	758
Increase in:		
Accounts payable and accrued expenses	523	12,969
Advances from customers	227	2,869
Net cash generated from (used in) operations	(131,414)	46,027
Dividend received	1,907	46,727
Interest received	26,420	27,968
Interest paid	(5,561)	(2,666)
Income taxes paid	(317)	(2,261)
Net cash flows from (used in) operating activities	(108,965)	115,795
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of :		
AFS investments	963,335	217,521
Additions to:		
AFS investments	(859,545)	(469,667)
Property and equipment	(4,935)	(11,353)
Investment properties	(2,204)	(3,717)

	<b>For the Period Ended March 31</b>	
	<b>2010</b>	<b>2009</b>
Decrease (increase) in:		
Other assets	<b>(11,902)</b>	(18,847)
Advances to affiliates	<b>6,493</b>	14,347
Net cash flows from (used in) investing activities	<b>91,242</b>	(271,717)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (payment of) notes payable	<b>124,731</b>	(23,450)
Payment of:		
Long-term debt	<b>(3,596)</b>	(2,127)
Dividends	<b>0</b>	(144,305)
Company shares purchased by a subsidiary	<b>(2,979)</b>	0
Decrease in:		
Deferred revenue	<b>(1,883)</b>	(44)
Minority interest	<b>(1,464)</b>	(5,917)
Net cash flows from (used in) financing activities	<b>114,809</b>	(175,843)
<b>EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(14,388)</b>	(4,087)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>82,698</b>	(335,852)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>594,527</b>	1,218,631
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>677,225</b>	882,779

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

	<b>2010</b>	2009
	<b>March 31</b>	December 31
<b>ASSETS</b>		
Cash and Cash Equivalents	585,555	474,116
Fair Value through Profit and Loss (FVPL) Investments	644,031	726,544
Available for Sale (AFS) Investments	5,329,842	4,533,013
Receivables - net	270,292	98,710
Investments and Advances- net	2,395,734	2,352,772
Investment Property - net	76,889	78,340
Property and Equipment - net	53,971	56,258
Other Assets	18,524	18,416
<b>TOTAL ASSETS</b>	<b>9,374,838</b>	8,338,169
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Notes Payable	412,371	278,451
Dividends Payable	371,684	121,684
Accounts Payable and Accrued Expenses	94,866	96,432
Due to Affiliates	137,403	140,280
<b>Total Liabilities</b>	<b>1,016,324</b>	636,847
<b>Equity</b>		
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	1,169,968	634,073
Retained Earnings	3,098,746	2,977,450
<b>Total Equity</b>	<b>8,358,513</b>	7,701,322
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>9,374,838</b>	8,338,169

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	March 31	
	2010	2009
<b>REVENUES</b>		
Dividend income	38,707	46,727
Interest Income	25,929	27,961
Management fees	8,035	1,607
	<b>72,671</b>	<b>76,294</b>
<b>INVESTMENT GAINS</b>		
Gain (loss) on sale of AFS investments	360,981	(5,755)
Gains on increase in market values of FVPL investments	20,413	14,506
	<b>381,394</b>	<b>8,750</b>
	<b>454,065</b>	<b>85,045</b>
Foreign exchange gain (loss)	(58,300)	28,926
Operating expenses	(42,569)	(29,704)
Interest expense	(4,738)	(483)
Others	12,468	4,220
	<b>(93,140)</b>	<b>2,959</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>360,925</b>	<b>88,003</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>	<b>(10,371)</b>	<b>16,603</b>
<b>NET INCOME</b>	<b>371,296</b>	<b>71,401</b>
<b>Earnings Per Share*</b>	<b>0.15</b>	<b>0.03</b>

\* Based on outstanding shares of 2,500,000,000 in 2010 and 2009.

