COVER SHEET

P W 2

SEC Registration Number

A SORIANO CORPORATION

(Company's Full Name)

7/F PACIFIC STAR BLDG.

COR. MAKATI AVE. & G. PUYAT AVE.

MAKATI CITY

(Business Address: No. Street City/Town/Province)

MS. NARCISA M. VILLAFLOR

(Contact Person)

819-0251

(Company Telephone Number)

1 2	3 1	S E C 17 A	THIRD WEDNESDAY	0 4	
Month	*Day*	(Form Type)		*Month*	*Day*
(Fiscal Year)				(Annual Meeting)	

Not Applicable

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2010**

2. SEC Identification Number **PW – 02** 3. BIR Tax Identification No. **. 000-103-216-000**

4. Exact name of issuer as specified in its charter **A. SORIANO CORPORATION**

5. **Philippines** 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization
Industry Classification Code:

7. **7/F Pacific Star Building, Makati Ave., cor Gil Puyat Avenue, Makati City** **1200**
Address of principal office Postal Code

8. **(632) 819-0251 to 70**
Issuer's telephone number, including area code

9. **Not applicable**
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock, ₱1 par value	**2,500,000,000**
Long-term commercial paper	**none**

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

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange **Common stock, P1 par value**

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports);

Yes [X] No [ ]

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

Yes [X] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in “Annex B”).

Aggregate market value as of February 28, 2011 - **P3,969,678,416**

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

NOT APPLICABLE

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders;

Portion of the Company’s 2010 Annual Report to Stockholders is incorporated by reference into Part II of this report.

(b) Any information statement filed pursuant to SRC Rule 20;

Definitive Information Statement filed pursuant to SRC Rule 20.

(c) Any prospectus filed pursuant to SRC Rule 8.1.

Not applicable

A. SORIANO CORPORATION
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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments.Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, nurse deployment, manpower services, broadband services and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments and the trading gain on marketable securities.

As of December 31, 2010, the Company's consolidated total assets stood at P11.4 billion. During the year ended December 31, 2010, consolidated revenues of the Company amounted to about P3.5 billion.

In December 2010, Anscor, through Cirrus Medical, paid $550,000 to acquire NurseTogether.com. NurseTogether owns two (2) online properties that cater to healthcare professionals. These sites and its management team will enhance Cirrus' recruiting capabilities, which will be critical as the healthcare staffing market recovers. The sites also generate revenue from advertisements, partnerships and job postings. Contingent payments of up to $510,000 will be made if NurseTogether.com meets its financial goals over the next two years.

Anscor's strategic mindset will be characterized by the commitment to operational efficiency, customer focus, and sustainability, as in the case of PDP and Amanpulo; the fortitude to build for the long-term in enterprises like Cirrus and Enderun, whose enduring potential will prevail over current obstacles; and the zest for new technologies and applications, new markets and business models, as exemplified by Prople and Alphion. The constant in these endeavors, and in the choices the Company makes in the financial portfolio, is Anscor's purposive quest for opportunities that ensure and propel shareholder value.

A. Soriano Corporation has the following direct/indirect subsidiaries/associates as of December 31, 2010:

Company	% of Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Limited	100%	Manpower Services	British Virgin Island
Cirrus Medical Staffing, Inc.	94%	Manpower Services	USA
Cirrus Holdings USA, LLC	94%	Manpower Services	USA
Cirrus Allied, LLC (formerly MDI Medicals, LLC)	94%	Manpower Services	USA
NurseTogether, LLC	94%	Online Community Management	USA
Anscor Property Holdings, Inc.	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.)	93%	Manpower Services	Philippines
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	Houston, Texas, USA
Vesper Industrial and Development Corporation	60%	Real Estate Holding	Philippines
Seven Seas Resorts and Leisure, Inc. *	46%	Resorts	Philippines
New Co, Inc.	45%	Real Estate	Philippines
AFC Agribusiness Corporation	45%	Real Estate	Philippines
Anscor-Casto Travel Corporation	44%	Travel Agency	Philippines
Phelps Dodge International Philippines, Inc.	40%	Holding Company	Philippines
Minuet Realty Corporation	60%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	40%	Wire Manufacturing	Philippines
PD Energy International Corporation	40%	Wire Manufacturing	Philippines
Vicinetum Holdings, Inc.	27%	Holding Company	Philippines
Columbus Technologies, Inc.	27%	Holding Company	Philippines
Multi-media Telephony, Inc.	27%	Broadband Services	Philippines
Endurun Colleges, Inc.	20%	Culinary School	Philippines
Prople, Inc.	20%	Business Processing & Outsourcing	Philippines
Prople-bpo, Inc.	20%	Business Processing & Outsourcing	Philippines
Prople-kpo, Inc.	20%	Business Processing & Outsourcing	Philippines
Prople-contents, Inc.	20%	Business Processing & Outsourcing	Philippines
DirectWithHotels, Inc.	13%	Online Hotel Reservation	Philippines
KSA Realty Corporation	11%	Realty	Philippines

***** On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition will increase the present ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is $5.89 million (P255.8 million).

Investments

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy is the leading domestic integrated manufacturer of quality wires and cables.

Phelps Dodge International Philipines, Inc. (PDIPI), the parent company of PDP Energy, was incorporated in 1955 and commenced production in 1957. Its product line is composed principally of copper-based wires and cables including building wires, telecommunication cables, power cables, automotive wires and magnet wires. The principal shareholders of PDIPI are Anscor and GCC, the 2nd largest wire and cable manufacturing firm in the world. PDP Energy has a technical assistance contract with GCC and a management contract with Anscor covering marketing, administration and finance. The management contract provides, among others, for payment of annual management fees amounting to P7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fee (VAT exclusive). The technical assistance agreement also provides annual payment amounting to a certain percentage of audited income before tax and management and technical assistance fee (VAT inclusive). The strategy of PDP Energy is to focus on the production of higher value-added wire and cable products. All the manufacturing operation of PDIPI effective September 1998, was lodged under PDP Energy.

The principal products and percentage of contribution to sales are as follows:

Product Line	2008	2009	**2010**
Building wires	68%	72%	**69%**
Communication/Special	9%	4%	**4%**
Autowires	7%	11%	**11%**
Power Cables	3%	3%	**4%**

PDP Energy's clients include telecommunication companies, contractors, building developers, power companies, government corporations and other industrial companies.

At present, PDP Energy's major suppliers of copper rods are Marubeni, Kembla, Kuniosa, Daewoo and Glencore; suppliers of Aluminum are Mitsui & Co. Ltd. and Kanematsu; suppliers of chemicals are Matsuyama, Mitsui and Electro Marketing; suppliers of jelly are Phelps Dodge International Corp. and BP Chemical.

The Philippine wire and cable industry is comprised of both imported and domestically manufactured products. The leading four manufacturers in terms of sales are Phelps Dodge, American Wire and Cable Co., Inc., Columbia Wire and Cable Corp. and Philflex Cable Corp.

In November 2008, PDP Energy introduced to the local market the first THHN/THWN2 building wire, which offers a higher temperature rating, a higher current carrying capacity, and is safer and more economical than the THHN wire now available. Initial market acceptance has been encouraging.

The company completed installation in June 2008, the country's only triple extrusion, dry-cured catenary continuous vulcanizing (CCV) equipment for medium voltage power cables and is working to obtain product quality certification, on top of those it already possesses, from other international certifying bodies like KEMA (Netherlands) and Power Lab New Zealand.

To drive production efficiency, cut delivery lead time and lower inventory costs, PDP Energy has enhanced its lean manufacturing process, the Phelps Dodge Order Fulfillment System (PDOFS), and been designated by the firm's majority owner, General Cable Corporation, as test site for a Total Productive Maintenance Program.

PDP Energy also instituted Value Stream Mapping of administrative processes to reduce sales order processing time and accounts receivable balances. As a consequence, it has maintained its cash position with no outstanding bank borrowings at year-end.

In 2009, the wholly-owned subsidiary, PEZA-registered PD Energy International Corporation (PDEIC), began exporting to Australia and India.

The company implemented a Daily Routine Process in 2010 to augment ongoing PDOFS and Total Production Maintenance programs to enhance manufacturing efficiency and customer service. Also during the year, it obtained Integrated Management Systems Certification for its quality, environmental and safety systems (ISO 9001 and 14000 and OHSAS 18000) from Certification International of the UK. It extended its Zero Recordable Injury record through 2010, earning a Department of Labor and Employment award for achieving One Million Safe Work Hours with No Lost Time Accidents for two consecutive years.

New products – fire rated cables, medium voltage cables, aluminium building wires and all aluminum alloys conductors – have been developed and introduced to domestic and export markets.

Seven Seas Resorts and Leisure, Inc. (SSRLI; owner of Amanpulo Resort)

Seven Seas Resorts and Leisure, Inc. was incorporated on August 28, 1990 for the primary purpose of planning, developing, operating and promoting of Pamalican Island as a world class resort named Amanpulo. The Resort started commercial operations on January 1, 1994.

SSRLI owns a 40-room resort in Pamalican Island and operates originally two luxurious villas until 2007, each villa comprising four (4) rooms. Seven Seas is a joint venture among Anscor, Palawan Holdings, Inc., Aboitiz & Co., and the holding companies of the Soriano Family. In 2008, it sold seven (7) villas and now manages a total of 9 villas comprising of 39 villa rooms for rental.

As a resort operator, principal products/services offered are as follows:

Products/Services	Markets	Contribution to revenues
Rooms	Local & international	55%
Food and Beverage	-do-	24%
Others	-do-	21%

The resort's services are offered through the worldwide Amanresort marketing group based in Singapore, accredited travel agents, reservation sources/systems and direct selling.

Amanpulo is in competition with all other small 5 star resort companies in other destinations that are generally better known than the Philippines, such as Indonesia, Thailand and Malaysia. At present there are no direct competitors to Amanpulo in the Philippines in the triple A category.

Seven Seas entered into several agreements with Silverlink Group of Companies for the development, operation and promotion of Amanpulo. The term of the agreement is for 5 years, subject to renewal upon mutual agreement of both parties. The original contract expired in December 1998, renewed last December 2003 and December 2008. The last five years of the first 20-year agreements are expiring in June 30, 2013. These agreements are as follows: (1) Operating and Management Agreement, (2) Marketing Services Contract and (3) License Contract.

In 2008, the Resort completed a number of facilities designed to enhance guest experience. These include the construction of a second beach club, a new Dive Shop, and a sea sports activities center. The Picnic Grove was updated with a wood-burning pizza oven and charcoal grill, and the Clubhouse main kitchen underwent major refurbishment. New air-conditioning units were installed in many casitas. Upgraded and expanded employees' housing has been completed, a new power generating unit increased power plant efficiency and the desalination plant's capacity was augmented.

To underscore its position as the region's premier deluxe beach resort, Amanpulo opened in December 2010 a new spa complex with facilities for hairdressing, gym and pilates, and hot and cold plunge pools in addition to a range of massage treatments. It also invested in cleaner and greener technology, installing a more energy-efficient system for the casitas, and initiating a switch from gasoline-fueled golf carts to solar-powered electric ones, making Amanpulo one of the first to use this transport mode in 2010.

Other environmental initiatives are studies of long-term reef protection and regeneration, acquisition of a chipper/shredder for compost fertilizer, and starting a free range chicken farm on a nearby island as source of meat supply to complement the existing piggery. The Resort continues to expand the vegetables grown on the island for use in the kitchens, enhancing the quality and freshness of ingredients used.

Cirrus Medical Staffing, Inc. (US-based nurse and physical therapist staffing business)

In January 2008, Anscor acquired all of the outstanding equity interests in North Carolina-based Cirrus Medical Staffing, LLC and its travel nursing affiliate Cirrus Holdings USA, LLC, which places registered nurses on contracts of twelve weeks or longer.

Cirrus earned a coveted re-certification from the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) and was ranked third in a national survey of customer satisfaction, an improvement from the previous year's ranking of No.5.

In July 2008, Cirrus acquired MDI Medical, LLC, which provides physical, occupational and speech language therapists to medical facilities across the U.S. Also JCAHO-certified, MDI Medical enables Cirrus to offer customers a full range of nurse and therapist services, and allows Anscor's subsidiary, International Quality Manpower Services, Inc. (IQMAN), to place Filipino physical therapists with a wider range of clients. The therapy market continues to be one of the strongest markets for temporary healthcare staffing in the U.S. MDI Medical now known as Cirrus Allied, LLC, has been fully integrated into Cirrus operations, which paves the way for longer-term contracts for staff recruited by IQMAN.

Cirrus has forged a preferred vendor relationship with the U.S.'s largest home health company. It also won the U.S. Commerce Association's 2009 Best Local Business Awards (staffing category) in both Charlotte, North Carolina and Atlanta, Georgia. Initiatives have been introduced to tap other new segments, improve lead generation and recruitment procedures and strengthen the therapy staffing business.

The U.S. continues to be affected by a persistently high unemployment rate which has impacted the demand for temporary healthcare staffing. Cirrus' nurse travel business has suffered during the downturn that began in 2009, while therapy staffing has grown modestly and now represents over 50% of the business.

Cirrus signed its first managed service agreement with a large East Coast hospital system which will contribute to performance in 2011 and is also an important step forward in providing higher "value added" services. Philippine operations are playing an increasingly important role in providing cost effective back-office support.

A promising development is the comprehensive healthcare reform package passed by the U.S. Congress in 2010, which is expected to broaden health insurance coverage and stimulate demand for healthcare services from 2014 onwards.

Cirrus Global, Inc. (Cirrus Global) (formerly International Quality Manpower Services, Inc., IQMAN)

Cirrus Global was registered and incorporated on May 14, 1999 primarily to engage in the business of recruitment of overseas workers. Cirrus Global takes placements of Filipino nurses in the United States of America.

Cirrus Global is a 93%-owned subsidiary of Sutton Place Holdings, Inc. (Sutton). Its ultimate parent company is A. Soriano Corporation.

In November 2004, Cirrus Global acquired 100% ownership interest in IQ Healthcare Professional Connection, L.L.C. (IQHPC), a limited liability corporation organized under the law of the state of Texas, United States of America.

Cirrus Global's operations continue to be hampered by the U.S. State Department's ban since November 2006 on the issuance of immigrant visas, thereby delaying the deployment of Filipino nurses in the U.S.

Sutton Place Holdings, Inc.

The Company was registered with the SEC on May 22, 1997, primarily to purchase, subscribe for or otherwise acquire and own, hold, use, manage, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description.

Sutton's 93% holding of Cirrus Global represents Anscor's interest in a nurse recruitment in Manila for deployment of nurses and physical therapists in various client hospitals in the USA.

KSA Realty Corporation (KSA)

KSA was registered with the SEC on August 3, 1990. Anscor exchanged its old building located at Paseo de Roxas, Makati in 1990 for an 11.42 percent stake in KSA Realty Corporation, which developed The Enterprise Center (TEC), a two tower, grade A office building located at the corner of Ayala Avenue and Paseo de Roxas in Makati. Anscor purchased the 34th floor* in one of the towers, which represents approximately 1,189 square meters of floor space. The Enterprise Center starting January 1999 was offered for office space rental. TEC is registered with PEZA as an information technology building.

In July 2009, following Securities and Exchange Commission approval of a decrease in its authorized capital stock, KSA retired 2.4 million preferred shares to treasury. A total of P200 million in cash dividends were declared and paid, of which P23 million accrued to Anscor. Also in the same year, TEC won awards for Fire Safety Compliance, Fire Brigade, and Corporate Fire Safety (Five Star Building category) at the 11th Fire Safety Compliance Awards Program in Makati City.

In 2010, the company declared and paid cash dividends of P125 million, P14 million of which accrued to Anscor. TEC was cited as Outstanding Awardee at the Don Emilio Abello Energy Efficiency awards, an annual recognition of industry best practices in sustainable energy use.

This property was sold in March 1, 2011, resulting in a net gain of P38.7 million.

Enderun Colleges, Inc.

On October 15, 2008 Anscor acquired a 20% equity stake, or 16,216,217 new shares, in Enderun Colleges, Inc.

Established in 2005 by a group of business leaders, including senior executives from Hyatt Corporation in the U.S., Enderun offers a full range of bachelor's degree and non-degree courses in hospitality management, culinary arts and business.

Its main college campus in McKinley Hills, Taguig, offers 4-year bachelor's degrees in International Hospitality Management, with majors in hotel administration and culinary arts. Enderun also operates an extension school in Pasig City that offers short courses and certificate programs in baking, pastry and culinary foundation, customized hospitality and language classes. It used to have a joint venture with the Tsinghua Unigroup in Beijing, China, that offers 3-year certificates in hospitality management and career-oriented vocational programs in food and beverage and housekeeping.

Enderun's mission is to train hospitality leaders and entrepreneurs who can compete and excel in the global marketplace. To this end, it combines high-level classroom instruction with real-world internships, and offers students the opportunity to earn international credentials, including certificates from Les Roches Hotel School in Switzerland and Alain Ducasse Formation in France, en route to the bachelor's degree. Alain Ducasse restaurants in Paris, London and Monte Carlo boast three Michelin stars, the highest rating awarded by the authoritative "Red Guide". Enderun's network of some 200 corporate partnerships will work with students and graduates to ensure lifelong careers.

The Culinary Building was opened in February 2010 by renowned chef Alain Ducasse, head of the institute in France and the three Michelin 3-star restaurants that bear his name. Two months later, in April 2010, Enderun held its first graduation rites, with 18 students receiving degrees in Bachelor of Science in International Hospitality Management. During the year, over 150 students completed internships in the Alain Ducasse Paris restaurant and other establishments around the world.

Enderun's student population grew 23% to 800 full-time college and certificate students in fiscal year 2009-2010.

DirectWithHotels

In May 2007, Anscor International, Inc. purchased 10% of the shares of DirectWithHotels. The company is engaged in online reservations for hotels, and specializes in launching, marketing and maximizing the performance of partner hotels' websites. Its target market is small and medium-sized chains and independent hotels in Asia Pacific, Africa, North America and Latin America.

Prople, Inc.

In December 2007, Anscor signed a Subscription Agreement to acquire 6,665 shares – equivalent to 20% – of Prople, Inc. for US$800,000. Prople derives its name from its key strengths – PROcess and peoPLE – mobilized for growth opportunities in business process outsourcing, knowledge process outsourcing and content services. Three business lines offer its target markets a complete suite of outsourcing solutions of ascending complexity: Prople-bpo, specializing in finance and accounting, human resources administration, and transaction and payroll processing; Prople-kpo, offering industry and market analysis, research, valuation and other services requiring more customized technical and analytical skills; and Prople-content, which will center on multi-media deployment of content, rich media conversion, assembly and editing, brand marketing and communication planning.

The company won new clients and expanded relationships with existing ones, signing two contracts with two-year term in 2010 (versus the usual one-year term) at higher productivity rates and contribution margins. Reductions in finance and accounting BPO services due to one client's lower budget were offset by growth in knowledge-based consultancy and payroll services. To gear up for new business, Prople transferred to new premises in Robinson's Cybergate Towers in Mandaluyong, which offer a 24/7 operating environment and diminished risk of disruptions from power outages.

With human resources systems becoming a core service in 2010, the company expanded its HR information system, launched other web-based HR management tools, and upgraded its hardware and software infrastructure, network capacity, and internet connectivity. It also invested in technical, soft skills and sales training, and in reward and recognition programs to ensure top talent growth and retention.

Prople has relaunched its North America operations by establishing a satellite office in Calgary, Canada, and maintains a business partner network in key cities in the U.S., Japan and Australia.

Multi-media Telephony, Inc. (MTI)

MTI, a wholly owned subsidiary of Columbus Technologies, Inc. (CTI), was incorporated in the Philippines on September 20, 1993. MTI offers broadband services through a technology called local multipoint distribution system (LMDS). Its network is made up of wireless transmitters that are capable of providing high-speed internet and data access, voice, as well as virtual private networks, web hosting, internet data center and e-business applications.

MTI has interconnection agreements with leading telecommunications players like PLDT, Smart, Innove, Globe, Bayantel and Eastern, which will enable the firm to realize the consistent revenue potential of voice and SMS services. Market trends however indicate the coming dominance of data service, hence the company's choice of CDMA technology and its efforts to offer 3G services.

The case filed by MTI seeking reversal of the National Telecommunications Commission's disapproval of its application for a 3G license remains docketed at the Court of Appeals. The company expects a positive resolution within the next 12 months and is currently working on a roll-out plan for expansion of its network, entailing construction of over 200 base stations.

Alphion Corporation

Alphion is the first fiber optic network company to market products geared to Gigabit Passive Optimal Networks (GPON) or installations that deliver massive data bandwidth at great speed over very long distances. Some 95% of current business comes from Bharat Sanchar Nigam Ltd. (BSNL) and Mahanagar Telephone Nigam Ltd. (MTNL), India's two largest telecommunication companies.

In July 2010, the company won 100% of MTNL's GPON tender offer worth $7.4 million. In addition, the Indian government approved Alphion's and BSNL's joint proposal for a Fiber-to-the-Panchayat (small town local government) Program, which plans to connect 250,000 Panchayats and 600,000 rural villages by broadband over the next three years. The project's pilot center was inaugurated in September 2010 by Member of Parliament and All India Congress Committee General Secretary Rahul Gandhi.

Alphion continues to diversify its customer base and has made initial shipments to customers in Europe, the Middle East, India and Africa (EMEA) area.

A Soriano Air Corporation (ASAC)

ASAC was incorporated on March 28, 1985 to engage in the general business of a common and/or private carrier. Effective January 1, 1995, the Company ceased its operations and transferred its license as operator of a common and/or private carrier to Island Aviation, Inc. (IAI) formerly A. Soriano Aviation Inc. (ASAI).

In May 2003, ASAC took over the IAI's hangar lease and the ground handling and avionics-related services that were previously performed by ASAI. Subsequently, ASAC resumed its commercial operations.

Pamalican Island Holdings, Inc. (PIHI)

The Company was registered with the Securities and Exchange Commission on May 18, 1995 and has started commercial operations on June 2, 1995. Its primary purpose is to acquire, purchase, sell or dispose of airplanes, flying machines, or freight, or as common carriers on regularly established routes; to maintain a service station for the repair, overhauling and testing of said machines and dirigible balloons of any and all types whatsoever; to deal in parts and supplies for said machines; and, to carry for hire passengers, and to maintain supply depots for airplane and flying machines service generally.

On January 20, 1999, the Company temporarily stops its air charter operation and subsequently change the nature of its business to holding company.

On June 8, 2001, the SEC approved the amended articles of incorporation of the Company. Amendments to the First Article to change the name of the Corporation from Island Aviation, Inc. to Pamalican Island Holdings, Inc. and the Second Article to change the primary purpose of the Corporation – to acquire by purchase, lease, donation or otherwise, and to own, use, sell, mortgage, exchange, lease and hold for investment or otherwise, properties of all kinds, and improve, manage or otherwise dispose of buildings and houses, apartments, and other structures of whatever kind together with their appurtenances.

Island Aviation, Inc. (IAI; formerly A. Soriano Aviation, Inc., ASAI)

IAI is the PIHI's wholly owned charter airline operation registered with the SEC on January 27, 1987. In May 2003, ASAI was renamed IAI, it resumed its air service operations while other activities such as aircraft hangarage, ground handling and avionics-related services and sale of parts were transferred to A. Soriano Air Corporation (ASAC).

IAI is now the exclusive air service provider of SSRLI/Amanpulo Resort and operates two (2) Dornier planes both for Amanpulo and outside charter requirements. A third plane was acquired in 2009 while one (1) plane is undergoing repair in 2011.

Anscor Consolidated Corporation

The Company was registered with the SEC on April 8, 1995 primarily to invest the Company's fund in other corporations or businesses and to enter into, make, perform and carry out contracts of every kind and for any lawful purpose pertaining to the business of the Company, or any manner incident thereto, as principal agent or otherwise, with any person, firm, association or corporation.

This used to hold the Anscor Group stake in ICTSI which was sold last May 2006. It now owns 1,198,466,093 shares of Anscor as of December 31, 2010.

Anscor Property Holdings, Inc. (APHI)

APHI is a wholly owned Subsidiary of Anscor. The Company was registered with the SEC on January 7, 1986 primarily to engage in the management and development of real estate.

Pursuant to Section 76 and 77 of the Corporation Code of the Philippines, the Board of Directors and the stockholders of the Company, Anscorland, Inc. (ALI) and Anscor Insurance Brokers, Inc. (AIBI) (collectively referred to as "Constituent Corporation") at joint meeting held on April 15, 2008 approved the Plan of Meger between the Constituent Corporation under certain terms and conditions.

Since the Constituent Corporation are under common control, the company used the pooling of interest method to account for this transaction.

On December 23, 2008, the SEC approved the Plan of Merger.

APHI is Anscor's landbanking company. APHI has interests in land covering an area of approximately 830.12 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 40.41 hectares in Cebu. Also, APHI owns a lot at the Cebu Business Park and about 1.27 hectare properties in Puerto Princesa, Palawan and one (1) townhouse unit in Alpha Village, Capitol Hills, Quezon City..

Anscor-Casto Travel Corporation

Anscor-Casto Travel Corporation (ACTC) was registered with SEC on March 22, 1983 to engage in all forms of business related to the tourism industry.

Following the sale in September 1996 of a 51 percent stake to Casto Travel, a San Francisco-based travel agent, Anscor has a 44 percent stake in ATC. In 2001, the Company's name was changed to Anscor-Casto Travel Corporation.

ACTC's principal products are airline tickets, package tours, services like passporting, visas and immigration clearances.

ATC maintains sales staff to reach its target markets. Airline ticket booking is being done directly through the airline reservations' system.

Vesper Industrial and Development Corporation

The Company was registered with the SEC on October 15, 1997 primarily to acquire by purchase, lease, contract, concession, or otherwise any and all real estate, land, land patents, opinions, grants, concessions, franchises and other rights, privileges, easements, estates, interests and mineral properties of every kind and description.

The Company has not yet started commercial operations as of December 31, 2010.

New Investment

In December 2010, Anscor, through Cirrus Medical, paid $550,000 to acquire NurseTogether LLC. NurseTogether owns two (2) online properties that cater to healthcare professionals. These sites and its management team will enhance Cirrus' recruiting capabilities, which will be critical as the healthcare staffing market recovers. The sites also generate revenue from advertisements, partnerships and job postings. Contingent payments of up to $510,000 will be made if NurseTogether.com meets its financial goals over the next two years.

Other Information

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

The key performance indicators of Cirrus Group, our major subsidiary, are the following:

1. Submission to lock ratio (Operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business)

In Thousand Pesos

		2010	2009
3.	Service income	**711,561**	**916,875**
4.	Cost of services rendered	**596,058**	**778,518**
5.	Losses before interest taxes, depreciation and amortization (EBITDA)	**(24,955)**	**(87,120)**

Employees

The Company and the Group as of December 31, 2010, has 18 and 141 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	8	16	24
Rank and file	10	107	117
TOTAL	**18**	**123**	**141**

- The Company and the Group were not subjected to any employees' strike in the past three years nor there threatening strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Item 2. Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. It also owns the following:

Canlubang Sugar Estate, Municipality of Cabuyao, Laguna Province	1 leisure condo unit
Shipping Centre Bldg., Intramuros, Manila	1 office condo unit/509 sq. meters

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 39 villa rooms are available for rent under the management agreement executed by SSRLI and the villa owners in 2008.

- APHI has interests in land covering an area of approximately 830.12 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 40.41 hectares in Cebu. Also, APHI owns a lot at the Cebu Business Park, about 1.27 hectare properties in Puerto Princesa and 1 townhouse unit in Alpha Village, Capitol Hills, Quezon City.

- Vesper Realty and Development Corporation, a 60-40 venture with the former cement partner, holds the right to 42 hectares of land in Toledo City, Cebu.

Other Information

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.
- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

Item 3. Legal Proceedings

The Company or its affiliates are not involved in any material litigation or other proceedings involving properties the outcome of which might, individually or taken as a whole, adversely affect the financial results, operations or prospects of the Company or the Group. However, Anscor, ASAC, Seven Seas Resorts, and PDP Energy are parties to various legal actions and tax claims.

ASAC is a defendant in various labor lawsuits and claims. As of December 31, 2010, management has recognized provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits.

Except for the matter discussed above, the Company does not believe such litigation will have a significant impact on the financial results, operations or prospects of the Company or the Group.

Item 4. Submission of Matters to a Vote of Security Holders

There were no items/matters submitted during the fourth quarter of 2010 to a vote of security holders through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

PRINCIPAL MARKET - Philippine Stock Exchange

Latest Market Price – February 28, 2011

Previous Close –	P	3.05
High		3.05
Low		3.05
Close		3.05

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

2010	**High**	**Low**
First Quarter	2.26	2.00
Second Quarter	2.34	2.10
Third Quarter	3.20	2.00
Fourth Quarter	3.20	3.03

2009	**High**	**Low**
First Quarter	2.40	2.10
Second Quarter	3.00	2.28
Third Quarter	2.38	2.30
Fourth Quarter	2.32	2.06

Source: Monthly PSE Report

Shareholdings Information

The total number of stockholders/accounts as of February 28, 2011 is 11,764 holding 2,500,000,000 shares of common stock.

The top 20 stockholders as of February 28, 2011 are as follows:

Stockholder Name	Number of Common Shares	Percentage of Ownership
1. Anscor Consolidated Corporation	1,198,451,093	47.938 %
2. PCD Nominee Corp. (Non-Filipino)	509,605,553	20.384 %
3. PCD Nominee Corp. (Filipino)	150,595,705	6.024 %
4. A-Z Asia Limited Philippines, Inc	176,646,329	7.066 %
5. Universal Robina Corporation	64,605,739	2.584 %
6. Andres Soriano III	50,490,265	2.020 %
7. C & E Property Holdings, Inc.	28,011,922	1.120 %
8. Edmen Property Holdings Inc.	27,511,925	1.100 %
9. MCMS Property Holdings, Inc	26,513,928	1.061 %
10. EJS Holdings, Inc.	25,884,905	1.035 %
11. Express Holdings, Inc.	23,210,457	0.928 %
12. Phil. International Life Insurance Co.	19,002,875	0.760 %
13. TTC Development Corporation	9,207,345	0.368 %
14. Dao Investment & Management Corp.	8,628,406	0.345 %
15. Philippine Remnants Co., Inc.	7,556,183	0.302 %
16. Balangingi Shipping Corporation	2,767,187	0.111 %
17. Leonardo T. Siguion-Reyna	2,625,000	0.105 %
18. Dolmar Real Estate Devt. Corporation	2,531,106	0.101 %
19. Juan G. Yu &/or Grace C. Yu	2,038,888	0.082 %
20. Jocelyn C. Lee	2,000,000	0.008 %

The above shareholdings do not materially affect the holdings of the 5% beneficial owners, each director and nominee and all the directors and officers as a group.

Dividends

On February 18, 2011, the Board of directors of the company approved the declaration of P0.12 per share cash dividends to stockholders of record as of March 7, 2011, payable on March 30, 2011.

In 2010, the Board of Directors declared the following cash dividends:

Classification	Peso Rate per Share	Declaration Date	Record Date	Payable Date
Regular	0.10	4-Mar-10	25-Mar-10	21-Apr-10
Special	0.12	14-Oct-10	4-Nov-10	26-Nov-10

The cash dividends declared by the Board in 2009 were:

Classification	Peso Rate per Share	Declaration Date	Record Date	Payable Date
Special	0.10	19-Sep-08	15-Jan-09	2-Feb-09
Regular	0.06	22-Apr-09	8-May-09	28-May-09

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of December 31, 2010, the Company has sufficient retained earnings available for dividend declaration.

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

Item 6. Management's Discussion and Analysis or Plan of Operation

Five-Year Review

Consolidated Financial Information
(In Million Pesos Except Per Share Data)

YEAR	NET INCOME	EQUITY ATTRIBUTABLE TO HOLDINGS OF THE PARENT	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	EARNINGS PER *SHARE	BOOK VALUE PER **SHARE
2010	**1,975.4**	**10,776.1**	**1,351.6**	**1.46**	**8.28**
2009	289.6	7,453.9	1,442.6	0.20	5.17
2008 (Note 2)	776.0	6,018.6	1,502.3	0.52	4.17
2007	619.8	7,499.7	1,558.1	0.40	4.85
2006 (Note 1)	3,043.4	6,677.9	1,624.3	1.87	4.23

YEAR	GROSS REVENUES	TOTAL ASSETS	INVESTMENT PORTFOLIO
2010	**3,501.9**	**11,430.3**	**8,742.5**
2009	1,736.2	8,354.7	7,173.7
2008 (Note 2)	2,271.0	6,942.0	5,023.2
2007 (Note 3)	1,225.6	9,687.6	5,419.1
2006 (Notes 1 and 4)	4,069.2	8,656.4	5,355.0

Note 1 *Included the one-time gain on sale of ICTSI and SPI shares of ₱2,930.3 million and ₱359.3 million, respectively.*

Note 2 *Included the one-time gain on sale of PDIPI and eTelecare shares amounting to ₱312.3 million and ₱740.4 million, respectively.*

Note 3 *Gross revenues for 2007 were restated to deconsolidate PDIPI.*

Note 4 *PDIPI was still part of the consolidated gross revenues and total assets.*

* *Ratio of net income to weighted average number of shares outstanding during the year.*

** *Ratio of equity attributable to equity holdings of the parent to outstanding number of shares as of end-December.*

Below are the key performance indicators of the Company:

Over the last three years, consolidated revenues and net income from operations are as follows (in thousand pesos):

	2010	2009	2008
REVENUES			
Services	**866,113**	1,056,014	1,360,274
Dividend income	**145,749**	102,137	122,461
Equity in net earnings of associates	**115,225**	78,247	99,259
Interest income	**111,236**	120,209	106,971
Management fee	**37,755**	28,251	15,793
Others	**34,077**	27,931	39,799
	1,310,155	1,412,788	1,744,558
INVESTMENT GAINS			
Gain (Loss) on sale of :			
AFS investments	**2,091,925**	186,272	(73,393)
Property and equipment and investment properties	–	340	3,214
eTelecare Global Solutions, Inc. (eTelecare) shares	–	–	740,402
Phelps Dodge International Philippines, Inc. shares	–	–	312,275
Long-term investments	–	–	9,460
Gain (Loss) on increase (decrease) in market values of FVPL investments	**99,868**	136,823	(465,582)
	2,191,793	323,435	526,376
TOTAL REVENUES	**3,501,948**	1,736,223	2,270,935
NET INCOME FROM DECONSOLIDATED SUBSIDIARY	–	–	193,994
NET INCOME	**1,976,723**	282,578	852,676
Attributable to:			
Equity holdings of the parent	**1,975,358**	289,644	776,037
Noncontrolling interests	**1,365**	(7,067)	76,639
	1,976,723	282,578	852,676

Financial Performance

Anscor's consolidated net income in 2010 amounted to P1.98 billion, almost a six-fold rise over the previous year's P289.6 million profit. This increase is largely due to financial assets, which registered a gain on sale of Available-for-sale investments of P2.1 billion, mainly marketable equity securities, versus the P186.3 million income in 2009.

The bulk of these investments are in companies where Anscor holds substantial positions for the long term namely, ICTSI, Aboitiz Equity Ventures and Aboitiz Power. Considerable values still exist beyond cost on these investments and these additional values are reflected in the balance sheet but not yet in the income statement until the investments are sold. The Company's bond and foreign equity holdings, classified as Fair Value through Profit or Loss investments, also increased in market value and the income statement reports these as gains of P100.0 million.

The peso appreciated 5.1% against the U.S. dollar during the year, resulting in foreign exchange losses that tempered the financial portfolio's results. These losses could have been higher if not for the hedging transactions.

Results in the operating businesses were, on the whole, positive although the bottom line in specific companies was impacted by curtailed demand due to enduring U.S. unemployment or by the need for continuing upfront investment to upgrade operating capability.

Investments – Group Operations

(In Million Pesos)

	2010	2009
Cirrus Medical Staffing, Inc. and Subsidiaries		
Revenues	712	917
Net Loss	24	62
Total Assets	774	756
Stockholders' Equity	577	604
Seven Seas Resorts and Leisure, Inc.		
Revenues	488	459
Net Income	55	42
Total Assets	981	1,006
Stockholders' Equity	635	579
Phelps Dodge Philippines Energy Products Corporation (Note 1)		
Revenues	5,039	3,490
Net Income	228	145
Total Assets	2,461	1,723
Stockholders' Equity	1,628	1,480
Revenues – Other Affiliates		
KSA Realty Corporation	670	720
Enderun Colleges, Inc.	232	153
Island Aviation, Inc.	141	119
Prople, Inc.	83	80
Cirrus Global, Inc. (Consolidated)	5	9

Available figures as of March 4, 2011.

Note 1: Inclusive of PD Energy International Corporation's financial information.

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy's diversified product line registered a 16% hike in copper sales volume, as heightened business sentiment and purchasing power from OFW remittances sparked a turnaround in the construction industry and other sectors.

Copper sales were led by higher demand for building wires as well as special and power cables in housing and industrial projects, while consumer spending also spurred an increase in copper welding wire sales to food canners.

With copper prices advancing as sales volumes climbed, domestic sales rose 30% to P4.47 billion. Exports also grew handsomely with the completion of PDP's $1.4 million expansion project and the coming into force of the ASEAN-Australia-New Zealand Fair Trade Agreement during the year. The PEZA-registered subsidiary, PD Energy International Corporation, reported an increase in sales to General Cable Australia by P516 million over 2009 level.

PDP's 2010 net income reached P228.0 million, a gain of 57.2% over 2009.

Seven Seas Resorts and Leisure, Inc.

Amanpulo generated revenues of P487.5 million, 6.3% higher than 2009, mainly from increased villa occupancy and villa service fees. Room revenues dipped slightly due to lower room occupancy, but this was more than made up for by food and beverage and spa patronage, which grew 11.2% and 12.6%, respectively.

The Resort brought up the average room rate by $38 to $899 per night. Net profit came to P54.8 million, a 29.6% increase over 2009, mainly from improved operations.

Cirrus Medical Staffing, Inc.

The U.S. continues to be affected by a persistently high unemployment rate which has impacted the demand for temporary healthcare staffing. Cirrus' nurse travel business has suffered during the downturn that began in 2009, while therapy staffing has grown modestly and now represents over 50% of the business. Cirrus Medical's combined revenues in 2010 dropped 22.4% to P711.6 million, and consolidated losses for the year amounted to P23.7 million, down from P62.2 million in 2009, due to steps taken to focus on the therapy market and reduce administrative expense. Most losses were incurred in the first half of the year and healthcare staffing appears to have bottomed in the fourth quarter. Efforts have begun to strengthen business development and account management functions.

KSA Realty Corporation

In the midst of a downtrend in office space occupancy in the Makati Central Business District and lower rents in secondary locations, The Enterprise Center (TEC) recorded an average occupancy rate of 80.84%, down from 85% in 2009, and gross revenues of P670.2 million, a 6.9% drop.

KSA Realty's net income of P417.7 million is 21.6% lower than last year, after the fair value adjustment in investment property of P130 million mentioned in last year's Annual Report. The company declared and paid cash dividends of P125 million, P14 million of which accrued to Anscor.

Enderun Colleges, Inc.

Enderun's student population grew 23% to 800 full-time college and certificate students, and revenues rose 51.6% to P232 million in fiscal year 2009-2010. Noteworthy in this progress is the continuing education unit, Enderun Extension, where revenues grew 114% to P15 million and the reopened Restaurant 101 in the new Culinary Building, which generated P17 million, an eleven-fold jump over the previous year.

As it continues to invest in campus facilities, Enderun incurred an operating loss of P50 million, down from a P119 million loss in the previous fiscal year. In the last Annual Report, it was anticipated that earnings before interests, taxes, depreciation and amortization (EBITDA) would turn positive at year-end. The company met this milestone by finishing the year with P9.0 million adjusted EBITDA. However, a mandated accounting standard on the treatment of rental rates requires that the company expenses the average rent to be paid out over the school's 25-year lease contract despite the fact that the actual rent paid in 2010 was considerably lower than the average. After accounting for this adjustment, the company's reported EBITDA was negative P3.0 million.

Prople, Inc.

The outsourcing solutions provider Prople focused on three priority areas in 2010: delivering responsible growth, building capability, and improving operational excellence. Investments in these areas caused EBITDA to drop from negative P10.35 million in 2009 to negative P18.5 million in 2010, even as total revenues increased 2.3% to P82.9 million.

Financial Condition

There were no significant changes in the Company's Consolidated Balance Sheet as of December 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 P2.5 billion reduced by cash used in financing activities, such as loan payment made by the Group, payment of dividends and purchases of Company shares by a subsidiary.

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

Fair Value through Profit and Loss (FVPL) Investments
The change in the account can be attributed to the increase in market value of P99.9 million vs. December 31, 2009 market values. Net disposal of investments, mostly in foreign denominated investment in stocks and funds of about P11.2 million and foreign exchange loss from translation of foreign denominated investments, partially offset the increase in value of FVPL investments.

Receivables
The increase in receivable was due to increase in trade receivables by the aviation subsidiary. Other receivables in 2009 include receivables related to the proceeds from sales of AFS investments amounting to P33.3 million from ATR Kim Eng which were subsequently collected in 2010.

Prepayments and Other Current Assets
Increase in this account can be attributed mainly to additional refundable deposits made by the aviation subsidiary in relation to the maintenance service plan for its aircraft.

Investments and Advances
The decrease in investments and advances were mainly due to additional provision for doubtful accounts and collection from associates amounting to P39.1 million and P9.1 million respectively. Dividend received during the year from equitized investments amounted to P32 million. The decrease was offset by equity in net earnings of associates amounting to P115.2 million.

Available for Sale (AFS) Investments
Change in the account can be attributed mainly to the P2.0 billion increase in market value of AFS investments with a corresponding increase in the unrealized valuation gain in the balance sheet's equity portion. Additional investments, mostly in bonds, equity funds and traded equities, amounted to P533.3 million. Foreign exchange loss from translation of foreign currencydenominated AFS investments of about P69.1 million partially decreased the value of AFS investments.

Investment Properties
Depreciation during the year amounted to P5.8 million. Minimal addition of about P2.2 million by Anscor Property Holdings, Inc. (a wholly owned subsidiary of Anscor) through its subsidiaries offset the decrease in this account.

Property, Plant and Equipment - net
Depreciation charged to operations amounted to P40.7 million. Additions to property and equipment amounted to P15.7 million.