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended March 31	
	2010	2009
<b>NET INCOME FOR THE PERIOD</b>	<b>371,296</b>	71,401
<b>OTHER COMPREHENSIVE INCOME</b>		
Gain on increase in market value (AFS) investments	<b>546,493</b>	95,637
Income tax effect	<b>(10,598)</b>	(254)
<b>OTHER COMPREHENSIVE INCOME</b>	<b>535,895</b>	95,383
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>907,191</b>	166,784

## 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
<b>Balance at 12/31/2008</b>	<b>2,500,000</b>	<b>1,589,800</b>	<b>(629,714)</b>	<b>2,742,615</b>	<b>6,202,700</b>
Valuation gain taken to equity	-	-	95,383	-	95,383
Net income for the year	-	-	-	71,401	71,401
<b>Balance at 03/31/2009</b>	<b>2,500,000</b>	<b>1,589,800</b>	<b>(534,331)</b>	<b>2,814,016</b>	<b>6,369,484</b>
<b>Balance at 12/31/2009</b>	<b>2,500,000</b>	<b>1,589,800</b>	<b>634,073</b>	<b>2,977,450</b>	<b>7,701,322</b>
Cash dividends	-	-	-	(250,000)	(250,000)
Valuation gain taken to equity	-	-	535,895	-	535,895
Net income for the year	-	-	-	371,296	371,296
<b>Balance at 03/31/2010</b>	<b>2,500,000</b>	<b>1,589,800</b>	<b>1,169,968</b>	<b>3,098,746</b>	<b>8,358,513</b>

## A. SORIANO CORPORATION

### PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Period Ended March 31	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before tax	360,925	88,003
Adjustment for:		
Foreign exchange loss (gain)	58,300	(28,926)
Interest expense	4,738	483
Depreciation and amortization	3,813	3,311
Loss (gain) on sale of AFS investments	(360,981)	5,755
Dividend income	(38,707)	(46,727)
Interest income	(25,929)	(27,961)
Gain on increase in market values of FVPL investments	(20,413)	(14,506)
Recoveries from market decline of AFS investments	(12,263)	-
Operating loss before working capital changes	(30,516)	(20,566)
Decrease (increase) in receivables	(171,583)	4,641
Decrease in FVPL investments	87,842	33,034
Increase in accounts payable and accrued expenses	(1,565)	5,107
Net cash generated (used in) operations	(115,822)	22,216
Dividend received	1,907	46,727
Interest received	25,490	26,299
Interest paid	(4,738)	(483)
Income tax paid	(227)	(605)
Net cash flows from (used in) operating activities	(93,390)	94,152
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of AFS investments	955,416	217,521
Additions to:		
AFS investments	(859,545)	(447,541)
Property and equipment	(75)	(524)
Decrease in:		
Advances to affiliates	(6,162)	(1,648)
Other assets	(108)	(175)
Net cash flows from (used in) investing activities	89,526	(232,368)

	<b>For the Period Ended March 31</b>	
	<b>2010</b>	<b>2009</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (payment of ) notes payable	<b>133,920</b>	(11,570)
Payment of cash dividends	-	(144,305)
Decrease in due to affiliates	<b>(2,877)</b>	(2,356)
Net cash flows from (used in) financing activities	<b>131,043</b>	(158,231)
<b>EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>		
	<b>(15,741)</b>	5,652
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>111,439</b>	(290,795)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>474,116</b>	1,016,969
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>585,555</b>	726,174

## 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				After Eliminations	
	US-based Nurse/PT Staffing Co**.	Other Operations (Note 1)	Holding Co. (Parent)	Total	Eliminations	Consolidated
<b>MARCH 31, 2010</b>						
REVENUES	177,160	160,437	417,265	754,862	(68,405)	<b>686,457</b>
NET INCOME	(11,268)	94,995	334,496	418,223	(65,554)	<b>352,669</b>
TOTAL ASSETS	760,079	922,360	9,338,038	11,020,477	(1,671,617)	<b>9,348,859</b>
INVESTMENT PORTFOLIO *	-	511,647	8,409,696	8,921,342	(1,462,939)	<b>7,458,403</b>
PROPERTY, PLANT & EQUIPMENT	7,718	128,868	53,971	190,557	-	<b>190,557</b>
TOTAL LIABILITIES	154,955	887,448	1,016,324	2,058,728	(925,526)	<b>1,133,201</b>
DEPRECIATION AND AMORTIZATION	1,835	10,673	3,813	16,321	-	<b>16,321</b>

\* **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 IQMAN consolidated operations, also included are the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Property Holdings, Inc.**

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

\* ***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 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 revised standards, amendments to existing standards and new and amendments to Philippine Interpretations effective January 1, 2009.