Goodwill
As of December 31, 2010, goodwill arising from the acquisition of Cirrus Medical Staffing, Inc. amounted to P622.1 million, before exchange differences of P11.2 million and valuation allowances of P100 million.

Notes Payable
The decrease in the account was due to payments made by the Group of its short-term loans.

Accounts Payable and Accrued Expenses
Increase in the account balance can be attributed to higher accrual of expenses.

Dividends Payable
The Company had dividends payable amounting to P134.9 million. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2010 due to problematic addresses of some of the Company's stockholders.

Advances from Customers
Seven Seas Resorts and Leisure Inc. (SSRLI), an affiliate of Anscor, entered into an agreement with Island Aviation Inc. (IAI), a subsidiary of Anscor, for the latter to provide regular air service. In line with the above agreement, SSRLI made several advances to IAI, which IAI expects to pay through application against future services to be rendered by IAI to SSRLI. The remaining balance amounted to P22.1 million as of December 31, 2010.

Deferred Revenue
The slight decrease in deferred revenue pertained to revenue recognized by Cirrus Global, Inc./IQHPC for its client hospital for processing of nurses application for deployment.

Long-term Debt
The decrease in the account was due to payment of debt due within one year by the subsidiaries.

Unrealized Valuation Gains on AFS Investments
Available for sale (AFS) investments are carried at fair value as of December 31, 2010. The increase in market values from December 31, 2009 to December 31, 2010 is about P2.0 billion, net of deferred income taxes. When the assets are sold, the gain or loss is realized or reflected in the consolidated statements of income.

Cumulative Translation Adjustment
This account includes translation adjustments of Anscor International, Inc., Cirrus Holding USA, LLC, Cirrus Allied, LLC and IQ Healthcare Professional Connection (IQHPC, LLC) when its dollar-denominated assets and liabilities are converted into pesos when line by line consolidation is made.

Cost of Shares Held by a Subsidiary
Anscor Consolidated Corporation, a wholly-owned subsidiary of Anscor, purchased additional 140.2 million Anscor shares amounting P309.9 million during the year.

Noncontrolling Interests
Increase in noncontrolling interests was mainly due to share of minority shareholders on income of the aviation subsidiary, net of share in losses of minority shareholders of Cirrus Global, Inc. and Cirrus Medical Staffing, Inc. for the year ended December 31, 2010.

Others
There were no commitments for major capital expenditures in 2010.

Results of Operation

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

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

Year Ended December 31, 2010 Compared with Year Ended December 31, 2009

Revenues
This year's consolidated gross revenues of P3.5 billion doubled last year's revenue of P1.7 billion. Anscor posted higher equity earnings from associates and investment gain from sale of AFS investments, mostly locally traded shares amounting P115.2 million and P2.1 billion, respectively. The increase in revenues was partially reduced by the lower service revenues of Cirrus Medical Staffing, Inc., from P916.7 million to P711.5 million.

Costs 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. In view of the substantial income generated by the Company in 2010 for the sale of its investments, the parent company declared and paid bonuses to its executive officers and directors as approved by the BOD and the Compensation Committee.

Valuation Allowances
The Parent Company setup a provision for decline in market value of some AFS investments based on reduced market values as of December 31, 2010 vs. values as of December 31, 2009 and/or original acquisition cost. Additional provision was also setup for some of its equitized investments. Likewise, provisions for doubtful accounts receivable was set up.

Foreign Exchange Loss
Due to 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. The loss could have been higher if not for the hedging transaction.

Interest Expense
The Group reported higher charges for interest expense resulting from additional loans obtained by the parent company and its subsidiary during 2010.

Other Expense- net
Minimal rental income was recognized in 2010. In 2009, the rental income amounted to P14.5 million are shown as part of "Other expense-net" in the consolidated statements of income.

Provision for Income Tax
This account increased mainly due to the higher income tax due by a subsidiary.

Noncontrolling Interest
Increase in noncontrolling interest represents the share of minority shareholders on income of the aviation subsidiary, net of share in losses of minority shareholders of Cirrus Global, Inc. and Cirrus Medical Staffing, Inc. for the year ended December 31, 2010.

Year Ended December 31, 2009 Compared with Year Ended December 31, 2008 (as reported in 2009 SEC 17-A)

Revenues
This year's consolidated gross revenues of P1.7 billion declined by P534.7 million from last year's P2.3 billion revenues. Cirrus' P916.9 million service revenues were lower compared to prior year's P1.2 billion. The 2008 revenues include nonrecurring gain from sale of eTelecare shares and PDIPI shares of P740.4 million and P312.3 million, respectively.

Cost of Services Rendered
Decrease in cost of goods sold/services rendered was mainly attributable to decrease in Cirrus' and IQMan's cost of services due to slowdown in business activities.

Operating Expenses
Operating expenses decreased as a result of cost reduction both for the Parent company and the group, mainly there was no bonus paid by the Parent company in 2009.

Valuation Allowances
The Parent Company setup a provision for decline in market value of some AFS investments based on reduced market values as of December 31, 2009 vs. values as of December 31, 2008 and/or original acquisition cost, but the amount of valuation allowances was lower at P89.3 million as against 2008's P216.5 million.

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 lower charges for interest expense. Parent Company and its Air transport subsidiary availed additional short-term loan during the latter part of 2009.

Provision for Income Tax
This account decreased mainly due to the Parent Company's set up of a deferred tax assets pertaining to unrealized foreign exchange loss and impairment of AFS investments as of December 31, 2009.

Income from Deconsolidated Subsidiary
On June 30, 2008, the Parent Company entered into Deed of Assignment for the sale to General Cable Company of Canada of its 1,081,900 shares of stock (representing 18.38% share of the total outstanding shares) in Phelps Dodge International Philippines Inc. (PDIPI). As a result, the Parent Company's ownership of PDIPI has been reduced to 40% and it therefore deconsolidated starting July 1, 2008. The Parent Company's investment in PDIPI is accounted for under equity method effective July 1, 2008.

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

Year Ended December 31, 2008 Compared with Year Ended December 31, 2007 (as reported in 2008 SEC 17-A)

Revenues

This year's consolidated gross revenues of P2.3 billion were higher compared to 2007 revenues of P1.2 billion, mainly due to inclusion of Cirrus' P1.2 billion service revenues for the period January 20 to December 31, 2008.

Cost of Services Rendered
Increase in cost of goods sold/services rendered was mainly attributable to consolidation of Cirrus' cost of services and IQMAN's nurse deployment costs.

Operating Expenses
Operating expenses increased as a result of consolidation of the new US subsidiaries, Cirrus' and MDI Medical.

Foreign Exchange Gain
Due to depreciation of peso vis-à-vis US dollar and euro, the peso value of foreign currency-denominated investments of the Group increased which resulted to foreign exchange gain, excluding foreign exchange gain on foreign-currency denominated stocks which was reflected in the stockholders' equity as cumulative translation adjustment.

Interest Expense
The Group reported higher charges for interest expense resulting from increase in short-term loan obtained by the parent company and its subsidiaries to finance their short-term working capital requirements.

Provision for Income Tax
This account increased mainly due to the Parent Company's setup of provision for deferred tax assets from which future realizabilty of future benefits is not certain.

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.

Changes in Accounting Policies and Disclosures

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.

Other Financial information

- There are no material events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2010 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

- There is no other material event subsequent to the reporting period that has not been reflected in financial statements.

Item 7. Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippines Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rules 68 and 68.1, current PFRS/IAS.

3. The consolidated financial statements include disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

SyCip Gorres Velayo & Co. (SGV) has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing fiscal year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors for the Company for the current year.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosure and changes in Accounting and Financial Disclosures are included in the attached Notes to Consolidated Financial Statements, if applicable.

In compliance with SRC Rule 68 paragraph 3(b) (iv) (Rotation of External Auditors), the SGV audit partner, as of December 2010, is Ms. Josephine Estomo, who is on her second year of audit engagement.

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2010	P988,500
2009	898,425

The audit fees were approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

No tax consultancy fees were paid by the Company to SGV for the year 2010.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors

The Board of Directors of the Company has ultimate responsibility for the administrative affairs of the Company. The business address of all of the Directors is the registered office of the Company. The Board meets approximately once every quarter or about four times a year. A majority of the Board shall constitute a quorum for the holding of a Board meeting. The decision of a majority of the quorum present shall be sufficient to pass a Board resolution.

The Directors and their respective positions with the Company are listed below.

Name	Position	Term of Office	Period Served as Director
Andres Soriano III	Chairman and Chief Executive Officer; President and Chief Operating Officer	1 year	28 years
Eduardo J. Soriano	Vice Chairman – Treasurer	1 year	30 years
Ernest K. Cuyegkeng	Director	1 year	2 years
John L. Gokongwei, Jr.	Director	1 year	30 years
Oscar J. Hilado	Director	1 year	12 years
Jose C. Ibazeta	Director	1 year	23 years
Roberto R. Romulo	Director	1 year	12 years

Executive Committee and Management

The management structure of the Company consists of an Executive Committee that reports directly to the Board of Directors. The members of the Executive Committee and their respective positions with the Company are listed below.

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Ernest K. Cuyegkeng	Member
Mr. Oscar J. Hilado	Member
Mr. Jose C. Ibazeta	Member

The following are the members of the Audit Committee and Compensation Committee:

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Eduardo J. Soriano	Member

Selected biographical information on the Company's directors and other principal officers is set out below.

Directors

ANDRES SORIANO III, age 59, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of Andres Soriano Foundation, Inc. (1985 to present), Director of Anscor Property Holdings, Inc. (1998 to present), A. Soriano Air Corporation (2003 to present) and Anscor-Casto Travel Corporation (1983 to present); Chairman of Phelps Dodge International Philippines (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present); Director of Cirrus Medical Staffing, Inc. (2007 to present); Director of International Container Terminal Services, Inc. (ICTSI) (1992 to present), ICTSI, Ltd. (2001 to present), International Container Terminal Holdings, Inc. (1999 to present), Manila Peninsula Hotel, Inc. (1986 to present). Mr. Soriano was formerly President and Chief Operating Officer of San Miguel Corporation and was subsequently Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 56, Filipino, Director of the Company since 21 May 1980; Vice Chairman-Treasurer of the Company (1990 to present); Chairman of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present), A. Soriano Air Corporation (2003 to present); Chairman and President of Anscor Property Holdings, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present), Sutton Place Holdings, Inc. (2009 to present), Minuet Realty Corporation, Anscor Consolidated Corporation (1982 to present), Pamalican Island Holdings; Chairman & President of NewCo, Inc. (1997 to present); Trustee of Andres Soriano Foundation, Inc. (1985 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 64, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Anscor Property Holdings, Inc. (1990 to present), Phelps Dodge Philippines Energy Products Corporation (1999 to present), A. Soriano Air Corporation (2003 to present), and Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Director of Pamalican Island Holdings, Inc. (1995 to present), KSA Realty Corporation (2001 to present) and T-O Insurance (2008 to present); Director of AB Capital & Investment Corporation (2003 to present), Artha Land (2007 to present) and Sumifru, Singapore (2003 to present); Trustee of Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968). Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHN L. GOKONGWEI, JR., age 84, Filipino, Director of the Company since 21 May 1980; Director and Chairman Emeritus of JG Summit Holdings, Inc. (2002 to present); Chairman and CEO of JG Summit Holdings, Inc. (1990 to 2001); Director of Robinsons Land Corporation (1980 to present), JG Summit Petrochemical Corporation (1994 to present), Universal Robina Sugar Milling Corporation (1987 to present), Southern Negros Development Corporation (1982 to present), Robinsons, Inc, (1987 to present), Gokongwei Brothers Foundation, Inc. (1992 to present); Graduate of De La Salle University, Masters Degree in Business Administration, (1977) Advance Management Program, Harvard University, (1972-1973).

OSCAR J. HILADO, age 73, Filipino, an independent Director of the Company since 13 April 1998; Chairman & CEO of Philippine Investment Management (PHINMA), Inc. (January 1994 to August 2005) and as Chairman (August 2005 to present); Chairman of Holcim Phils., Inc.; Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Trans Asia Power Generation Corporation (1996 to present); Chairman of Trans Asia Oil & Energy Development Corporation (April 2008 to present); Director of Manila Cordage Corporation (1986 to present), Seven Seas Resorts & Leisure, Inc., First Philippine Holdings Corporation (November 1996 to present) and Philex Mining Corporation (December 2009 to present); Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce, (1958) Masters Degree in Business Administration, Harvard Graduate School of Business, (1962). Mr. Hilado also serves as Chairman of the Audit Committee of the Company.

JOSE C. IBAZETA, age 68, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Director of International Container Terminal Services, Inc. (1987 to present), Anscor Consolidated Corporation (1980 to present), Anscor Property Holdings, Inc. (1982 to present), Anscor-Casto Travel Corporation (1984 to present), A. Soriano Air Corporation (1988 to present), AFC Agribusiness Corporation (1989 to present), Atlas Consolidated Mining & Development Corporation (1989 to present), Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), NewCo, Inc. (1997 to present) and Capital Mediaworks, Inc. (2003 to present); President of Seven Seas Resorts & Leisure, Inc. (2008 to present); Member, Finance Committee of Ateneo de Manila University (1997 to present); Board of Trustees of Radio Veritas (1991 to present); Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (February 2007 to March 2010) and Acting Secretary of Energy (March–June 2010); Graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), Masters Degree in Business Administration, University of San Francisco, (1968).

ROBERTO R. ROMULO, age 72, Filipino, an independent Director of the Company since 13 April 1998; Chairman of CHARTIS Philippines Insurance, Inc. (formerly AIU Philippines Inc.), PETNET, Inc., Carlos P. Romulo Foundation for Peace and Development, Foundation for Information Technology Education and Development (FIT-ED), MediLink Network, Philippine Foundation for Global Concerns, Inc. (PFGC), Zuellig Family Foundation, Romulo Asia Pacific Advisory, Inc. and Asia-Europe Foundation of the Philippines; Advisory Board Member of Philippine Long Distance Telephone Co. (PLDT) and Board Member of Aboitiz Equity Ventures, Inc., 25-year career at IBM Corporation holding CEO positions in the Philippines, Thailand, Burma and Bangladesh; Graduate of Georgetown University, (A.B.) and Ateneo de Manila University (LLB). Former Ambassador to Belgium, Luxembourg and the European Commission and Secretary of Foreign Affairs.

No incumbent Director has resigned or declined to stand for re-election to the Board of Directors due to disagreement with Management since the date of the last annual meeting.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on an Exchange or with assets in excess of Fifty Million Pesos (P50,000,000.00) and having two hundred (200) or more holders, at least of two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board, whichever is the lesser.

The two nominated independent Directors of the Company are Mr. Oscar J. Hilado and Mr. Roberto R. Romulo. They are neither officers nor employees of the Company or of any of its subsidiaries. They do not have any relationship with the company which would interfere with the exercise of independent judgment in carrying out their responsibilities. Further, the nominated independent Directors posses all the qualifications and none of the disqualifications to serve as independent Directors of the Company. The independent Directors are nominated and elected in the same manner as regular directors in accordance with the nomination and election procedures provided in the By-Laws. The Company amended its By-Laws in 04 March 2010 and 18 February 2011 to incorporate the requirements of SRC Rule 38 with respect to the nomination and election of independent directors.

The following are not nominees but incumbent officers of the Company:

NARCISA M. VILLAFLOR, age 48, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure. Inc., Andres Soriano Foundation, Inc., Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.), A. Soriano Air Corporation, Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation, Cirrus Global, Inc.; Trustee of Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989. Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORNA PATAJO-KAPUNAN, age 58, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of KAPUNAN LOTILLA GARCIA & CASTILLO Law Offices; Corporate Secretary of Central Azucarera de Don Pedro (1995 to present), Central Azucarera de la Carlota (1996 to present), Beverage Industry Association of the Philippines (1991 to present), Seven Seas Resorts & Leisure, Inc (1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to present), Uni President Phils., Inc. (2002 to present), Huntly Corporation (1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to present), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001

to present), Jose M. Velero Corporation (2001 to present), Creative Concoctions, Inc. (2001 to present), Hotel Concepts, Inc. (2001 to present), Creative Hotel Concepts, Inc. (2001 to present), Culinary Events, Inc. (2001 to present), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to present), It's About Taste (I'ATE), Inc. (2002 to present), Kitchen Alley, Inc. (2001 to present), & Les Maitres Gourmands, Inc. (2001 to present); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present); Elixir Gaming Technologies Philippines, Inc. (2007-2008); Elixir Group Philippines, Inc. (2006-2008); Director of AMAX Holdings Limited (2008 to present); Graduate of University of the Philippines College of Law, (1978).

JOSHUA L. CASTRO, age 36, Filipino, Executive Assistant and Assistant Corporate Secretary of the Company (2005 to present); Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. (2006 to present) and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge International Philippines, Inc., PD Energy International Corporation, Phelps Dodge Philippines Energy Products Corporation (2006 to present), A. Soriano Air Corporation (2006 to present), Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2006 to present), Anscor Property Holdings, Inc. (2006 to present), and Andres Soriano Foundation, Inc. (2006 to present). Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005). Graduate of San Beda College of Law (1999).

Additional Information

There is no person who is not an executive and is expected by the registrant to make a significant contribution to the business.

Except for Andres Soriano III and Eduardo J. Soriano who are brothers, the directors, executive officers or persons nominated or chosen by the registrant to become directors or executive officers have no family relationship up to the 4th civil degree either by consanguinity or affinity.

For the last five years and as of 28 February 2011, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Item 10. Executive Compensation

As approved in 2004, Directors are paid a per diem of ₱20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and Board of Directors.

The total compensation paid to the top five (5) Officers of the Company and the rest of the Directors for the last two years and the ensuing year are as follows:

Name	Principal Position	Compensation		
		2009 Actual	2010 Actual	2011 (Estimate)
Andres Soriano III	Chairman & Chief Executive			
Eduardo J. Soriano	Vice Chairman & Treasurer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Joshua L. Castro	Executive Assistant & Assistant Corporate Secretary			
Salaries		₱ 39,683,200	₱ 45,035,314	₱48,444,455
Benefits		995,909	995,909	995,909
Bonus*		-	34,550,000	28,350,000
Sub-Total Top Executive		₱ 40,679,109	₱ 80,581,223	₱ 77,790,364
Other Directors*		4,016,049	13,536,049	8,826,049
Total		₱ 44,695,158	₱ 94,117,272	₱ 86,616,413

* *In November 2010, the Board of Directors and the Compensation Committee approved the payment of portion of the bonus to its Executive Officers and Directors from the 2010 income, mainly from gain on sale of marketable equity securities.*

There are no other arrangements, including consulting contracts, to which any director was compensated, directly or indirectly except for the consultancy agreement between the Company and Mr. Jose C. Ibazeta, involving about P3.21 million fees for one year.

All the executive officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the Company or change in the named executive officers' responsibilities following a change in control.

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Except as indicated below, no person holds 5% or more of the common stock of the Company under a voting trust or similar agreement.

As of February 28, 2011, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

a. Security Ownership of Certain Record (R) and Beneficial Owners (B)

Title of Class	Name, Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,198,451,093*	47.938%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	509,605,553	20.384%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	150,595,705	6.024%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan, Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	176,646,329	7.066%

* Includes 296,278,790 shares lodged with PCD Nominee Corp. (Filipino)

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients. ATR Kim Eng Securities, Inc. is the sole owner of more than 5%, specifically 33.038%, the bulk of which or 19.158% is owned by Deerhaven, LLC, a company registered in Delaware, USA. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines in 25 April 2003 represented by Atty. Marietta P. Turingan as its Corporate Secretary.

Other than the above, there are no Stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Security Ownership of Certain Beneficial Owners and Management

As of February 28, 2011, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership		Citizenship	Percentage
Common	Andres Soriano III	50,490,265	Direct/Indirect	American	2.020%
Common	Eduardo J. Soriano	30,862,529	Direct/Indirect	Filipino	1.234%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	John L. Gokongwei, Jr.	345,602	Direct/Indirect	Filipino	0.014%
Common	Oscar J. Hilado	6,020,000	Direct/Indirect	Filipino	0.241%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Roberto R. Romulo	20,000	Direct	Filipino	0.001%
	Total	87,791,347			3.512%

Narcisa M. Villaflor, Atty. Lorna Patajo-Kapunan and Joshua L. Castro do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholders.

d. Changes in Control

No change in control of the Company occurred since the beginning of the last fiscal year. Management is not aware of any arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

In line with the strategic direction of the Company with respect to its investments, i.e., shifting more resources from financial instruments to operating investments, the Company, as of 28 February 2011, is in the process of acquiring additional shares of stock in Seven Seas Resorts and Leisure, Inc. ("SSRLI") from other minority shareholders in SSRLI, including shares of stock directly or indirectly owned by Andres Soriano III and Eduardo J. Soriano. The acquisition from all the minority shareholders will increase the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. The combined purchase price of the acquisition of shares of stock directly and indirectly owned by Andres Soriano III and Eduardo J. Soriano is P131.66 million, representing 7.98% of the total outstanding common and preferred shares of stock of SSRLI.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

On 22 December 2010, the Company submitted its annual Certification to the SEC confirming its substantial compliance with its Manual on Corporate Governance. Before issuance of said Certification, the Board of Directors and Management evaluated the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. In line with this goal, Directors of the Company are required, before assuming office, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, the Company participates in the annual Corporate Governance Scorecard Self-Assessment for Publicly-Listed Companies conducted by the Institute of Corporate Directors. Before submitting the self-assessment, Management evaluates the responses and considers the scorecard as a tool to further improve and ensure compliance with the Manual on Corporate Governance.

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

As of February 28, 2011, there were no deviations from the Company's Manual on Corporate Governance.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

Exhibit	(1)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	NA
Exhibit	(2)	Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Exhibit	(3)	Voting Trust Agreement	NA
Exhibit	(4)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	ANNUAL REPORT & FORM 17-Q
Exhibit	(5)	Letter re: Change in Certified Public Accountant	NA
Exhibit	(6)	Letter re: Change in Accounting Principles	NA
Exhibit	(7)	Report Furnished to Security Holders	ANNUAL REPORT & FORM 17-Q
Exhibit	(8)	Subsidiaries of the Registrant	LIST OF SUBSIDIARIES
Exhibit	(9)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
Exhibit	(10)	Consents of Experts and Independent Counsel	NA
Exhibit	(11)	Power of Attorney	NA
Exhibit	(12)	Additional Exhibits	NA

(b) SEC Form 17-C

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on February 18, 2011.

Andres Soriano III
Chairman and Chief Executive Officer
President and Chief Operating Officer

Date

Ernest K. Cuyegkeng
Executive Vice President - Chief Financial Officer

Date

Narcisa M. Villaflor
Vice President-Comptroller

Date

Salome M. Buhion
Accounting Manager

Date

Atty. Lorna Kapunan
Corporate Secretary

Date

SUBSCRIBED AND SWORN to before me this 18th day of February 2011 affiant(s) exhibited to me the following:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Andres Soriano III	711786600	08-11-2005	U.S.A
Ernest K. Cuyegkeng	XX3032586	02-17-2009	Manila
Narcisa M. Villaflor	XX3804170	05-27-2009	Manila
Salome M. Buhion	UU966480	03-21-2007	Manila
Atty. Lorna Kapunan	ZZ233171	10-05-2007	Manila

Doc. No. 990;
Page No. 79;
Book No. V;
Series of 2011

LORA MAE T. INGUITO
Appointment No. M-39
Notary Public for Makati City
Until December 31, 2012
18th, 19th & 17th Floor, Liberty Center
104 H.V. dela Costa Street
Salcedo Village, Makati City
Roll of Attorneys No. 58729
PTR 2641682/Makati City/01-03-2011
IBP 839604/PPLM/12-08-2010

A. SORIANO CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

A. SORIANO CORPORATION
INDEX TO EXHIBITS

		Page No.
Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS	145-158
Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders Report Furnished to Security Holders	INFORMATION STATEMENT ANNUAL REPORT & FORM 17-Q	159-404

A. SORIANO CORPORATION
INDEX TO SEC FORM 17-C

A. SORIANO CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **A. SORIANO CORPORATION** is responsible for all information and representations contained in the consolidated financial statements as of and for the years ended December 31, 2010 and 2009. The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the company's audit committee and to its external auditor: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the consolidated financial statements of the company in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

Signed under oath by the following:

ANDRES SORIANO III
Chairman & Chief Executive Officer

ERNEST K. CUYEGKENG
Executive Vice President & Chief Financial Officer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 18th day of February, 2011 at Makati City, Metro Manila, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE OF ISSUE	
Andres Soriano III	711786600	08-11-2005	U.S.A
Ernest K. Cuyegkeng	XX3032586	02-17-2009	Manila

Doc. No. 784 ;
Page No. 79 ;
Book No. 1 ;
Series of 2011.

ORA MAE T. INGUITO
Appointment No. M-39
Notary Public for Makati City
Until December 31, 2012
18th 19th & 17th Floor, Liberty Center
104 H.V. dela Costa Street
Salcedo Village, Makati City
PTR 2047682/Makati City/01-03-2011
IBP 656604/PPLM/12-04-2010

A. SORIANO CORPORATION, 7TH FLOOR, PACIFIC STAR BUILDING, MAKATI AVENUE COR. GIL J. PUYAT AVENUE, 1209 MAKATI CITY
P.O. BOX 1304 MAKATI CENTRAL POST OFFICE, 1252 MAKATI CITY, PHILIPPINES • TEL: 819-0251 to 70 • E-MAIL: asoriano@globe.com.ph

SGV&Co
ERNST & YOUNG

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited the accompanying consolidated financial statements of A. Soriano Corporation and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects, the financial position of A. Soriano Corporation and Subsidiaries as at December 31, 2010 and 2009 and their financial performance and their cash flows for each of the three years in the period ended December 31, 2010, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-2
Tax Identification No. 102-086-208
BIR Accreditation No. 08-001998-18-2009,
June 1, 2009, Valid until May 31, 2012
PTR No. 2641524, January 3, 2011, Makati City

February 18, 2011

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱2,188,123,589**	₱594,527,199
Fair value through profit or loss (FVPL) investments (Note 9)	**817,656,671**	733,785,606
Receivables (Note 10)	**230,447,395**	220,020,505
Inventories (Note 11)	**15,909,310**	14,426,324
Prepayments and other current assets	**66,280,014**	40,136,633
Total Current Assets	**3,318,416,979**	1,602,896,267
Noncurrent Assets		
Available-for-sale (AFS) investments (Note 13)	**6,213,532,572**	4,682,991,556
Investments and advances (Note 12)	**942,752,891**	1,040,733,565
Investment properties (Notes 15 and 30)	**260,483,302**	264,082,489
Property and equipment (Notes 14 and 19)	**143,177,924**	200,492,521
Goodwill (Note 6)	**510,905,060**	503,110,989
Other noncurrent assets (Notes 16, 24 and 30)	**41,033,781**	60,401,057
Total Noncurrent Assets	**8,111,885,530**	6,751,812,177
TOTAL ASSETS	**₱11,430,302,509**	₱8,354,708,444
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 17)	**₱64,393,852**	₱344,553,736
Accounts payable and accrued expenses (Notes 6, 18 and 30)	**257,440,701**	236,433,335
Dividends payable (Note 20)	**134,856,337**	121,684,225
Income tax payable	**3,617,707**	658,887
Current portion of long-term debt (Note 19)	**10,960,000**	14,437,500
Total Current Liabilities	**471,268,597**	717,767,683
Noncurrent Liabilities		
Advances from customer (Note 30)	**22,141,811**	21,786,523
Long-term debt - net of current portion (Note 19)	**10,960,000**	20,212,500
Deferred revenues (Note 30)	**80,142,589**	84,456,834
Deferred income tax liabilities - net (Note 25)	**8,227,521**	8,297,184
Retirement benefits payable (Note 24)	**23,343,489**	12,388,717
Total Noncurrent Liabilities	**144,815,410**	147,141,758
Total Liabilities	**616,084,007**	864,909,441

(Forward)

	December 31	
	2010	2009
Equity Attributable to Equity Holdings of the Parent (Note 20)		
Capital stock - ₱1 par value	**₱2,500,000,000**	₱2,500,000,000
Additional paid-in capital	**1,574,103,911**	1,574,103,911
Equity reserve on acquisition of noncontrolling interest (Note 3)	**(26,356,543)**	(26,356,543)
Cumulative translation adjustment	**(68,240,077)**	(30,974,237)
Unrealized valuation gains on AFS investments (Note 13)	**2,650,946,926**	656,731,126
Retained earnings	**5,972,637,668**	4,297,532,291
	12,603,091,885	8,971,036,548
Less cost of shares held by a subsidiary (1,198,466,093 shares in 2010 and 1,058,180,078 shares in 2009) (Note 20)	**1,827,024,465**	1,517,163,308
	10,776,067,420	7,453,873,240
Noncontrolling Interests (Note 3)	**38,151,082**	35,925,763
Total Equity	**10,814,218,502**	7,489,799,003
TOTAL LIABILITIES AND EQUITY	**₱11,430,302,509**	₱8,354,708,444

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2010	2009	2008
REVENUES			
Services (Note 30)	**₱866,112,933**	₱1,056,013,587	₱1,360,274,272
Dividend income (Notes 12 and 13)	**145,749,114**	102,136,741	122,460,611
Equity in net earnings of associates (Note 12)	**115,224,619**	78,246,910	99,259,423
Interest income (Notes 13 and 23)	**111,236,357**	120,209,111	106,971,109
Management fee (Note 30)	**37,754,660**	28,251,300	15,793,394
Others	**34,077,196**	27,930,617	39,799,398
	1,310,154,879	1,412,788,266	1,744,558,207
INVESTMENT GAINS (LOSSES)			
Gain (loss) on sale of:			
AFS investments (Note 13)	**2,091,925,238**	186,271,990	(73,393,275)
Property and equipment and investment properties (Notes 14 and 15)	–	340,199	3,213,550
eTelecare Global Solutions, Inc. (eTelecare) shares (Note 13)	–	–	740,402,487
Phelps Dodge International Philippines, Inc. (PDIPI) shares (Note 7)	–	–	312,275,468
Long-term investments (Note 12)	–	–	9,460,394
Gain (loss) on increase (decrease) in market values of FVPL investments (Note 9)	**99,867,962**	136,822,715	(465,582,028)
	2,191,793,200	323,434,904	526,376,596
TOTAL	**3,501,948,079**	1,736,223,170	2,270,934,803
Costs of services rendered (Note 21)	**(714,101,500)**	(892,697,022)	(1,097,324,638)
Operating expenses (Note 21)	**(445,459,266)**	(436,129,949)	(468,076,101)
Valuation allowances - net of recoveries (Note 23)	**(185,766,042)**	(89,256,480)	(216,452,107)
Foreign exchange gain (loss) - net	**(138,365,146)**	(34,433,061)	309,593,796
Interest expense (Note 23)	**(13,934,412)**	(10,793,402)	(24,079,511)
Other expenses - net (Note 30)	**(15,666,088)**	(5,497,629)	(28,207,788)
	(1,513,292,454)	(1,468,807,543)	(1,524,546,349)
INCOME BEFORE INCOME TAX	**1,988,655,625**	267,415,627	746,388,454
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)	**11,932,537**	(15,161,954)	87,706,296
NET INCOME FROM CONTINUING OPERATIONS	**1,976,723,088**	282,577,581	658,682,158
NET INCOME FROM A DECONSOLIDATED SUBSIDIARY (Note 7)	–	–	193,993,690
NET INCOME	**₱1,976,723,088**	₱282,577,581	₱852,675,848

(Forward)

	Years Ended December 31		
	2010	2009	2008
Attributable to			
Equity holdings of the Parent	**₱1,975,357,978**	₱289,644,550	₱776,036,762
Noncontrolling interests	**1,365,110**	(7,066,969)	76,639,086
	₱1,976,723,088	₱282,577,581	₱852,675,848
Earnings per share			
Basic/diluted, for net income attributable to equity holdings of the Parent (Note 26)	**₱1.46**	₱0.20	₱0.52
Basic/diluted, for net income attributable to equity holdings of the Parent from continuing operations (Note 26)	**₱1.46**	₱0.20	₱0.44

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2010	2009	2008
NET INCOME	**₱1,976,723,088**	₱282,577,581	₱852,675,848
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized valuation gains (losses) on AFS investments (Note 13)	**4,101,232,336**	1,462,159,420	(1,346,462,026)
Income tax effect	**(45,748,745)**	(56,277,319)	77,304,686
	4,055,483,591	1,405,882,101	(1,269,157,340)
Realized gains on sale of AFS investments, net of impairment losses, recognized in the statements of income (Note 13)	**(2,107,472,762)**	(102,957,571)	(434,158,393)
Income tax effect	**46,204,971**	(33,531,566)	2,498,798
	(2,061,267,791)	(136,489,137)	(431,659,595)
Subtotal	**1,994,215,800**	1,269,392,964	(1,700,816,935)
Cumulative translation adjustment	**(37,265,840)**	(34,403,096)	110,485,519
OTHER COMPREHENSIVE INCOME (LOSS)	**1,956,949,960**	1,234,989,868	(1,590,331,416)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱3,933,673,048**	₱1,517,567,449	(₱737,655,568)
Attributable to			
Equity holdings of the Parent	**₱3,932,307,938**	₱1,524,634,418	(₱814,294,654)
Noncontrolling interests	**1,365,110**	(7,066,969)	76,639,086
	₱3,933,673,048	₱1,517,567,449	(₱737,655,568)

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

	Equity Attributable to Equity Holdings of the Parent (Note 20)									
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on AFS Investments (Note 13)	Retained Earnings	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2007	**₱2,500,000,000**	**₱1,574,103,911**	**₱–**	**(₱107,056,660)**	**₱1,088,155,097**	**₱3,647,565,824**	**(₱1,203,059,877)**	**₱7,499,708,295**	**₱681,726,300**	**₱8,181,434,595**
Total comprehensive income (loss) for the year	–	–	–	110,485,519	(1,700,816,935)	776,036,762	–	(814,294,654)	76,639,086	(737,655,568)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱220.9 million (Note 20)	–	–	–	–	–	(329,127,050)	–	(329,127,050)	–	(329,127,050)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–	(311,319,871)	(311,319,871)	–	(311,319,871)
Acquisition of noncontrolling interest (Note 3)	–	–	(26,356,543)	–	–	–	–	(26,356,543)	26,855,223	498,680
Movement in noncontrolling interests (Notes 3 and 7)	–	–	–	–	–	–	–	–	(740,233,447)	(740,233,447)
BALANCES AT DECEMBER 31, 2008	**2,500,000,000**	**1,574,103,911**	**(26,356,543)**	**3,428,859**	**(612,661,838)**	**4,094,475,536**	**(1,514,379,748)**	**6,018,610,177**	**44,987,162**	**6,063,597,339**
Total comprehensive income (loss) for the year	–	–	–	(34,403,096)	1,269,392,964	289,644,550	–	1,524,634,418	(7,066,969)	1,517,567,449
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱63.4 million (Note 20)	–	–	–	–	–	(86,587,795)	–	(86,587,795)	–	(86,587,795)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–	(2,783,560)	(2,783,560)	–	(2,783,560)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	(1,994,430)	(1,994,430)

(Forward)

	Equity Attributable to Equity Holdings of the Parent (Note 20)									
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on AFS Investments (Note 13)	Retained Earnings	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2009	**₱2,500,000,000**	**₱1,574,103,911**	**(₱26,356,543)**	**(₱30,974,237)**	**₱656,731,126**	**₱4,297,532,291**	**(₱1,517,163,308)**	**₱7,453,873,240**	**₱35,925,763**	**₱7,489,799,003**
Total comprehensive income (loss) for the year	–	–	–	(37,265,840)	1,994,215,800	1,975,357,978	–	3,932,307,938	1,365,110	3,933,673,048
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱249.7 million (Note 20)	–	–	–	–	–	(300,252,601)	–	(300,252,601)	–	(300,252,601)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–	(309,861,157)	(309,861,157)	–	(309,861,157)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	860,209	860,209
BALANCES AT DECEMBER 31, 2010	**₱2,500,000,000**	**₱1,574,103,911**	**(₱26,356,543)**	**(₱68,240,077)**	**₱2,650,946,926**	**₱5,972,637,668**	**(₱1,827,024,465)**	**₱10,776,067,420**	**₱38,151,082**	**₱10,814,218,502**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱1,988,655,625**	₱267,415,627	₱746,388,454
Income before income tax from a deconsolidated subsidiary (Note 7)	**–**	–	298,451,831
Income before income tax	**1,988,655,625**	267,415,627	1,044,840,285
Adjustments for:			
Depreciation and amortization (Notes 14 and 15)	**51,579,256**	53,677,408	52,602,862
Loss (gain) on decrease (increase) in market values of FVPL investments (Note 9)	**(99,867,962)**	(136,822,715)	465,582,028
Valuation allowances - net of recoveries (Note 23)	**185,766,042**	89,256,480	216,452,107
Loss (gain) on sale of:			
AFS investments (Note 13)	**(2,091,925,238)**	(186,271,990)	73,393,275
Property and equipment (Note 14)	**–**	(340,199)	(3,213,550)
eTelecare shares (Note 13)	**–**	–	(740,402,487)
PDIPI shares (Notes 7 and 12)	**–**	–	(312,275,468)
Long-term investments (Note 12)	**–**	–	(9,460,394)
Loss on write-off of property and equipment (Note 14)	**–**	–	11,849,257
Dividend income	**(145,749,114)**	(102,136,741)	(122,460,611)
Equity in net earnings of associates (Note 12)	**(115,224,619)**	(78,246,910)	(99,259,423)
Interest income (Note 23)	**(111,236,357)**	(120,209,111)	(106,971,109)
Interest expense (Note 23)	**13,934,412**	10,793,402	24,079,511
Retirement benefit expense (Note 24)	**35,654,077**	4,287,622	3,147,158
Unrealized foreign exchange losses (gains) - net	**69,570,090**	34,433,061	(309,593,796)
Operating income (loss) before working capital changes	**(218,843,788)**	(164,164,066)	188,309,645
Decrease (increase) in:			
FVPL investments	**(11,227,963)**	57,597,973	337,634,222
Receivables	**15,651,635**	76,041,442	973,650,199
Inventories	**(1,980,913)**	(936,954)	645,647,233
Prepayments and other current assets	**(31,213,767)**	15,853,928	(8,708,324)
Increase (decrease) in accounts payable and accrued expenses	**6,121,091**	46,397,305	(235,895,937)
Net cash provided by (used in) operations	**(241,493,705)**	30,789,628	1,900,637,038
Dividends received	**177,749,114**	141,693,151	122,460,611
Retirement benefit contribution	**(5,308,347)**	(5,318,343)	(5,318,343)
Interest received	**116,310,012**	120,990,290	95,664,324
Interest paid	**(12,226,912)**	(10,793,402)	(24,079,511)
Income taxes paid	**(9,043,380)**	(8,140,099)	(190,057,328)
Net cash flows from operating activities	**25,986,782**	269,221,225	1,899,306,791

(Forward)

	Years Ended December 31		
	2010	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
AFS investments (Note 13)	**(₱3,193,300,087)**	(₱3,124,862,974)	(₱2,286,594,051)
Investments and advances (Note 12)	**–**	–	(418,684,344)
Investment properties (Note 15)	**(2,203,739)**	(4,440,805)	(114,603,613)
Property and equipment (Note 14)	**(15,719,537)**	(101,105,473)	(13,843,799)
Advances to affiliates	**–**	–	(21,597,568)
Proceeds from sale of:			
AFS investments (Note 13)	**5,719,026,524**	2,383,711,035	2,103,665,645
Investments and advances (Note 12)	**–**	–	642,437,050
Investment properties (Note 15)	**–**	–	2,816,058
Property and equipment (Note 14)	**–**	340,199	1,422,391
Collection from associates (Note 12)	**9,132,897**	15,445,522	–
Collection of other noncurrent assets - net	**2,560,697**	137,218	530,081
Proceeds from redemption of preferred shares of an associate (Note 12)	**–**	–	35,809,730
Acquisition of subsidiaries, net of cash acquired (Note 6)	**(23,850,449)**	–	(682,425,948)
Net cash flows from (used in) investing activities	**2,495,646,306**	(830,775,278)	(751,068,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Note 17)	**159,155,452**	345,450,856	723,503,021
Payments of:			
Notes payable (Note 17)	**(439,315,336)**	(154,400,141)	(1,255,407,246)
Long-term debt (Note 19)	**(14,437,500)**	(12,468,438)	(3,891,693)
Dividends (Note 20)	**(287,080,489)**	(234,236,678)	(172,122,665)
Other noncurrent liabilities	**–**	(401,562)	–
Increase (decrease) in:			
Advances from customer	**355,288**	(11,345,153)	(48,147,034)
Deferred revenues	**(4,314,245)**	(5,342,185)	14,418,148
Noncontrolling interests	**860,209**	(9,061,398)	(712,879,543)
Acquisition of noncontrolling interest (Note 3)	**–**	–	(498,680)
Company shares purchased by a subsidiary (Note 20)	**(309,861,157)**	(2,783,560)	(311,319,871)
Net cash flows used in financing activities	**(894,637,778)**	(84,588,259)	(1,766,345,563)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,626,995,310**	(646,142,312)	(618,107,140)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(33,398,920)**	22,038,408	96,297,605
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**594,527,199**	1,218,631,103	1,740,440,638
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱2,188,123,589**	₱594,527,199	₱1,218,631,103

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

A. Soriano Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses. The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded. The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010 were authorized for issue by the Board of Directors (BOD) on February 18, 2011.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

Changes in Accounting Policies and Disclosures

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 noncontrolling interests (previously referred to as "minority interests"), even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) upon 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 consolidated 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 significant impact on the consolidated 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 noncontrolling interest after the sale transaction. The amendment is applied prospectively.