- PFRS 8, *Operating Segments*, replaces PAS 14, *Segment Reporting*, upon its effective date and adopts a full management approach to segment reporting. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. The adoption of this standard did not have a significant impact on the consolidated financial statements.
- Amendment to PAS 1, *Presentation of Financial Statements*, separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income, which presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Group has elected to present all items of income and expense in two linked statements.
- Amendments to PFRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*, require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and financial assets used for liquidity management.

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

- Revised PAS 23, *Borrowing Costs*
- Amendments to PAS 32, *Financial Instruments: Presentation*, and PAS 1, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*, and PAS 27, *Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

- Amendment to PFRS 2, *Share-based Payment - Vesting Conditions and Cancellations*
- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
- Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*
- Philippine Interpretation IFRIC 18, *Transfers of Assets from Customers*
- Amendments to Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, and PAS 39, *Financial Instruments: Recognition and Measurement - Embedded Derivatives*

#### *Improvements to PFRSs 2008*

The omnibus amendments to PFRSs issued in 2008 were issued primarily with a view to remove inconsistencies and clarify wording. There are separate transitional provisions for each standard. The adoption of these amendments resulted in changes in accounting policies but did not have any impact on the financial position or performance of the Group.

#### New Accounting Standards, Interpretations, and Amendments to Existing Standards Effective Subsequent to December 31, 2009

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 2010*

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

- Amendments 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.
- 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.
- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*, covers accounting for all non-reciprocal distribution of non-cash assets to owners. It provides guidance on when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability and the consequences of doing so. This interpretation does not apply to a distribution of a non-cash asset that is ultimately controlled by the same party or parties before and after the distribution.

#### *Improvements to PFRSs 2009*

The omnibus amendments to PFRSs issued in 2009 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, 2010, 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 2, *Share-based Payment*, clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, *Business Combinations (Revised)*. The amendment is effective for financial years on or after July 1, 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, 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.

- PAS 1, clarifies that the terms of a liability that could result at anytime in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.
- PAS 7, *Statement of Cash Flows*, explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.
- PAS 17, *Leases*, removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either “finance” or “operating” in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.
- PAS 36, *Impairment of Assets*, 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.
- PAS 38, *Intangible Assets*, clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. It also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.
- PAS 39, *Financial Instruments: Recognition and Measurement*, clarifies the following:
  - (a) that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract;
  - (b) that the scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken; and
  - (c) that gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect profit or loss.
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*, clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

- Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*, states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

*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 Philippine 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.

*Effective in 2013*

- PFRS 9, *Financial Instruments*, will eventually replace PAS 39, *Financial Instruments: Recognition and Measurement*, and introduces new requirements for classifying and measuring financial assets. Under PFRS 9, all financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. All financial assets that are currently in the scope of PAS 39 are divided into two classifications, namely (a) those measured at amortized cost and (b) those measured at fair value. Classification is made at the time the financial asset is initially recognized, which is when the entity becomes a party to the contractual provisions of the instrument.

### 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 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.

#### *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 as of March 31, 2010.

- b. Cirrus' and IQMAN'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.

IQMAN monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

IQMAN 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. Financial Condition**

There was no significant change in the Company's Balance Sheet as of March 31, 2010 versus December 31, 2009.

##### ***Cash and Cash Equivalents***

The increase in cash and cash equivalents can be attributed to net cash flows from investing activities total of P85.9 million. Proceeds from sale of AFS investments amounted to P963.3 million offset by addition to AFS investments, property & equipment and investment properties of about P883.9 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 disposal for the period of about P88.0 million. . Also, foreign exchange loss of P15.1 million from translation of foreign currency-denominated investments decreased the value of FVPL investments. This was offset by the increase in market value of foreign denominated investment in bonds, stocks and funds of P20.5 million vs. December 31, 2009 market values.