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 among 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. 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 Equity Instruments*, 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 January 1, 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 July 1, 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. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at December 31:

	Nature of Business	Percentage of Ownership 2010	2009
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc. (PIHI)	Holding	**62**	62
Island Aviation, Inc. (IAI, Notes 19 and 30)	Air Transport	**62**	62
Anscor Consolidated Corporation (Anscorcon)	Holding	**100**	100
Anscor International, Inc. (AI, Note 12)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL, Note 12)	Manpower Services	**100**	100
Cirrus Medical Staffing, Inc. (Cirrus, Notes 6 and 12)	Manpower Services	**94**	94
Cirrus Holdings USA, LLC (Cirrus LLC, Note 6)	Manpower Services	**94**	94
Cirrus Allied, LLC (formerly MDI Medicals, LLC; MDI, Note 6)	Manpower Services	**94**	94
NurseTogether , LLC (NT) (Note 6)	Online Community Management	**94**	–
Anscor Property Holdings, Inc. (APHI, Notes 12 and 15)	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc. (Makatwiran, Note 12)	Real Estate Holding	**100**	100
Makisig Holdings, Inc. (Makisig, Note 12)	Real Estate Holding	**100**	100
Malikhain Holdings, Inc. (Malikhain, Note 12)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc. (Akapulko, Note 12)	Real Estate Holding	**100**	100
Sutton Place Holdings, Inc. (Sutton)	Holding	**100**	100
Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc. or IQMAN, Notes 17 and 30)	Manpower Services	**93**	93
IQ Healthcare Professional Connection, LLC (IQHPC, Notes 16 and 30)	Manpower Services	**93**	93

On January 4, 2010, the SEC approved the amendment in IQMAN's articles of incorporation and by-laws to change IQMAN's name from International Quality Manpower Services, Inc. to Cirrus Global, Inc.

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while of Cirrus and IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities and generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, liabilities and equities, are eliminated in full.

Losses within a subsidiary are attributed to the noncontrolling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interest
- Derecognizes the related other comprehensive income like cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate

Basis of consolidation prior to January 1, 2010
Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the noncontrolling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the noncontrolling interest had a binding obligation to cover these. Losses prior to January 1, 2010 were not reallocated between noncontrolling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at January 1, 2010 have not been restated.

In 2007, noncontrolling interests represent the portion of profit or loss and net assets of IQMAN, Phelps Dodge International Philippines, Inc. (PDIPI) and PIHI that are not held by the Group and are presented separately in the consolidated statements of income and within equity in the consolidated balance sheets, separately from the parent's equity. In 2008, noncontrolling interest on PDIPI is no longer included in the consolidated financial statements due to the deconsolidation of PDIPI (see further discussion in Note 7).

In 2008, Sutton acquired an additional 32% interest in IQMAN, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheets.

Investments in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statements of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The following are the Group's associates:

	Nature of Business	**Percentage of Ownership**	
		2010	2009
Vesper Industrial and Development Corporation (Vesper)	Real Estate Holding	**60**	60
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 12 and 30)	Resort	**46**	46
NewCo., Inc. (Newco, Note 12)	Real Estate	**45**	45
AFC Agribusiness Corporation	Real Estate	**45**	45
Anscor-Casto Travel Corporation	Travel Agency	**44**	44
PDIPI (Notes 7, 12 and 30)	Holding	**40**	40
Minuet Realty Corporation (Minuet)	Landholding	**60**	60
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 12 and 30)	Wire Manufacturing	**40**	40
PD Energy International Corporation (PDEIC)	Wire Manufacturing	**40**	40
Vicinetum Holdings, Inc. (VHI, Note 12)	Holding	**27**	27
Columbus Technologies, Inc.	Holding	**27**	27
Multi-media Telephony, Inc. (MTI, Note 12)	Broadband Services	**27**	27

Vesper and Minuet have been excluded in the consolidated financial statements as special voting requirements adopted by their respective shareholders manifested that the Company's 60% holdings in Vesper and Minuet are not sufficient to carry major business decisions.

Business Combinations and Goodwill

Effective January 1, 2010, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any noncontrolling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statements of income.

Business combinations prior to January 1, 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations are accounted for using the purchase accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statements of income.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheets when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of fair value

The fair value of instruments that are actively traded in organized financial markets is determined by reference to market prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

The inputs and assumptions used in the valuation techniques are based on market observable data and condition and reflect appropriate adjustments for credit and liquidity risks existing at each of the periods indicated.

Derivatives recorded at FVPL
The Group enters into derivative contracts, such as currency forwards. Such derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statements of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments. These embedded derivatives include calls and puts in debt investments and interest rate options.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group has opted not to designate its derivative transactions as accounting hedges. Consequently, gains and losses from changes in fair value of these derivatives are recognized immediately in the consolidated statements of income.

Classification of financial instruments
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2010 and 2009, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheets at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2010 and 2009, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives amounting to ₱817.7 million and ₱733.8 million, respectively. No financial liability at FVPL is outstanding as of December 31, 2010 and 2009 (see Notes 9 and 29).

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statements of income. The losses arising from impairment of such loans and receivables are recognized as "Valuation allowances - net of recoveries" in the consolidated statements of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, interest receivable, advances to officers and employees and other receivables. As of December 31, 2010 and 2009, the Group has loans and receivables amounting to ₱2,418.6 million and ₱814.5 million, respectively (see Note 29).

(c) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statements of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as "Gain (loss) on sale of AFS investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statements of income when the right of payment has been established. The losses arising from impairment of such investments are recognized as "Valuation allowances - net of recoveries" in the consolidated statements of income.

As of December 31, 2010 and 2009, the Group's AFS investments amounted to ₱6,213.5 million and ₱4,683.0 million, respectively (see Notes 13 and 29).

(d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

As of December 31, 2010 and 2009, total other financial liabilities amounted to ₱351.0 million and ₱563.1 million, respectively (see Note 29).

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheets where:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Financial liabilities

A financial liability is removed from the consolidated balance sheets when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statements of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "Valuation allowances - net of recoveries" in the consolidated statements of income.

Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments
In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statements of income - is removed from equity and recognized in the consolidated statements of income. Impairment losses on equity investments are not reversed through the consolidated statements of income. Increases in fair value after impairment are recognized in the consolidated statements of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in the consolidated statements of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statements of income, the impairment loss is reversed through the consolidated statements of income.

Day 1 Difference
Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" profit or loss) in the consolidated statements of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statements of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" profit or loss amount.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheets if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheets.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and other sales taxes or duties.

The following specific recognition criteria must also be met before revenue and cost is recognized:

Sale of Goods
Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on Villa Development Project
Revenue on Villa Development Project of an associate is recognized under the completed contract method. Under this method, revenue is recognized only when the villa clusters have been constructed, turned over to, and accepted by the buyer.

Cost of Real Estate Sold
The cost of real estate sold includes the acquisition cost of the land and total development costs upon completion.

Rendering of Services
Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements are recognized upon the nurses' arrival and employment in the U.S. hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. hospitals.

Costs of Services Rendered
All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets - net" in the consolidated balance sheets, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

All selling and general and administrative expenses are expensed as incurred.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments and exchange differences on translating foreign operations. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Inventories

Cost of aircraft spare parts and supplies is determined using the moving average method. Net realizable value is the estimated current replacement cost of these inventories.

Residential units held for sale are carried at the lower of cost and net realizable value and include those costs incurred for the development and improvement of the properties.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	5 - 30
Leasehold improvements	5*
Machinery and equipment	10 - 25
Flight and ground equipment	5 - 10
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statements of income in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Category	Number of Years
Land improvements	30
Buildings	25 - 30
Condominium units	20

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that its non-financial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Noncurrent Assets Held for Sale and Discontinued Operations
Noncurrent assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Noncurrent assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Depreciable assets are no longer depreciated once they are classified as noncurrent assets held for sale and discontinued operations.

In the consolidated statements of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes, even when the Group retains a noncontrolling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately from the consolidated statements of income.

Capital Stock
Capital stock represents the portion of the paid in capital representing the total par value of the shares issued.

Additional Paid-in Capital
Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has a contributory defined benefit retirement plan.

The retirement cost of the Group is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The liability recognized in the consolidated balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs (see Note 24). The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited to or charged against income when the net cumulative unrecognized actuarial gains and losses at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past service costs, if any, are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs not yet recognized and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in foreign subsidiaries and associates, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Current income tax and deferred income tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of income.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and deferred income taxes related to the same taxable entity and the same taxation authority.

Treasury Shares and Contracts on Own Shares
The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statements of income on the purchase, sale, issue or cancellation of the Company's shares.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Determination of functional currency

The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet (see Note 29).

Operating Lease Commitments - Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Operating Lease Commitments - Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

Financial assets not in an active market

The Group classifies financial assets by evaluating, among others, whether the asset is or not in an active market. Included in the evaluation on whether a financial asset is in an active market is the determination on whether prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables

The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statements of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance

against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. Allowance for doubtful accounts as of December 31, 2010 and 2009 amounted to ₱604.2 million and ₱567.9 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱233.3 million and ₱271.0 million as of December 31, 2010 and 2009, respectively (see Notes 10 and 12).

Valuation of unquoted equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Unquoted equity investments amounted to ₱544.7 million and ₱501.0 million as of December 31, 2010 and 2009, respectively (see Note 13).

Impairment of AFS equity investments
The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (i.e., a sudden decline is less significant than a sustained fall of the same magnitude over a longer period).

AFS equity investments amounted to ₱5,375.6 million and ₱3,718.7 million as of December 31, 2010 and 2009, respectively (see Note 13).

Impairment of investments carried at equity method
Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes. As of December 31, 2010 and 2009, allowance for decline in value of investments amounted to ₱176.1 million and ₱43.0 million, respectively. The carrying amounts of the investments, net of valuation allowance, amounted to ₱939.9 million and ₱989.7 million as of December 31, 2010 and 2009, respectively (see Note 12).

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets. As of December 31, 2010 and 2009, allowance for inventory losses amounted to ₱1.0 million and ₱0.5 million, respectively, while allowance for impairment losses amounted to ₱0.3 million as of the same dates. The carrying amount of the inventories, net of valuation allowance, amounted to ₱15.9 million and ₱14.4 million as of December 31, 2010 and 2009, respectively (see Note 11).

Estimation of useful lives of the Group's property and equipment and investment properties
The Group estimates the useful lives of property and equipment and investment properties based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2010 and 2009, the aggregate net book value of property and equipment and investment properties amounted to ₱403.7 million and ₱464.6 million, respectively (see Notes 14 and 15).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of December 31, 2010 and 2009, the aggregate impairment loss on property and equipment amounted to ₱3.3 million (see Note 14).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million as of December 31, 2010 and 2009 on its investment in Cirrus. As of December 31, 2010 and 2009, goodwill amounted to ₱510.9 million and ₱503.1 million, respectively (see Note 6).

Estimation of contingent consideration
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and, thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

On December 10, 2010, as part of the purchase price allocation for its acquisition of NT, the Group identified an element of contingent consideration with a fair value of ₱14.6 million which is classified under "Accounts payable and accrued expenses" in the 2010 consolidated balance sheet (see Note 6).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As of December 31, 2010 and 2009, the Group recognized deferred income tax assets amounting to ₱47.6 million and ₱36.8 million, respectively (see Note 25).

Determination of pension and other retirement benefits
The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on the Group's selection of certain assumptions used by the actuaries in calculating such amounts. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension and other retirement obligations.

The expected rates of return on plan assets ranging from 7% to 8% was based on the average historical premium of the fund assets. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of end of reporting periods. Refer to Note 24 for the details of assumptions used in the calculation.

	In Million Pesos		
	2010	2009	2008
Net benefit expense (income)	**₱35.6**	₱4.3	(₱3.8)
Pension liability	**23.3**	12.4	8.5
Pension asset	**–**	16.8	14.5

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in the preceding notes and in Note 31.

5. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered. Prior to 2008, the Group has no geographical segments (except for IQHPC's operations) as majority of the companies within the Group were incorporated and are operating within the Philippines. The Group has no inter-segment sales and transfers. The amounts disclosed were determined consistent with the measurement basis under PFRS.

Holding company segment pertains to the operations of the Company.

Nurse/Physical Therapist (PT) staffing companies segment pertains to the subsidiaries providing manpower services operating in the United States.

Amounts for the investments in associates comprise the Group's equity in net earnings of the associates.

Other operations include air transportation, hangarage, real estate holding and management, and recruitment services.

The following tables present the financial information of the business segments as of and for the years ended December 31, 2010, 2009 and 2008 (in thousands).

	Before Eliminations						
	US	**Philippines**					
	Nurse/PT Staffing Company	**Holding Company (Parent)**	**Other Operations**	**Investments in Associates**	**Total**	**Eliminations**	**Consolidated**
As of and for the year ended December 31, 2010							
Revenues, excluding interest income	**₱711,561**	**₱211,572**	**₱459,183**	**₱–**	**₱1,382,316**	**(₱183,397)**	**₱1,198,919**
Interest income	**6**	**107,147**	**4,083**	**–**	**111,236**	**–**	**111,236**
Investment gains	**–**	**2,191,154**	**639**	**–**	**2,191,793**	**–**	**2,191,793**
Interest expense	**187**	**11,024**	**2,723**	**–**	**13,934**	**–**	**13,934**
Income tax expense	**–**	**3,602**	**8,331**	**–**	**11,933**	**–**	**11,933**
Net income (loss)	**(61,123)**	**1,967,237**	**152,286**	**115,225**	**2,173,625**	**(196,902)**	**1,976,723**
Total assets	**851,285**	**11,406,079**	**184,710**	**–**	**12,442,074**	**(1,011,771)**	**11,430,303**
Investments and advances	**–**	**2,246,514**	**66,453**	**–**	**2,312,967**	**(1,370,214)**	**942,753**
Property and equipment	**6,403**	**47,641**	**89,134**	**–**	**143,178**	**–**	**143,178**
Total liabilities	**702,404**	**307,212**	**291,875**	**–**	**1,301,491**	**(685,407)**	**616,084**
Depreciation and amortization	**7,716**	**14,629**	**29,234**	**–**	**51,579**	**–**	**51,579**
Other non-cash expenses	**–**	**187,660**	**1,942**	**–**	**189,602**	**–**	**189,602**
Cash flows from (used in):							
Operating activities	**(64,996)**	**200,099**	**(40,776)**	**–**	**94,327**	**(68,340)**	**25,987**
Investing activities	**(26,550)**	**2,480,638**	**338,131**	**–**	**2,792,219**	**(296,573)**	**2,495,646**
Financing activities	**47,660**	**(876,329)**	**(305,504)**	**–**	**(1,134,173)**	**239,535**	**(894,638)**

	Before Eliminations						
	US	Philippines					
	Nurse/PT Staffing Company	Holding Company (Parent)	Other Operations	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2009							
Revenues, excluding interest income	₱914,118	₱169,183	₱221,653	₱–	₱1,304,954	(₱12,375)	₱1,292,579
Interest income	2,757	110,585	6,867	–	120,209	–	120,209
Investment gains	–	321,528	1,907	–	323,435	–	323,435
Interest expense	5,161	3,309	2,323	–	10,793	–	10,793
Income tax expense	–	(19,589)	4,427	–	(15,162)	–	(15,162)
Net income (loss)	(61,829)	384,836	24,735	78,247	425,989	(143,411)	282,578
Total assets	818,987	8,338,168	825,558	–	9,982,713	(1,628,005)	8,354,708
Investments and advances	–	2,352,772	712,014	–	3,064,786	(2,024,052)	1,040,734
Property and equipment	7,501	56,258	136,734	–	200,493	–	200,493
Total liabilities	159,356	646,846	990,448	–	1,796,650	(931,741)	864,909

(Forward)

	Before Eliminations						
	US	Philippines					
	Nurse/PT Staffing Company	Holding Company (Parent)	Other Operations	Investments in Associates	Total	Eliminations	Consolidated
Depreciation and amortization	₱6,597	₱16,765	₱30,315	₱–	₱53,677	₱–	₱53,677
Other non-cash expenses	–	77,882	11,374	–	89,256	–	89,256
Cash flows from (used in):							
Operating activities	9,852	288,148	26,668	–	324,668	(55,447)	269,221
Investing activities	(5,159)	(745,411)	(127,995)	–	(878,565)	47,790	(830,775)
Financing activities	(546)	(101,611)	66,550	–	(35,607)	(48,981)	(84,588)

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Company	Holding Company (Parent)	Other Operations	Wire Manufacturing (Note 7)	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2008								
Revenues, excluding interest income	₱1,227,557	₱220,945	₱464,998	₱2,790,956	₱–	₱4,704,456	(₱3,063,655)	₱1,640,801
Interest income	1,120	99,223	5,321	1,307	–	106,971	–	106,971
Investment gains	–	770,450	16,944	–	–	787,394	(261,017)	526,377
Interest expense	2,389	17,772	987	2,932	–	24,080	–	24,080
Income tax expense	1,458	64,850	20,184	1,214	–	87,706	–	87,706
Net income	28,843	857,472	190,188	193,994	99,259	1,369,756	(517,080)	852,676
Total assets	828,981	6,782,064	897,713	2,808,082	–	11,316,840	(4,389,313)	6,927,527
Investments and advances	–	2,398,298	96,276	–	–	2,494,574	(1,501,042)	993,532
Property and equipment	7,883	66,288	76,537	227,027	–	377,735	(234,976)	142,759
Total liabilities	162,196	662,276	802,146	1,215,170	–	2,841,788	(1,977,858)	863,930
Depreciation and amortization	3,521	17,064	28,678	52,044	–	101,307	(52,044)	49,263
Other non-cash expenses	–	211,748	4,704	–	–	216,452	–	216,452
Cash flows from (used in):								
Operating activities	51,275	546,235	240,460	(201,851)	–	636,119	1,263,187	1,899,306
Investing activities	(751,411)	(113,268)	(386,848)	(71,613)	–	(1,323,140)	572,072	(751,068)
Financing activities	749,550	(450,406)	126,184	134,574	–	559,902	(2,326,248)	(1,766,346)

6. Business Combinations

a. On January 19, 2008, the Company through its subsidiary, Cirrus acquired 100% of the outstanding equity interests in Cirrus Holdings USA, LLC (Cirrus LLC) and its affiliate, Cirrus Medical Staffing, LLC. Both companies are engaged in the contract and temporary staffing and permanent placement of nurses and allied healthcare professionals in the U.S.A. Subsequently, new shares were issued to another shareholder representing 6% of total outstanding shares of Cirrus.

The fair values of the identifiable assets and liabilities of Cirrus LLC as at the date of acquisition were:

	Fair Value Recognized on Acquisition (in millions)
Cash	₱3.4
Receivables - net	105.2
Property and equipment	2.6
Other assets	4.7
Total assets	115.9
Accounts payable and accrued expenses	17.5
Net assets	98.4
Goodwill arising from the acquisition	488.3
Total consideration	₱586.7

The cost of the combination was ₱586.7 million broken down as follows (in millions):

Cash consideration	₱564.0
Costs associated with the acquisition	22.7
Total consideration	₱586.7

b. On July 18, 2008, Cirrus purchased 100% of MDI Medical, LLC (now, Cirrus Allied, LLC) to complement Cirrus LLC's nurse traveler operations. It provides physical, occupational and speech language therapists to medical facilities across the U.S.A.

The fair values of the identifiable assets and liabilities of MDI Medical as at the date of acquisition were:

	Fair Value Recognized on Acquisition (in millions)
Cash	₱0.4
Receivables - net	50.9
Other assets	2.0
Total assets	53.3
Accounts payable and accrued expenses	6.7
Net assets	46.6
Goodwill arising from the acquisition	52.9
Total consideration	₱99.5

The total cost of the combination was ₱99.5 million broken down as follows (in millions):

Cash consideration	₱92.0
Costs associated with the acquisition	7.5
Total consideration	₱99.5

c. On December 10, 2010, Cirrus completed the acquisition of all of the outstanding membership units of NT to complement the operations of Cirrus LLC and MDI Medical. As part of the purchase price allocation for its acquisition of NT, the Group identified an element of contingent consideration subject to revenue and earnings targets.

The fair value of the contingent consideration at the acquisition date using the discount rate of 5% amounted to $332,868 or ₱14.6 million (included under "Other payables", see Note 18).

The purchase price was allocated to assets acquired and liabilities assumed based on a provisional assessment of fair values since valuation of the intangible assets acquired has not yet been determined as of the date of acquisition. Adjustments to the provisional amounts will be determined within one year from the date of acquisition.

The fair values of the assets and liabilities of NT at the date of acquisition were:

	Fair Value Recognized on Acquisition (in millions)
Cash	₱0.2
Receivables - net	0.3
Total assets	0.5
Accounts payables and accrued expenses	0.4
Net assets	0.1
Goodwill arising from the acquisition	38.4
Total consideration	₱38.5

From the date of acquisition, Cirrus LLC, MDI Medical and NT have contributed losses amounting to ₱43.4 million, ₱58.3 million and ₱24.4 million to the Group's consolidated income from continuing operations for 2010, 2009 and 2008, respectively (excluding expenses of Cirrus).

The goodwill of ₱539.5 million, before exchange differences amounting to ₱63.6 million as of December 31, 2009, comprises the value of the acquired companies' customer and staff base and existing market share in the healthcare staffing industry. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, *Intangible Assets*. The goodwill from Cirrus was reduced by ₱30.6 million due to foreign exchange differences in 2010 and by ₱1.7 million collections from the previous creditors of Cirrus in 2009.

Impairment testing of goodwill

a. The recoverable amount of the investments in Cirrus LLC and MDI Medical has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a ten year period. The pre-tax discount rate applied to cash flow projections is 11% in 2010 and 2009. In 2010, the cash flows beyond the ten-year period are extrapolated using a growth rate that is consistent with the expected average growth rate for the industry.

   Key assumptions used in value-in-use calculations
   The consolidated value-in-use of both companies is most sensitive to the following assumptions:

   Cash flow projection
   Cash flow projections are based on Cirrus and MDI's contracts, which are long term in nature that renew in perpetuity.

   Discount rate
   Discount rate is consistent with the risk-free industry interest rate.

   Growth rate
   Growth rate assumptions for the ten year cash flow projections are supported by the different initiatives of Cirrus and MDI which started in 2009.