##### ***Receivables***

Receivables include receivables related to the proceeds from sale of AFS investments amounting to P236.0 million from ATR-KIM Eng Securities, Inc. which were subsequently collected. The increase in receivables was reduced by the collection of management fee receivable and interest income from short placements and bonds.

##### ***Inventories***

Minimal purchases were made in 2010 that brought up a slight increase in inventories from P14.4 million to P14.9 million, mainly spare parts and supplies needed by the aviation subsidiary.

##### ***Prepayments and Other Current Assets***

Increase in this account can be attributed mainly to additional refundable deposits made by aviation subsidiary in relation to the maintenance service plan for its aircrafts.

##### ***Investments and Advances***

The increase in investments and advances was mainly due to equity earnings of associates of about P37.6 million.

***Available for Sale (AFS) Investments***

Change in the account can be attributed mainly to the P545.7 million increase in market value of AFS investments with a corresponding increase in the unrealized valuation gain in the balance sheet's equity portion. Net additions that were mostly in bonds, equity funds and traded equities amounted to P258.0 million. Foreign exchange loss from translation of foreign currency-denominated AFS investments of about P34.0 million partially decreased the value of AFS investments.

***Investment Properties***

Minimal capitalizable costs on real estate holdings of Anscor Property Holdings, Inc. (a wholly owned subsidiary of Anscor) caused the increase.

Depreciation for the period amounted to P1.5 million.

***Property, Plant and Equipment - net***

Depreciation charged to operations amounted to P14.8 million. Additions to property and equipment amounted to P4.9 million.

***Goodwill***

The goodwill from January 1 to March 31, 2010 was reduced by P13.4 million due to foreign exchange loss of the peso equivalent of the dollar investment in the US-based staffing business.

***Notes Payable***

The Parent Company made an additional loan of P134 million to finance its operating activities.

***Income Tax Payable***

Movement in the account was attributable to income taxes for the 1<sup>st</sup> quarter of 2010 of the aviation subsidiary.

***Current Portion of Long-term Debt***

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

***Deferred Income Tax Liability***

This account increased mainly by deferred tax effect of unrealized foreign exchange loss and unrealized valuation loss for both AFS and FVPL foreign currency-denominated investments by the subsidiary for the period ended March 31, 2010.

**Unrealized valuation gains on AFS investments (equity portion)**

Available for sale (AFS) investments are carried at fair value as of March 31, 2010. The increase in market values from December 31, 2009 to March 31, 2010 is about P535.4 million, net of deferred income taxes. When the assets are sold, the gain is realized or reflected in the consolidated statements of income.

**Cumulative Translation Adjustment**

This account includes translation adjustments of Anscor International, Inc., Cirrus Medical Staffing, Inc. and International Quality Healthcare Professional Connection, LLC.

**Minority Interest**

Increase in minority interest was mainly due to share of minority shareholders on income of the aviation subsidiary, net of share in losses of minority shareholders of IQMan and Cirrus Medical Staffing, Inc. for the period ended March 31, 2010.

**Others**

There were no commitments for major capital expenditures in 2010.

**5. 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):*

	For the period ended March 31	
	2010	2009
Revenues (excluding investment gains or losses)	72,671	76,294
Investment Gains	381,394	8,750
Net Income	371,296	71,401
Earnings Per Share	0.15	0.03
Market Price Per Share (PSE)	2.10	2.40

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

***Revenues***

This year's consolidated gross revenues of P686.5 million was 57% higher than last year's revenue of P437.1 million. Anscor posted higher equity earnings and investment gain from sale of locally traded shares (AFS investments). The increase in revenues was partially reduced by the lower service revenues of Cirrus Medical Staffing, Inc. (from P298.6 million to P177.2 million).

***Cost of Services Rendered***

Decrease in cost of services rendered was mainly attributable to decline in business activities of the nurse staffing and recruitment services.

***Operating Expenses***

Operating expenses increased slightly due to the bonus given in March 2010 to the Parent Company's officers for the 2009 net income.

***Recoveries in Valuation Allowances***

As a result of slight recovery in market values of some AFS investments in bonds as of March 31, 2010, the Parent Company made a reversal of its previously setup allowance for decline in market value as of December 31, 2009.