   Sensitivity to changes in assumptions
   Management accepts that changes in key assumptions would cause the carrying value of the unit to exceed its recoverable amount. The estimated recoverable amount of investments

in subsidiaries exceeds their carrying amount by about ₱129.3 million. The implications of the key assumptions to the recoverable amount are discussed below:

- Growth rate assumptions
  Management has used the average industry growth rate for the forecast. Although the current economic downturn is impacting the temporary healthcare staffing industry, the long-term growth of the healthcare staffing industry is underpinned by the increasing shortage of qualified healthcare professionals, notably registered nurses, and the growing demand fueled by an aging population.

- Terminal value
  Management has used the most recent healthcare staffing transaction price earnings multiple in determining the terminal value.

The significant economic downturn in the U.S. could adversely affect the average terminal value for similar sale of assets in the same industry in future years. Accordingly, management had set up an impairment loss of ₱100.0 million as of December 31, 2010 and 2009.

b. Goodwill from the Company's investment in IQMAN, through Sutton, amounting to ₱37.0 million, was fully impaired as of December 31, 2010 and 2009. The Company, through Sutton, assessed that there will be delays in the recovery of the investment cost in IQMAN because IQMAN's operations has been restricted due to the delayed processing of EB-3 immigrant visas for nurses destined for employment in the U.S.

7. Deconsolidated Subsidiary

On June 30, 2008, the Company entered into a Deed of Assignment for the sale to General Cable Company of Canada of its 1,081,900 shares of stock (representing 18.34% share of total outstanding shares) in PDIPI for a total selling price of ₱641.5 million. Gain on sale of shares in PDIPI amounted to ₱312.3 million. As a result, the Company's ownership of PDIPI has been reduced to 40% and it therefore deconsolidated PDIPI starting July 1, 2008. The Company's investment in PDIPI is accounted for under the equity method effective July 1, 2008.

PDP Energy, PDIPI's subsidiary, produces bare wires and insulated wires and is a separate reportable operating segment in 2008 (see Note 5).

The results of PDIPI and subsidiaries for the six-month period ended June 30, 2008 are presented below (in millions):

	June 30, 2008 (Six Months)
Net sales	₱2,788.1
Cost of goods sold	2,413.9
Gross profit	374.2
Expenses	75.7
Income before income tax	298.5
Provision for income tax	104.5
Net income from a deconsolidated subsidiary	₱194.0
Earnings per share - basic/diluted, for net income attributable to equity holdings of the parent from a deconsolidated subsidiary (see Note 26)	₱0.08

The net cash flows from (used in) the activities of PDIPI and subsidiaries for the six-month period ended June 30, 2008 are as follows (in millions):

	June 30, 2008 (Six Months)
Operating	₱197.5
Investing	(47.1)
Financing	(133.0)
Net cash inflow	₱17.4

8. Cash and Cash Equivalents

	2010	2009
Cash on hand and with banks	**₱242,394,492**	₱240,814,508
Short-term investments	**1,945,729,097**	353,712,691
	₱2,188,123,589	₱594,527,199

Cash with banks earn interest at the respective bank deposit rates ranging from 0.25% to 0.725% in 2010 and 2009 (see Note 23). Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company.

9. Fair Value Through Profit or Loss (FVPL) Investments

	2010	2009
Bonds	**₱542,716,767**	₱477,505,188
Funds and equities	**204,790,484**	178,471,233
Others	**70,149,420**	77,809,185
	₱817,656,671	₱733,785,606

This account consists of investments that are designated as at FVPL and held-for-trading investments. Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under others and bonds. Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Net gain (loss) on increase (decrease) in market value of FVPL investments as of December 31 (in millions) are as follows:

	Unrealized valuation gains (losses) in market values as of December 31		Gain on increase in market value of FVPL investments
	2010	2009	in 2010
Bonds	**(₱13.7)**	(₱21.9)	₱8.2
Funds and equities	**(8.6)**	(36.0)	27.4
Others	**3.5**	(25.1)	28.6
Total	**(₱18.8)**	(₱83.0)	64.2
Add realized gain on sale of FVPL investments			35.7
Net gain on increase in market value of FVPL investments			₱99.9

	Unrealized valuation gains (losses) in market values as of December 31		Gain on increase in market value of FVPL investments
	2009	2008	in 2009
Bonds	(₱21.9)	(₱171.6)	₱149.7
Funds and equities	(36.0)	(101.3)	65.3
Others	(25.1)	(35.5)	10.4
Total	(₱83.0)	(₱308.4)	225.4
Less realized loss on sale of FVPL investments			(88.6)
Net gain on increase in market value of FVPL investments			₱136.8

	Unrealized valuation gains (losses) in market values as of December 31		Loss on decrease in market value of FVPL investments
	2008	2007	in 2008
Bonds	(₱171.6)	₱25.7	(₱197.3)
Funds and equities	(101.3)	(14.9)	(86.4)
Others	(35.5)	93.8	(129.3)
Total	(₱308.4)	₱104.6	(413.0)
Add realized loss on sale of FVPL investments			(52.6)
Net loss on decrease in market value of FVPL investments			(₱465.6)

In 2010, the Company entered into non-deliverable currency forward contracts to manage foreign currency risk. These contracts were all settled during the year and resulted to a realized gain of ₱64.1 million. There was no outstanding forward transaction as of December 31, 2009.

10. Receivables

	2010	2009
Trade (Note 30)	**₱175,813,610**	₱141,392,543
Interest receivable	**24,115,479**	28,468,859
Tax credits/refunds	**24,146,722**	16,671,582
Advances to officers and employees	**3,983,920**	2,420,719
Others	**34,504,614**	65,941,551
	262,564,345	254,895,254
Less allowance for doubtful accounts	**32,116,950**	34,874,749
	₱230,447,395	₱220,020,505

Interest receivable pertains to accrued interest income from cash and cash equivalents, FVPL and AFS investments in debt instruments.

Other receivables in 2009 include receivables related to the proceeds from sale of AFS investments amounting to ₱33.3 million from ATR-KIM Eng Securities, Inc. which were subsequently collected in 2010.

Movement in the allowance for doubtful trade and other receivable accounts are as follows:

	2010	2009
At January 1	**₱34,874,749**	₱30,260,814
Provision for the year (Note 23)	**1,077,971**	4,925,709
Written off during the year	**–**	(311,774)
Recoveries	**(3,835,770)**	–
At December 31	**₱32,116,950**	₱34,874,749

11. Inventories

	2010	2009
At cost:		
Materials and supplies in transit	**₱1,006,684**	₱89,083
Aircraft spare parts and supplies - net of allowance for inventory losses of ₱1.0 million in 2010 and ₱0.5 million in 2009	**14,618,537**	14,053,152
	15,625,221	14,142,235
At net realizable value:		
Residential units held for sale - net of allowance for impairment losses of ₱0.3 million in 2010 and 2009	**284,089**	284,089
	₱15,909,310	₱14,426,324

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as of December 31, 2010 and 2009.

In 2008, a subsidiary sold one residential unit and reversed the corresponding allowance for impairment of ₱0.8 million. Gain on sale of residential units amounted to ₱1.0 million in 2008. No similar sale took place in 2010 and 2009.

12. Investments and Advances

	2010	2009
Investments at equity - net	**₱939,936,843**	₱989,726,116
Advances - net of allowance for doubtful accounts of ₱572.1 million in 2010 and ₱533.0 million in 2009	**2,816,048**	51,007,449
	₱942,752,891	₱1,040,733,565

Investments at equity consist of:

	2010	2009
Acquisition cost:		
Common shares	**₱412,600,120**	₱412,600,120
Preferred shares	**90,390,853**	90,390,853
	502,990,973	502,990,973

(Forward)

	2010	2009
Accumulated equity in net earnings (losses):		
Balances at beginning of year	**₱529,779,626**	₱493,132,716
Equity in net earnings for the year	**115,224,619**	78,246,910
Dividend received	**(32,000,000)**	(41,600,000)
Balances at end of year	**613,004,245**	529,779,626
Valuation allowance	**(176,058,375)**	(43,044,483)
	₱939,936,843	₱989,726,116

Significant details of the balance sheets and statements of income of SSRLI and PDP Energy are enumerated below (in millions):

PDP Energy

	2010	2009
Balance Sheets:		
Current assets	**₱2,116.4**	₱1,418.0
Noncurrent assets	**344.5**	305.0
Current liabilities	**832.8**	242.4
Noncurrent liabilities	**0.6**	1.0
Statements of Income:		
Net sales	**5,039.4**	3,490.3
Net income	**228.0**	144.9

SSRLI

	2010	2009
Balance Sheets:		
Current assets	**₱354.8**	₱479.9
Noncurrent assets	**626.2**	526.5
Current liabilities	**243.9**	299.6
Noncurrent liabilities	**102.1**	127.6
Statements of Income:		
Gross revenues	**487.5**	458.5
Net income	**54.8**	42.3

In addition to those discussed in Notes 6 and 7, the significant transactions involving the Group's investments in subsidiaries and associates for 2010, 2009 and 2008 follow:

PDIPI and subsidiaries

a. In May 2007, PDP Energy established PDEIC, a PEZA-registered company engaged in manufacturing wires, mainly for export. PDEIC started commercial operations in January 2009.

b. In March 2010, October 2009 and February 2008, PDIPI (parent company of PDP Energy) declared cash dividends to its stockholders. Cash dividends received by the Company amounted to ₱32.0 million at ₱13.56 per share in 2010, ₱41.6 million at ₱17.63 per share in 2009 and ₱58.3 million at ₱16.95 per share in 2008.

SSRLI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop, construct, administer and manage the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation on PEZA-covered items under the Registration Agreement.

   On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations is entitled to 5% gross income tax on revenues generated from foreign clients and ordinary income tax on non-foreign clients under the Registration Agreement.

b. In December 2008, SSRLI entered into deeds for sale of seven of the Phase 2 [Villa Development Project] villas. The Company's share in the gain on sale of the villas amounted to ₱77.5 million.

c. In March 2008, the Company received ₱35.8 million from SSRLI representing proceeds from SSRLI's redemption of the preferred shares held by the Company.

d. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition will increase the present ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is $5.89 million (₱255.8 million). The purchase price allocation and determination of goodwill, if any, are still being finalized.

Others

On June 4, 2008, the Company sold all its shares in Toledo Mining and Industrial Corporation (TMIC) and ASC Mining and Industrial Corporation (ASCMIC) for a total selling price of ₱9.5 million. TMIC and ASCMIC were fully provided with allowance at the time of sale. Accordingly, TMIC and ASCMIC had been excluded in the consolidated financial statements. Gain on sale of shares in TMIC and ASCMIC amounted to ₱9.5 million.

Advances

Net advances consist of receivables from the following associates:

	2010	2009
MTI (net of allowance for doubtful accounts of ₱555.7 million in 2010 and ₱530.7 million in 2009)	**₱–**	₱25,000,000
Newco (net of allowance of ₱14.1 million in 2010, Note 30)	**–**	14,798,148
AFC	**1,500,000**	–
SSRLI	**481,651**	8,281,703
Others (net of allowance for doubtful accounts of ₱2.3 million in 2010 and 2009)	**834,397**	2,927,598
	₱2,816,048	₱51,007,449

In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into VHI's (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

13. Available for Sale (AFS) Investments

	2010	2009
Quoted equity shares	**₱4,725,844,025**	₱2,987,342,446
Unquoted equity shares	**544,747,290**	500,971,672
Bonds	**619,398,470**	839,512,777
Funds and equities	**229,604,987**	279,946,411
Proprietary shares	**93,937,800**	75,218,250
	₱6,213,532,572	₱4,682,991,556

Quoted equity shares consist of marketable equity securities that are listed and traded on the Philippine Stock Exchange (PSE). The fair market values of these listed shares are based on their closing market prices as of December 31, 2010 and 2009.

In 2008, the Company sold its shares in eTelecare resulting in a gain of ₱740.4 million.

AFS investments in bonds represent foreign currency-denominated bond securities with fixed coupon interest rate per annum ranging from 3.58% to 11.13% in 2010, 4.56% to 10.75% in 2009 and 6.25% to 11.75% in 2008. Maturity dates range from April 1, 2011 to April 18, 2028 in 2010 and July 9, 2010 to October 25, 2017 in 2009. Effective interest rates range from 5.74% to 12.01%, 4.91% to 10.15% and 5.67% to 10.96% for foreign currency-denominated AFS investments in 2010, 2009 and 2008, respectively.

Investments in bonds, funds and equities' market prices or rates are calculated and/or confirmed by the respective fund managers. Unquoted equity shares are carried at cost, subject to impairment.

In 2010, 2009 and 2008, gain (loss) on sale of AFS investments amounted to ₱2,091.9 million, ₱186.3 million and (₱73.4 million), respectively.

Unquoted equity shares include the following:

a. Prople, Inc.

   In December 2007, the Company entered into a subscription agreement with Prople, Inc. (Prople; formerly Gralce Holdings, Inc.) for the acquisition of 6,665 shares of stock of the latter (equivalent to 20% of the outstanding shares).

   Prople is a domestic corporation that owns Prople-bpo, Inc. (formerly, Sommersault, Inc.), Prople-kpo, Inc. and Prople-contents, Inc. (the Prople Group). The Prople Group is into business process outsourcing, specializing in finance and accounting, human resource

administration and industry-focused transaction processing services. The total cost of the investment in Prople amounted to ₱33.4 million. In 2010 and 2009, the Company made additional investment in Prople amounting to ₱1.5 million and ₱3.0 million, respectively. These additional investments enabled the Company to maintain its 20% equity share in Prople. As of December 31, 2010 and 2009, the total cost of the investment in Prople amounted to ₱37.8 million and ₱36.4 million, respectively. Investment in Prople is accounted for as AFS because management believes that the Company does not have the ability to exercise significant influence on Prople. Furthermore, the Company does not have any involvement in the operations of Prople. The investment is measured at cost less impairment rather than at fair value as the shares of stock of Prople are not publicly-traded, such that there is no reliable basis of fair value.

b. Enderun College, Inc. (Enderun)

In 2008, the Group entered into a subscription agreement for the acquisition of 16,216,217 new shares of stock equivalent to 20% equity stake in Enderun, a college that offers a full range of bachelor's degree and non-degree courses in the fields of hotel administration, culinary arts and business administration. The total cost of the investment in Enderun amounted to ₱286.2 million. Investment in Enderun is classified as AFS at cost because the Company does not exercise significant influence and its holding in Enderun is not sufficient to carry major business decisions.

c. Alphion Corporation (Alphion)

In March 2009, the Company invested US$900,000 (₱43.7 million) for 387,297 Series E Preference shares of Alphion. Alphion is a fiber optic network company based in New Jersey, with sales, marketing, procurement and R&D offices in India. Alphion develops, manufactures and markets high-speed fiber optic access and switching systems that enable "triple play" services, or voice, video, and data transmission in a single line.

d. KSA Realty Corporation

In 2010, 2009 and 2008, the Company received cash dividends amounting to ₱5.7 million, ₱22.8 million and ₱31.4 million, respectively.

e. ATR Holdings, Inc. (ATR Holdings)

On July 26, 2010, the BOD authorized the parent company to purchase 38,830,244 common shares of stock of ATR Kim Eng Financial Corporation (ATRKE) for a total purchase price of ₱115.7 million to be paid as follows:

- Exchange of the Company's 5,000,000 common shares of stock of ATR Holdings which constitute 8.85% of the total outstanding capital of ATR Holdings and with aggregate book value of ₱96.8 million; and,
- Cash consideration for ₱18.7 million.

On November 2, 2010, the parent company exchanged its 5,000,000 common shares in ATR Holdings with 41,936,663 shares in ATRKE. The resulting gain from the transaction amounting to ₱27.0 million is included under gain on sale of AFS investments.

Below is the rollforward of the unrealized valuation gains (losses) on AFS investments recognized in equity:

	2010	2009
Beginning balance	**₱656,731,126**	(₱612,661,838)
Gain recognized directly in equity - net of tax	**4,055,483,591**	1,405,882,101
Amount removed from equity and recognized in profit and loss - net of tax	**(2,061,267,791)**	(136,489,137)
Ending balance	**₱2,650,946,926**	₱656,731,126

The Group recognized impairment loss, included in the valuation allowances, amounting to ₱20.0 million for its unquoted equity investments in 2010. In 2009, impairment loss amounted to ₱19.7 million on its AFS equities and funds and quoted equity shares and ₱64.0 million on its bond securities (see Note 23). The amount recognized in the consolidated statements of income represents the cumulative loss that was initially recognized in equity. In 2008, the Group recognized impairment loss on equity securities amounting to ₱8.3 million and ₱227.7 million for equities and funds and quoted equity shares, respectively.

14. Property and Equipment

	2010				
	Buildings and Improvements	**Flight and Ground Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Total**
Cost					
January 1	**₱148,779,904**	**₱270,926,209**	**₱55,120,252**	**₱29,283,165**	**₱504,109,530**
Additions	**4,121,053**	**7,364,017**	**3,275,999**	**958,468**	**15,719,537**
Reclassifications	**–**	**(58,570,660)**	**–**	**–**	**(58,570,660)**
Disposals	**–**	**–**	**–**	**(730,000)**	**(730,000)**
Foreign exchange adjustment	**(40,953)**	**–**	**(1,134,489)**	**–**	**(1,175,442)**
December 31	**152,860,004**	**219,719,566**	**57,261,762**	**29,511,633**	**459,352,965**
Accumulated Depreciation and Amortization:					
January 1	**94,470,666**	**139,007,939**	**42,723,076**	**24,122,375**	**300,324,056**
Depreciation and amortization	**9,157,433**	**25,255,215**	**4,233,858**	**2,059,438**	**40,705,944**
Reclassifications	**–**	**(27,517,712)**	**–**	**–**	**(27,517,712)**
Disposals	**–**	**–**	**–**	**(389,335)**	**(389,335)**
Foreign exchange adjustment	**(19,922)**	**–**	**(220,943)**	**–**	**(240,865)**
December 31	**103,608,177**	**136,745,442**	**46,735,991**	**25,792,478**	**312,882,088**
Impairment Loss	**–**	**3,292,953**	**–**	**–**	**3,292,953**
Net Book Value	**₱49,251,827**	**₱79,681,171**	**₱10,525,771**	**₱3,719,155**	**₱143,177,924**

	2009				
	Buildings and Improvements	Flight and Ground Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost					
January 1	₱148,086,461	₱173,410,449	₱57,483,443	₱27,178,435	₱406,158,788
Additions	636,986	97,612,782	405,900	2,449,805	101,105,473
Disposals	–	(97,022)	(2,769,091)	(47,750)	(2,913,863)
Foreign exchange adjustment	56,457	–	–	(297,325)	(240,868)
December 31	148,779,904	270,926,209	55,120,252	29,283,165	504,109,530
Accumulated Depreciation and Amortization:					
January 1	85,907,853	112,682,605	42,410,763	19,105,627	260,106,848
Depreciation and amortization	8,547,661	26,325,334	3,081,402	4,872,298	42,826,695
Disposals	16,887	–	(2,769,089)	(19,929)	(2,772,131)
Foreign exchange adjustment	(1,735)	–	–	164,379	162,644
December 31	94,470,666	139,007,939	42,723,076	24,122,375	300,324,056
Impairment Loss	–	3,292,953	–	–	3,292,953
Net Book Value	₱54,309,238	₱128,625,317	₱12,397,176	₱5,160,790	₱200,492,521

In October 2009, one of IAI's aircraft had to undergo major repairs and maintenance, which prompted IAI to purchase a new aircraft amounting to ₱62.2 million. The cost of these major repairs and maintenance is capitalized.

Depreciation charged to operations amounted to ₱40.71 million, ₱42.8 million and ₱43.5 million in 2010, 2009 and 2008, respectively.

15. Investment Properties

	2010		
	Land	**Buildings**	**Total**
Cost			
January 1	**₱185,742,977**	**₱145,073,170**	**₱330,816,147**
Additions	**2,203,739**	**–**	**2,203,739**
December 31	**187,946,716**	**145,073,170**	**333,019,886**
Accumulated Depreciation:			
January 1	**–**	**66,733,658**	**66,733,658**
Depreciation for the year	**–**	**5,802,926**	**5,802,926**
December 31	**–**	**72,536,584**	**72,536,584**
Net Book Value	**₱187,946,716**	**₱72,536,586**	**₱260,483,302**

	2009		
	Land	Buildings	Total
Cost			
January 1	₱181,302,172	₱145,073,170	₱326,375,342
Additions	4,440,805	–	4,440,805
December 31	185,742,977	145,073,170	330,816,147
Accumulated Depreciation:			
January 1	–	60,930,732	60,930,732
Depreciation for the year	–	5,802,926	5,802,926
December 31	–	66,733,658	66,733,658
Net Book Value	₱185,742,977	₱78,339,512	₱264,082,489

Investment properties include 874.6 hectares of land in Palawan and Cebu as of December 31, 2010 and 2009.

In 2010 and 2009, Malikhain and APHI purchased additional land in Poblacion, San Vicente, Palawan amounting to ₱2.2 million and ₱4.4 million, respectively.

As of December 31, 2010, the Company intends to sell the Corporation's unit at the 34th Floor of the Enterprise Center with an area of 1,238.4 square meters.

Fair values of the investment properties amounted to ₱547.9 million as of December 31, 2010 and 2009, respectively. The fair values were determined based on valuations performed by independent appraisers using the Sales Comparison approach.