***Foreign Exchange Loss***

Due to the slight 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 higher charges for interest expense resulting from additional loans obtained by the parent company and its subsidiary.

***Other Income***

Other income pertains mainly to reversal of expense accrued previously by a foreign subsidiary and the other income this quarter was slightly lower than last's year's value.

***Provision for (benefit from) Income Tax***

For this quarter, the credit balance of provision for income tax or benefit from income tax arose mainly to set up of deferred tax asset relating to unrealized foreign exchange loss up to the extent of the deferred tax liability for unrealized valuation gain on AFS investments (excluding listed shares traded in the stock exchange).

### ***Minority Interest***

Increase in minority interest was mainly due to share of minority shareholders on income of the aviation subsidiary, net of share in losses of minority shareholders of IQMan and Cirrus Medical Staffing, Inc. for the period ended March 31, 2010

### **6. Cash Flows**

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

### **7. Financial information**

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

In the interim period:

- There was no significant change in the composition of assets, liabilities, equity, net income and cash flows in the consolidated financial statements reported by the Group.
- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities but its 100%-owned subsidiary, Anscor Consolidated Corporation, purchased 1.4 million Anscor shares amounting P3.0 million during the first quarter of 2010 and todate owns 1,059,515,078 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.

## 8. Subsidiaries and Affiliates

### ***Phelps Dodge Philippines (PDP)***

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

	For the periods ended March 31	
	2010	2009
<i>Revenues</i>	1,156,863	871,568
<i>Marginal Income</i>	142,977	17,963
<i>Net Income (loss)</i>	51,003	(21,937)

With higher volume of deliveries, new product and services, plus the continuing increases in copper prices and thus higher average selling prices, the PDP Energy's sales revenues jumped to P1.2 billion, P285.3 million over the revenues of same period of 2009.

PDP recorded a net income of P51.0 million in 2010, a reversal from last year's net loss of P21.9 million.

***Seven Seas' Amanpulo Resort*** ended up with an occupancy rate of 51.4% for this period, lower than the 2009 average occupancy rate of 61.3%. Average room rate was higher at US\$1,067.63, compared to last year's average US\$931.90. Total hotel revenues amounted to P153.7 million, slightly lower than last year's revenues of P154.8 million. Likewise, gross operating profit (GOP) of P68.8 million, reported a minimal decrease versus 2009's GOP.

Seven Seas reported a net income of P37.3 million, slightly lower from last year's net profit of P38.4 million despite its lower occupancy rate due to availment of the PEZA income tax incentive (5% gross income tax on income generated from its foreign clientele).

**Cirrus Medical Staffing, Inc. (Cirrus)**' consolidated revenue for the period was US\$3.8 million, a 38.5% decline from the combined revenues of \$6.3 million earned in the same period last year. The lower revenues was due to a decline in hospital job orders for nurses.

Temporary nurse staffing was among the segments hardest hit by the increased unemployment in the U.S. A drop in two-income households, and fewer elective surgeries induced professional nurses to seek full-time, as opposed to temporary work.

Cirrus is compensating for the decline in traveler nurse staffing market by shifting its primary focus to the more stable therapy segment and reducing general management and administrative expenses.

**International Quality Manpower Services, Inc. (IQMan)** registered consolidated revenue of P1.7 million for the period, an increase from last year's consolidated revenues of P1.0 million. The U.S. State Department's temporary ban on the issuance of immigrant visas, since November 2006, prevented IQMan from deploying nurses to the US. The Company has outstanding orders from nine US customers and has maintained the infrastructure to deploy those nurses once retrogression has ended.

Increased unemployment in the United States contributed to the unexpected availability of H1B visas, and Cirrus Allied, a US affiliate, contracted with the Company to provide Filipino physical therapists for placement into US healthcare facilities. The Company has an arm's length agreement with Cirrus Allied for the provision of its services. In 2010, the Company will focus on the recruitment of physical therapists and provide back-office support to US affiliates, Cirrus Allied and Cirrus Medical Staffing, Inc.

The company will be known as "Cirrus Global, Inc." effective the 2<sup>nd</sup> quarter of 2010.