16. Other Noncurrent Assets

Other noncurrent assets also include deferred nurse costs of IQHPC amounting to ₱29.3 million and ₱32.0 million as of December 31, 2010 and 2009 (see Note 30).

17. Notes Payable

Notes payable represent unsecured, short-term, interest-bearing Peso-denominated liabilities of the following companies in the Group to various local banks:

Bank loans availed by:	**2010**	2009
IAI	**₱55,238,400**	₱66,102,880
Cirrus	**9,155,452**	–
A. Soriano Corporation	**–**	278,450,856
	₱64,393,852	₱344,553,736

The loans bear annual interest rates ranging from 2.5% to 2.8% in 2010 and 6.2% to 10% in 2009. In 2010, the Company availed additional loans amounting ₱150.0 million and fully settled the total outstanding balance of the notes payable by the end of 2010. As of December 31, 2010 and 2009, the Group's unavailed loan credit line from banks amounted to ₱600.0 million and ₱400.0 million, respectively.

Cirrus has a $1.5 million and $3.0 million line-of-credit as of December 31, 2010 and 2009, respectively with Fifth Third Bank with interest payable monthly at the bank's prime rate and is secured by accounts receivables. Loans payable availed by Cirrus as of December 31, 2010 amounted to $208,838.

18. Accounts Payable and Accrued Expenses

	2010	2009
Trade payables	**₱61,184,578**	₱51,191,690
Accrued expenses	**98,171,955**	121,546,493
Due to affiliates (Note 30)	**53,678,220**	53,496,443
Other payables (Note 6)	**44,405,948**	10,198,709
	₱257,440,701	₱236,433,335

Trade payables are noninterest-bearing and are normally settled on 30 to 90 days' terms.

Accrued expenses include unpaid operating costs of the foreign subsidiaries which were subsequently paid in January 2011.

19. Long-term Debt

Long-term debt pertains to the following:

	2010	2009
Long-term debt availed by IAI	**₱21,920,000**	₱34,650,000
Less current portion	**10,960,000**	14,437,500
	₱10,960,000	₱20,212,500

Loan payable of IAI represents a US$1.0 million loan obtained in October 2006 from a local bank to finance the purchase of its second aircraft. The debt has a two-year grace period and is payable in sixteen quarterly installments starting January 2009 up to October 2012. The loan bears interest at 8.87% per annum. The loan is collateralized by chattel mortgages on IAI's two aircraft with a carrying value of ₱21.5 million and ₱66.4 million as of December 31, 2010 and 2009, respectively.

Annual interest rates charged in 2010, 2009 and 2008 ranged from 6.5% to 9.1%, 6.2% to 10% and 7.7% to 9.8%, respectively (see Note 23).

20. Equity

Equity holdings of the parent

Capital stock consists of the following common shares:

	Number of Shares	Amount
Authorized	3,464,310,958	₱3,464,310,958
Issued	2,500,000,000	2,500,000,000

Outstanding shares, net of shares held by a subsidiary, as of December 31, 2010 and 2009 totaled 1,301,533,907 and 1,441,819,922, respectively. The Company's number of equity holders as of December 31, 2010 and 2009 is 11,768 and 11,883, respectively.

In 2010, 2009 and 2008, the Company declared the following cash dividends:

	2010	**2010**	2009	2008
Cash dividends per share	**₱0.12**	**₱0.10**	₱0.06	₱0.12
Month of declaration	**October**	**March**	April	February
Stockholders of record	**November 4**	**March 25**	May 8	March 11
Total cash dividends	**₱300 million**	**₱250 million**	₱150 million	₱300 million
Share of a subsidiary	**₱143.8 million**	**₱106.0 million**	₱63.4 million	₱115.2 million

In addition to the above, the BOD approved special declaration of cash dividends of ₱0.10 per share in September 2008 for stockholders of record as of January 15, 2009 totaling ₱250.0 million. Share of a subsidiary on these cash dividends amounted to ₱105.7 million.

The special cash dividends in 2008 arose from the gain on the sale of eTelecare shares (see Note 13). No special cash dividends were declared in 2009.

As of December 31, 2010 and 2009, the Company had dividends payable amounting to ₱134.9 million and ₱121.7 million, respectively. Dividends payable represent mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2010 and 2009 due to problematic addresses of some of the Company's stockholders.

On February 18, 2011, the BOD approved a cash dividend of ₱0.12 per share payable on March 30, 2011 to all stockholders of record as of March 7, 2011.

The retained earnings is restricted for dividend declaration to the extent of the cost of the treasury shares and undistributed earnings of subsidiaries and associates.

Shares held by a subsidiary

As of December 31, 2010 and 2009, a subsidiary held 1,198,466,093 shares and 1,058,180,078 shares, respectively, of the Company. Cost of shares of the Company purchased by the subsidiary in 2010, 2009 and 2008 amounted to ₱309.8 million, ₱2.8 million and ₱311.3 million, respectively.

Proceeds from the sale of shares held by a subsidiary in 2007 amounted to ₱37.0 million with the excess over cost of purchase amounting to ₱23.4 million credited to "Additional paid-in capital".

On February 11, 2011, a subsidiary purchased additional 65,000 shares of the Company at the average price of ₱3.1 per share.

21. Cost of Services Rendered and Operating Expenses

Cost of services rendered consist of:

	2010	2009	2008
Salaries, wages and employee benefits (Note 22)	**₱463,371,068**	₱604,818,050	₱789,631,541
Recruitment services	**52,083,265**	67,633,583	64,424,330
Insurance	**36,898,414**	47,446,679	26,743,245
Dues and subscriptions	**32,781,618**	18,594,170	18,720,182
Housing cost	**31,857,749**	50,894,508	65,551,379
Fuel cost	**27,321,574**	18,887,205	33,374,873
Depreciation and amortization (Notes 14 and 15)	**24,794,121**	26,159,563	26,109,813
Repairs and maintenance	**21,854,014**	24,632,524	19,781,714
Transportation and travel	**6,554,801**	7,339,403	19,482,884
Variable nurse costs (Note 30)	**2,458,871**	3,067,894	1,660,195
Outside services	**2,360,656**	2,664,191	6,326,947
Technical assistance fees (Note 30)	**66,550**	70,458	77,445
Nurse deployment expenses (Note 30)	**–**	10,866,860	16,458,773
Cost of residential units sold	**–**	–	2,777,186
Others	**11,698,799**	9,621,934	6,204,131
	₱714,101,500	₱892,697,022	₱1,097,324,638

Operating expenses consist of:

	2010	2009	2008
Salaries, wages and employee benefits (Note 22)	**₱225,029,028**	₱190,667,958	₱192,773,588
Professional fees	**52,427,831**	66,980,578	87,118,208
Depreciation and amortization (Notes 14 and 15)	**26,785,135**	27,517,845	26,493,049
Rental (Note 30)	**22,350,065**	21,951,673	17,740,501
Transportation and travel	**14,398,146**	12,349,455	15,123,998
Advertising	**11,824,481**	13,037,999	10,489,430
Commissions	**11,311,051**	12,807,095	35,001,584
Taxes and licenses	**8,648,448**	8,260,406	7,455,730
Communications	**7,778,406**	12,329,852	9,439,681
Utilities	**7,469,905**	5,957,347	6,659,426
Insurance	**6,491,328**	14,048,135	9,874,961
Entertainment, amusement and recreation	**6,219,240**	7,727,978	4,725,426
Security services	**6,124,222**	5,946,411	5,304,745
Association dues	**5,760,540**	3,719,227	4,124,495
Office supplies	**3,194,676**	4,672,396	3,548,806
Meetings and conferences	**3,150,116**	2,187,250	2,270,764
Repairs and maintenance	**1,874,005**	2,529,541	1,934,057
Shipping and delivery expenses	**772,768**	1,691,390	1,836,171
Others	**23,849,875**	21,747,413	26,161,481
	₱445,459,266	₱436,129,949	₱468,076,101

22. Personnel Expenses

	2010	2009	2008
Salaries and wages	**₱642,765,270**	₱783,708,695	₱966,406,555
Pension costs (Note 24)	**35,654,077**	4,287,622	3,147,158
Social security premiums, meals and other employees' benefits	**9,980,749**	7,489,691	12,851,416
	₱688,400,096	₱795,486,008	₱982,405,129

In view of the substantial income generated by the Company in 2008 for the sale of its investments (see Note 13), the Company declared a special and nonrecurring bonus to its executive officers in the amount of ₱25.0 million, as approved by the BOD and the Compensation Committee in December 2008. There was no special and nonrecurring bonus declared in 2009. In March and December 2010, the Company declared and paid bonuses to the executive officers amounting to ₱9.1 million and ₱29.5 million, respectively.

23. Interest Income, Interest Expense and Valuation Allowances

Interest income consists of:

	2010	2009	2008
Debt instruments (Notes 9 and 13)	**₱93,835,609**	₱106,980,373	₱88,151,036
Cash equivalents (Note 1)	**14,550,246**	8,541,376	12,203,199
Funds and equities	**1,821,353**	4,190,172	3,932,126
Others	**1,029,149**	497,190	2,684,748
	₱111,236,357	₱120,209,111	₱106,971,109

Interest income on debt instruments is net of bond premium amortization amounting to ₱3.3 million in 2010, ₱3.7 million in 2009, ₱0.3 million in 2008.

Interest expense consists of:

	2010	2009	2008
Notes payable (Note 17)	**₱12,212,278**	₱8,470,272	₱20,810,517
Long-term debt (Note 19)	**1,010,895**	2,221,638	3,189,144
Others	**711,239**	101,492	79,850
	₱13,934,412	₱10,793,402	₱24,079,511

Valuation allowances consist of:

	2010	2009	2008
Valuation allowances on:			
Investments and advances (Note 12)	**₱172,072,396**	₱–	₱2,263,724
AFS investments (Note 13)	**20,000,000**	83,673,558	236,046,300

(Forward)

	2010	2009	2008
Receivables (Note 10)	**₱1,077,971**	₱4,925,709	₱2,399,104
Other current and noncurrent assets	**863,689**	657,213	821,171
Recovery of allowances for:			
Advances to an associate (Note 12)	**–**	–	(25,000,000)
Impairment losses (Notes 10, 11 and 14)	**(8,248,014)**	–	(78,192)
	₱185,766,042	₱89,256,480	₱216,452,107

24. Pension and Other Post-employment Benefit Plans

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. On November 30, 2010, the BOD approved the improvement to the Company's retirement plan which resulted to past service cost. Accordingly, in 2010, the Company recognized as expense the vested benefits and the amortization of the nonvested past service cost totaling ₱26.1 million.

The following tables summarize the components of net benefit expense (income) recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2010	2009	2008
Pension income:			
Current service cost	**₱–**	₱–	₱3,864,948
Interest cost on benefit obligation	**–**	–	6,242,134
Expected return on plan assets	**–**	–	(15,331,538)
Net actuarial gains recognized	**–**	–	(1,737,125)
	–	–	(6,961,581)
Retirement benefit expense:			
Current service cost	**9,898,219**	5,150,909	2,324,501
Interest cost on benefit obligation	**10,199,093**	8,221,741	812,890
Amortization of transition liability	**–**	135,702	–
Expected return on plan assets	**(9,662,453)**	(8,634,780)	(84,883)
Net actuarial losses (gain) recognized	**(898,250)**	(585,950)	94,650
Past service cost - nonvested benefits	**224,089**	–	–
Past service cost - vested benefits	**25,893,379**	–	–
	35,654,077	4,287,622	3,147,158
Net benefit expense (income)	**₱35,654,077**	₱4,287,622	(₱3,814,423)
Actual return (loss) on plan assets	**₱29,436,317**	₱18,065,740	(₱17,482,326)

Parent Company

Computation of pension liability (asset):

	2010	2009
Defined benefit obligation	**₱190,665,382**	₱97,960,362
Fair value of plan assets	**168,564,969**	134,090,660
	22,100,413	(36,130,298)
Unrecognized net actuarial gains (losses)	**(9,195,700)**	19,298,615
Unrecognized past service cost	**(1,120,444)**	–
Pension liability (asset)	**₱11,784,269**	(₱16,831,683)

Pension asset is included under "Other noncurrent assets" in the consolidated balance sheets.

Subsidiaries

Computation of pension liability:

	2010	2009
Defined benefit obligation	**₱12,607,228**	₱7,841,532
Fair value of plan assets	**1,378,677**	1,194,728
	11,228,551	6,646,804
Unrecognized net actuarial gain	**3,196,085**	5,741,913
Pension liability	**14,424,636**	12,388,717
Less reversal of retirement benefit cost of an officer	**(2,865,416)**	–
Pension liability	**₱11,559,220**	₱12,388,717

Pension liability is included under "Noncurrent liabilities" in the consolidated balance sheets.

As of December 31, 2010, retirement obligation for an officer was already included in the retirement plan of the Company, and as a result, the retirement obligation in the retirement plan of the subsidiary attributed to the officer was reversed.

Changes in the present value of the defined benefit obligations are as follows:

	2010	2009
Opening defined benefit obligation	**₱105,801,894**	₱84,598,603
Interest cost	**10,199,093**	8,221,741
Current service cost	**9,898,219**	5,150,909
Past service cost - vested benefits	**25,893,379**	–
Past service cost - non vested benefits	**1,344,533**	–
Benefits paid	**(165,375)**	(1,565,635)
Actuarial loss	**50,300,867**	9,396,276
Closing defined benefit obligation	**₱203,272,610**	₱105,801,894

Changes in the fair value of plan assets are as follows:

	2010	2009
Opening fair value of plan assets	**₱135,285,388**	₱113,464,303
Expected return	**9,662,453**	8,634,780
Contributions	**5,308,347**	5,318,343
Benefits paid	**(165,375)**	(1,565,635)
Actuarial gain	**19,852,833**	9,433,597
Closing fair value of plan assets	**₱169,943,646**	₱135,285,388

The Group expects to make the same contributions to its defined benefit pension plans in 2010.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2010	2009
Bonds	**60%**	53%
Stocks	**36%**	26%
Others	**4%**	21%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2010	2009
Discount rate	**8%-11%**	10%-11%
Expected rate of return on plan assets	**7%-8%**	7%-8%
Future salary increases	**5%-10%**	5%-10%

Amounts for 2010, 2009, 2008, 2007 and 2006 are as follows:

	2010	2009	2008	2007	2006
Defined benefit obligation	**₱203,272,610**	₱105,801,894	₱84,598,603	₱123,230,889	₱109,739,506
Plan assets	**169,943,646**	135,285,388	113,464,303	147,469,620	122,250,842
Surplus (deficiency)	**(33,328,964)**	29,483,494	28,865,700	24,238,731	12,511,336
Experience adjustments on plan liabilities	**26,110,757**	2,786,272	11,811,516	6,239,288	13,069,399
Experience adjustments on plan assets	**19,894,449**	9,433,597	32,898,747	509,298	24,664,655

25. Income Taxes

The provision for (benefit from) income tax consists of:

	2010	2009	2008
Current	**₱11,152,859**	₱6,998,848	₱8,613,306
Deferred	**779,678**	(22,160,802)	79,092,990
	₱11,932,537	(₱15,161,954)	₱87,706,296

The components of the net deferred income tax assets and liabilities are as follows:

Parent Company

	2010	2009
Net deferred income tax assets:		
Recognized directly in the consolidated statements of income:		
Deferred income tax assets:		
Unrealized foreign exchange losses	**₱15,650,973**	₱8,988,639
Pension liability	**3,535,281**	–
Allowances for impairment loss	**1,898,652**	15,851,787
Unamortized past service cost	**–**	1,243,982
	21,084,906	26,084,408
Deferred income tax liabilities:		
Uncollected management fees	**(3,686,971)**	(2,816,572)
Pension asset	**–**	(5,049,505)
	(3,686,971)	(7,866,077)
	17,397,935	18,218,331
Recognized directly in equity:		
Unrealized valuation gains on AFS investments	**(17,397,935)**	(18,218,331)
	₱–	₱–

Subsidiaries

	2010	2009
Net deferred income tax liabilities:		
Recognized directly in the consolidated statements of income:		
Deferred income tax assets:		
NOLCO	**₱5,796,408**	₱4,386,907
Others	**7,751,398**	6,293,147
	13,547,806	10,680,054
Deferred income tax liabilities:		
Goodwill amortization	**(15,106,520)**	(14,891,369)
Others	**(6,779,188)**	(4,085,869)
	(21,885,708)	(18,977,238)
	(8,337,902)	(8,297,184)
Recognized directly in equity - unrealized valuation gains on AFS investments	**110,381**	–
	(₱8,227,521)	(₱8,297,184)

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not certain. These deductible temporary differences are as follows:

	2010	2009
Allowances for:		
Doubtful accounts	**₱793,729,173**	₱785,941,362
Impairment losses	**326,062,348**	14,683,652
Inventory losses	**950,147**	761,255
Market adjustments on FVPL investments	**22,564,993**	57,864,384
Market adjustments on AFS investments	**28,879,825**	33,371,736
NOLCO	**258,800,940**	216,328,441
MCIT	**10,230,445**	15,069,242
Accrued pension benefits and others	**11,223,991**	14,419,945

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2010, 2009 and 35% in 2008 while a foreign subsidiary is subject to U.S. federal tax rate of 34% in 2009 and 2008.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for (benefit from) income tax is as follows:

	2010	2009	2008
Provision for income tax at statutory tax rates	**₱602,279,908**	₱84,847,062	₱248,124,545
Additions to (reductions from) income taxes resulting from:			
Movement in unrecognized deferred income tax assets	**87,154,764**	13,454,957	328,616,472
Nondeductible expenses	**5,459,178**	4,696,804	855,422
Nondeductible interest expense	**1,371,524**	303,761	617,736
Nontaxable income	**(8,584,786)**	–	–
Interest income already subjected to final tax	**(1,138,220)**	(540,955)	(1,436,066)
Equity in net earnings of associates not subject to income tax	**(34,567,386)**	(23,474,073)	(34,740,798)
Dividend income not subject to income tax	**(42,237,201)**	(29,455,051)	(42,861,214)
Gain on sale of AFS investments, marketable equity securities and other investments subjected to final tax	**(589,586,269)**	(65,125,964)	(443,128,705)
Effects of change in tax rates	–	–	14,070,110
Others	**(8,218,975)**	131,505	17,588,794
	₱11,932,537	(₱15,161,954)	₱87,706,296

The Group has available NOLCO and MCIT which can be claimed as credit against income tax due and payable as follows:

NOLCO

The following table summarizes the NOLCO as of December 31, 2010 of the Company and its subsidiaries domiciled in the Philippines:

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2007	2008-2010	₱21,269,252	₱–	(₱21,269,252)	₱–
2008	2009-2011	151,475,416	(1,305,046)	–	150,170,370
2009	2010-2012	62,121,143	–	–	62,121,143
2010	2011-2013	13,559,542	(2,214,583)	–	11,344,959
		₱248,425,353	(₱3,519,629)	(₱21,269,252)	₱223,636,472

As of December 31, 2010, a foreign subsidiary has NOLCO for federal and income tax purposes of approximately US$4.6 million (₱201.7 million), portion of which will begin to expire in the year 2027.

MCIT

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2007	2008-2010	₱7,751,929	₱–	(₱7,751,929)	₱–
2008	2009-2011	3,715,519	(228,504)	–	3,487,015
2009	2010-2012	3,601,794	–	–	3,601,794
2010	2011-2013	3,141,636	–	–	3,141,636
		₱18,210,878	(₱228,504)	(₱7,751,929)	₱10,230,445

In 2009, the deductible temporary differences above include the parent company's NOLCO and MCIT amounting to ₱7.0 million and ₱6.7 million, respectively, that will expire in 2010.

Republic Act (RA) No. 9337

Under RA No. 9337, the Expanded Value-Added Tax (E-VAT) or the E-VAT Act, the applicable regular corporate income tax rate is 35% in 2008 and 30% starting January 1, 2009 and thereafter. The act also changed the nondeductible interest expense rate from 42% in 2008 to 33% beginning January 1, 2009 and thereafter.

Republic Act (RA) No. 9504

On July 7, 2008, RA No. 9504, which amended the provisions of the 1997 Tax Code, became effective. It includes provisions relating to the availment of the optional standard deduction (OSD). Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income.

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2010	2009	2008
Net income attributable to equity holdings of the parent from:			
Continuing operations	**₱1,975,357,978**	₱289,644,550	₱662,860,843
Deconsolidated subsidiary	**–**	–	113,175,919
	₱1,975,357,978	₱289,644,550	₱776,036,762

	2010	2009	2008
Weighted average number of shares (Note 20)	**1,351,589,662**	1,442,579,922	1,502,294,797
Earnings per share from:			
Continuing operations	**₱1.46**	₱0.20	₱0.44
Deconsolidated subsidiary (Note 7)	**–**	–	0.08
	₱1.46	₱0.20	₱0.52

The Company does not have potentially dilutive common stock equivalents.

27. Related Party Transactions

In the normal course of business and in addition to those disclosed in Notes 12 and 30, the Group grants/receives interest and noninterest-bearing cash advances to/from its associates and affiliates.

Compensation of key management personnel (in millions):

	2010	2009	2008
Short-term employee benefits (Notes 13 and 22)	**₱80.6**	₱43.6	₱87.6
Post-employment benefits	**4.4**	4.4	4.4
Total compensation of key management personnel	**₱85.0**	₱48.0	₱92.0

28. 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 e 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. The table below shows the gross maximum exposure to on- and off-balance sheet credit risk exposures of the Group without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2010	2009
Cash in banks	**₱242,394,492**	₱240,814,508
Short-term investments	**1,945,729,097**	353,712,691
FVPL investments - bonds	**542,716,767**	477,505,188
AFS investments - bonds	**619,398,470**	839,512,777
Loans and receivables:		
Trade	**175,813,610**	141,392,543
Interest receivable	**24,115,479**	28,468,859
Advances to officers and employees	**3,983,920**	2,420,719
Others	**34,504,614**	65,941,551
	238,417,623	238,223,672
Less allowance for doubtful accounts	**32,116,950**	34,874,749
	206,300,673	203,348,923
	₱3,556,539,499	₱2,114,894,087

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 table below shows the credit quality by class of financial asset based on the Group's credit rating system:

	Financial Assets that are Neither Past Due nor Impaired				
2010	**High Grade**	**Standard Grade**	**Substandard Grade**	**Past Due or Impaired**	**Total**
Cash in banks	**₱242,394,492**	**₱–**	**₱–**	**₱–**	**₱242,394,492**
Short-term investments	**1,945,729,097**	**–**	**–**	**–**	**1,945,729,097**
FVPL investments -					
Bonds*	**11,223,925**	**512,214,641**	**17,086,201**	**2,192,000**	**542,716,767**
AFS investments -					
Bonds*	**90,177,495**	**529,220,975**	**–**	**–**	**619,398,470**
Receivables:					
Trade	**–**	**111,595,293**	**13,764,327**	**50,453,990**	**175,813,610**
Interest receivable	**–**	**24,115,479**	**–**	**–**	**24,115,479**
Advances to officers and employees	**–**	**3,983,920**	**–**	**–**	**3,983,920**
Others	**20,529,717**	**8,174,631**	**3,271,697**	**2,528,569**	**34,504,614**
	₱2,310,054,726	**₱1,189,304,939**	**₱34,122,225**	**₱55,174,559**	**₱3,588,656,449**

** Substandard grade includes instruments which are not rated.*

	Financial Assets that are Neither Past Due nor Impaired				
2009	High Grade	Standard Grade	Substandard Grade	Past Due or Impaired	Total
Cash in banks	₱240,814,508	₱–	₱–	₱–	₱240,814,508
Short-term investments	353,712,691	–	–	–	353,712,691
FVPL investments -					
Bonds*	132,007,260	268,873,054	76,624,874	–	477,505,188
AFS investments -					
Bonds*	149,533,223	611,926,875	21,267,354	56,785,325	839,512,777
Receivables:					
Trade	–	89,746,990	7,726,811	43,918,742	141,392,543
Interest receivable	–	28,468,859	–	–	28,468,859
Advances to officers and employees	–	2,420,719	–	–	2,420,719
Others	35,534,531	12,381,926	12,045,068	5,980,026	65,941,551
	₱911,602,213	₱1,013,818,423	₱117,664,107	₱106,684,093	₱2,149,768,836

** Substandard grade includes instruments which are not rated.*

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.

Financial assets that are past due but not impaired

The table below shows the aging analysis of past due but not impaired loans/receivables per class that the Group held. Under PFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due.

	Financial Assets that are Past Due but Not Impaired				
December 31, 2010	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**More than 91 days**	**Total**
Trade	**₱10,878,296**	**₱2,995,821**	**₱3,519,446**	**₱1,954,905**	**₱19,348,468**
Others	**338,453**	**360,478**	**150,637**	**667,573**	**1,517,141**
Total	**₱11,216,749**	**₱3,356,299**	**₱3,670,083**	**₱2,622,478**	**₱20,865,609**

	Financial Assets that are Past Due but Not Impaired				
December 31, 2009	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Trade	₱4,526,777	₱2,987,538	₱1,922,758	₱1,267,370	₱10,704,443
Others	834,957	637,403	2,184,505	662,710	4,319,575
Total	₱5,361,734	₱3,624,941	₱4,107,263	₱1,930,080	₱15,024,018

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.

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

December 31, 2010	**Within 6 months**	**6 to 12 months**	**1 to 5 years**	**Total**
Notes payable	**₱64,393,852**	**₱–**	**₱–**	**₱64,393,852**
Accounts payable and accrued expenses*	**129,844,651**	**–**	**–**	**129,844,651**
Long-term debt	**–**	**10,960,000**	**10,960,000**	**21,920,000**
Dividends payable	**134,856,337**	**–**	**–**	**134,856,337**
Interest payable	**1,208,397**	**1,497,910**	**1,759,723**	**4,466,030**
	₱330,303,237	**₱12,457,910**	**₱12,719,723**	**₱355,480,870**

Excluding other nonfinancial liabilities amounting to ₱129.8 million.

December 31, 2009	Within 6 months	6 to 12 months	1 to 5 years	Total
Notes payable	₱344,553,736	₱–	₱–	₱344,553,736
Accounts payable and accrued expenses*	62,214,188	–	–	62,214,188
Long-term debt	–	14,437,500	20,212,500	34,650,000
Dividends payable	121,684,225	–	–	121,684,225
Interest payable	1,296,614	976,462	1,568,743	3,841,819
	₱529,748,763	₱15,413,962	₱21,781,243	₱566,943,968

Excluding other nonfinancial liabilities amounting to ₱169.8 million.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrue expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

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.

The following table demonstrates management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant:

2010	**Change in interest rates (in bps)**	**Effect on income before tax - Increase (decrease)**
Floating debt investments	**+150**	**₱1,500,889**
	-150	**(1,500,889)**

2009	Change in interest rates (in bps)	Effect on income before tax - Increase (decrease)
Floating debt investments	+150	₱2,975,947
	-150	(2,975,947)

The sensitivity analysis shows the effect on the consolidated statements of income of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets held at December 31, 2010 and 2009. There is no other impact on equity other than those affecting profit and loss.

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.

The basic sensitivity analysis assumes that the bond's standard deviation on its historical yield for the past one year provides the basis for the range of reasonably possible change in bond prices. In establishing the relative range of bond yields based on historical standard deviation, the Group assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future bond yields using a sensitivity approach. Items affecting profit and loss are bonds classified as FVPL and items affecting equity account are bonds classified as AFS.

		Increase (Decrease)	
2010	**Change in relative average yield**	**Effect on income before tax**	**Effect on equity**
AFS investments	**+0.23% to + 86.78%**	**₱–**	**₱6,591,344**
	-0.23% to – 86.78%	**–**	**(6,030,483)**
FVPL investments	**+2.70% to + 21.76%**	**1,511,724**	**–**
	-2.70% to – 21.76%	**(1,474,444)**	**–**

		Increase (Decrease)	
2009	Change in relative average yield	Effect on income before tax	Effect on equity
AFS investments	+12.91% to + 108.77%	₱–	(₱144,098,559)
	-12.91% to – 108.77%	–	96,173,840
FVPL investments	+1.40% to + 106.77%	(101,440,489)	–
	-1.40% to – 106.77%	44,794,560	–

The annual standard deviation of the changes in the bond's historical yield ranges from 0.23% to 86.78% and 1.40% to 108.77% in 2010 and 2009, respectively. With 99% confidence level, the returns could range between 0.32% to 602.89% and 3.26% to 326.80% of the average yield in 2010 and 2009, respectively.

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.

The basic sensitivity analysis assumes that the stocks' standard deviation on its historical yield for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment yields based on historical standard deviation, the Group assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future yield of the stock investments using a sensitivity approach.

		Increase (Decrease)	
2010	**Change in PSEi average returns**	**Effect on income before tax**	**Effect on equity**
AFS investments	**+65.46%**	**₱–**	**₱2,393,972,674**
	-65.46%	**–**	**(2,393,972,674)**

2009	Change in PSEi average returns	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+70.70%	₱–	₱1,207,087,129
	-70.70%	–	(1,207,087,129)

The annual standard deviation of the PSEi is approximately 28.14% and 33.56%, and with 99% confidence level, the returns could be +/- 65.46% and +/- 70.70% from the average returns in 2010 and 2009, respectively. There are no outstanding stock investments listed in PSE that are classified as FVPL as of December 31, 2010 and 2009.

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.

The basic sensitivity analysis assumes that the related market indices' standard deviation on its historical yield for the past one year provides the basis for reasonably possible change in prices of the investments in mutual funds. In establishing the relative range of the market indices' yields based on historical standard deviation, the Group assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future yield of the related market indices of the mutual funds using a sensitivity approach. The effect on income before tax pertains to the changes in the fair value of mutual funds at FVPL, while effect on equity arises from changes in the fair value of mutual funds classified as AFS.

2010	**Change in relative average return**	**Increase (Decrease) Effect on income before tax**	**Effect on equity**
Mutual funds	**+0.69% to +51.21%**	**₱20,427,864**	**₱44,888,415**
	-0.69% to -51.21%	**(20,427,864)**	**(44,888,415)**

2009	Change in relative average return	Increase (Decrease) Effect on income before tax	Effect on equity
Mutual funds	+17.5% to +109.83%	₱123,169,660	₱169,019,587
	-17.5% to -109.83%	(123,169,660)	(169,019,587)

The annual standard deviation of the yield of related indices ranges from 0.69% to 51.21% and 17.5% to 109.83% in 2010 and 2009, respectively. With 99% confidence level, the returns could range between 1.60% to 119.14% and 40.7% to 255.5% from the average returns in 2010 and 2009, respectively.

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.

The table below indicates the currencies to which the Group had significant exposure as of December 31, 2010 and 2009.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso. It assumes that all other variables remain constant. A negative amount in the table reflects a potential reduction in income or equity, while a positive amount reflects a net potential increase.

		Increase (Decrease)	
2010	**Change in currency rate**	**Effect on income before tax**	**Effect on equity**
US dollar	**+6.563%**	**₱6,299,327**	**₱5,308,434**
	-6.563%	**(6,299,327)**	**(5,308,434)**
Euro	**+5.733%**	**6,297,958**	**20,129**
	-5.733%	**(6,297,958)**	**(20,129)**

		Increase (Decrease)	
2009	Change in currency rate	Effect on income before tax	Effect on equity
US dollar	+1.717%	₱29,594,215	₱3,395,394
	-1.717%	(29,594,215)	(3,395,394)
Euro	+14.355%	39,041,313	75,128
	-14.355%	(39,041,313)	(75,128)

The effect on equity arises from revaluation of foreign securities classified as AFS.

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 years ended December 31, 2010 and 2009.

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.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2010	**Loans and Receivables**	**Financial Assets at FVPL**	**AFS Investments**	**Total**
Cash and cash equivalents	**₱2,188,123,589**	**₱–**	**₱–**	**₱2,188,123,589**
FVPL investments	**–**	**817,656,671**	**–**	**817,656,671**
AFS investments	**–**	**–**	**6,213,532,572**	**6,213,532,572**
Receivables	**230,447,395**	**–**	**–**	**230,447,395**
	₱2,418,570,984	**₱817,656,671**	**₱6,213,532,572**	**₱9,449,760,227**

December 31, 2009	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱594,527,199	₱–	₱–	₱594,527,199
FVPL investments	–	733,785,606	–	733,785,606
AFS investments	–	–	4,682,991,556	4,682,991,556
Receivables	220,020,505	–	–	220,020,505
	₱814,547,704	₱733,785,606	₱4,682,991,556	₱6,231,324,866

Other Financial Liabilities	**2010**	2009
Notes payable	**₱64,393,852**	₱344,553,736
Accounts payable and accrued expenses*	**129,844,651**	62,214,188
Long-term debt	**21,920,000**	34,650,000
Dividends payable	**134,856,337**	121,684,225
	₱351,014,840	₱563,102,149

** Excluding other nonfinancial liabilities amounting to ₱138.8 million and ₱169.8 million in 2010 and 2009, respectively.*

Fair Values of Financial Assets and Liabilities
The carrying amounts of cash and cash equivalents, receivables, notes payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

AFS and FVPL investments are stated at their fair values. The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

Fair Value Hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2010, all of the Group's assets measured at fair value are quoted and are classified as level 1.

	2010	2009
FVPL investments:		
Bonds	**₱542,716,767**	₱477,505,188
Funds and equities	**204,790,484**	178,471,233
Others	**70,149,420**	77,809,185
AFS investments:		
Bonds	**619,398,470**	839,512,777
Quoted equity shares	**4,725,844,025**	2,987,342,446
Funds and equities	**229,604,987**	279,946,411
Proprietary shares	**93,937,800**	75,218,250
	₱6,486,441,953	₱4,915,805,490

For the year ended December 31, 2010, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

30. Contracts and Agreements

Company
The Company leases out its investment property to a third party. The term of the lease is for two years and 10 months, with the lease term starting on February 1, 2007 and is renewable upon mutual agreement of the parties. The lease is subject to an agreed amount of escalation in the second and third years. The lease agreement was not renewed in 2009.

Total rent income recognized in 2010, 2009 and 2008 amounted to ₱0.4 million, ₱14.5 million and ₱14.7 million, respectively, and are shown as part of "Other expenses - net" in the consolidated statements of income.

Sutton
a. On February 26, 2009, IQMAN's BOD ratified the new Service Agreement with IQHPC with a revised fee equivalent to 3% of all billed expenses effective January 1, 2009.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

   As of December 31, 2010, IQHPC has outstanding Service Agreements with different U.S. hospitals and one with a staffing agency. Service income recognized in 2010, 2009 and 2008 amounted to ₱17.2 million and ₱21.5 million and ₱34.1 million, respectively.

c. As of December 2010, IQHPC has an outstanding commission agreement with an independent consulting firm.

d. IQMAN entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. Upon its maturity on July 31, 2010, the lease was renewed for a one year term ending July 31, 2011. The future minimum rentals payable under the non-cancellable operating lease within one year from the balance sheet date amounted to ₱1.2 million and ₱1.1 million as of December 31, 2010 and 2009, respectively.

   Rent expense in 2010, 2009 and 2008 amounted to ₱2.3 million, ₱2.4 million and ₱3.1 million, respectively.

e. In December 2010, advances to IQMAN amounting to ₱18.7 million was assigned to Sutton in exchange for its 1,240 preferred shares.

Cirrus

a. Cirrus Holdings USA, LLC and Cirrus Allied, LLC have various staffing contracts with their US clients concerning certain rates and conditions, among others. Service income amounted to ₱711.6 million, ₱917.0 million and ₱1,220.0 million in 2010, 2009 and 2008, respectively.

b. Cirrus has entered into a third party non-cancelable operating lease agreements for the rental of office space and equipment. The leases include options to renew, as well as rent escalation clauses and in certain cases, incentives from the landlord for rent-free months and allowances for tenant improvements. The rent escalations and incentives have been reflected in the following table.

   Future minimum lease payments, as of December 31, 2010 and 2009, associated with these agreements with terms of one year or more are as follows:

	2010	2009
Within one year	**₱8,753,094**	₱5,583,316
After one year but not more than five years	**34,154,078**	2,079,139
	₱42,907,172	₱7,662,455

   Rent expense in 2010, 2009 and 2008 amounted to ₱10.1 million, ₱9.8 million and ₱6.25 million, respectively.

c. As discussed in Note 6, on December 10, 2010, Cirrus acquired NT, a company maintaining web domains for nurses and physical therapist, and agreed to pay a maximum total consideration amounting to $1.06 million for the net assets of NT as of purchase date. Of the amount, $0.51 million will be paid by Cirrus provided certain revenue and earnings target are met. To facilitate the transaction, the Company made advances to AI in the amount of $840,000 (₱37.09 million).

IAI

On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell effective for five years for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary, by a Honeywell authorized service center.

SSRLI

a. Since 1995, the Company charges SSRLI a monthly fee amounting to US$4,000 on its Peso equivalent for the Company's general, administrative and legal services rendered to SSRLI. In addition, the Company also made advances to SSRLI for the latter's operating expense. Due from SSRLI amounted to ₱0.5 million and ₱8.3 million as of December 31, 2010 and 2009, respectively (see Note 10).

b. SSRLI executed an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (the Operator of Amanresorts), a company based in Amsterdam, the Nertherlands, for a fee of 5% of SSRLI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by SSRLI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of SSRLI and a reserve cash funding equivalent to 4% of gross revenues which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment. Operating and management fee amounted to ₱14.6 million, ₱13.8 million and ₱14.7 million, in 2010, 2009 and 2008, respectively.

   Likewise, marketing services and license contracts with Amanresorts, were entered into by SSRLI, providing marketing fee of 3% of SSRLI's hotel revenues and US$1,000 monthly fee, respectively.

c. SSRLI has an agreement with IAI for the latter to provide regular air service. IAI shall charge SSRLI a fixed round trip rate per passenger, subject to an annual review by both parties, with a guarantee that all of IAI's operating costs will be covered. The original agreement had duration of no less than two years and was renewed in February 2008. As of December 31, 2010, the agreement is subject to renewal.

   Revenues earned by IAI from these flights amounted to ₱82.1 million, ₱86.3 million and ₱84.7 million in 2010, 2009 and 2008, respectively, and is shown as part of "Services" in the consolidated statements of income.

   In line with the above agreement, SSRLI made several advances to IAI, which IAI expects to pay through application against future services to be rendered by IAI to SSRLI. Advances from SSRLI amounted to ₱19.4 million as of December 31, 2010 and 2009. These are included in "Accounts payable and accrued expenses" in the consolidated balance sheets.

d. The latest renewal of the lease agreement between SSRLI and IAI covers the two-year period from September 2009 to August 2011. The agreement provides that SSRLI is not allowed to sublease any part of the premises or facilities that it leases. Rent relating to the lease amounted to ₱1.6 million in 2010 and ₱1.3 million in both in 2009 and 2008.

e. On November 20, 2009, SSRLI granted loans to IAI amounting to $1.3 million or ₱58.2 million and ₱7.9 million payable at maturity in March 2010, with interest payable quarterly at base interest rate or three months LIBOR plus spread of 2% and 6.5% per annum.

   IAI paid $1.0 million or ₱46.8 million in 2010 and the remaining balance of $0.3 million or ₱11.4 million is to be covered by a renewal of the loan agreement, which remains outstanding as of December 31, 2010.

f. In January 2007, APHI and SSRLI entered into a consultancy agreement whereby APHI will provide project management, general and specific administration and supervision over pre-construction and post-construction stages of SSRLI's Amanpulo Phase 2 and other capital expenditure projects for a certain fee agreed by the two parties. As of December 31, 2010, the management contract is still in effect.

PDIPI and Subsidiaries

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy amounted to ₱13.8 million and ₱10.5 million as of December 31, 2010 and 2009, respectively (see Note 10). Management fees amounted to ₱34.0 million and ₱25.4 million and ₱40.2 million in 2010, 2009 and 2008, respectively.

b. Beginning January 2004, PDP Energy entered into a new technical assistance contract with Phelps Dodge International Corporation which provides an annual payment of technical fees amounting to a certain percentage of audited income before tax (VAT inclusive). Technical fees amounted to ₱34.0 million, ₱25.4 million and ₱34.9 million in 2010, 2009 and 2008, respectively. These are included in "Management fee" in the Group's consolidated statements of income.

31. **Other Matters**

a. ASAC is a founding member of the Federation of Aviation Organization of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2010, MIAA has filed a motion for reconsideration with the Court of Appeals which is still pending as of February 18, 2011. Also, ASAC is planning to enter into a new lease contract with MIAA, with IAI being the lessor and ASAC as sublessor.

b. ASAC is a defendant in labor lawsuits and claims. As of December 31, 2010 and 2009, management has recognized provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A. Soriano Corporation and Subsidiaries as at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010 included in this Form 17-A and have issued our report thereon dated February 18, 2011. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68.1 and SEC Memorandum Circular No. 11, Series of 2008 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-2
Tax Identification No. 102-086-208
BIR Accreditation No. 08-001998-18-2009,
June 1, 2009, Valid until May 31, 2012
PTR No. 2641524, January 3, 2011, Makati City

February 18, 2011

A. SORIANO CORPORATION
SCHEDULE A - MARKETABLE EQUITY SECURITIES (Note 1)
(CURRENT MARKETABLE SECURITIES AND
OTHER SHORT-TERM CASH INVESTMENTS)
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of issuing Entity and Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income received & Accrued (Note 2)
BONDS				
IP-First Gen Corp(FGEN) 2.5% 110213-USD		51,950,400	51,950,400	5,414,392
IP-JG Summit 8%, 01/18/13-USD		46,746,592	46,746,592	4,098,989
IP-URC 2012 8.25% 12/10 Put-USD		46,470,400	46,470,400	4,148,148
IP-NET FXT 5-67 5.00% 1.27.14 -PHP		35,642,528	35,642,528	24,087
IP-SMIC 2013 6.75%-USD		23,618,800	23,618,800	2,415,702
IP-LBP 2016-USD		18,018,240	18,018,240	383,697
IA-Sidetur Finance BV 10% 200416-USD		16,440,000	16,440,000	6,852,927
BS-Sigma Capital(LIPPO) 9% 300415-USD		13,941,120	13,941,120	1,698,835
BS-PT Adaro Indonesia 7.625% 221019-USD		11,946,400	11,946,400	1,104,768
IA-Odebrecht Finance Ltd 7% 210420-USD		11,754,600	11,754,600	1,484,649
BS-China Fishery Group 9.25% 191213-x		11,440,048	11,440,048	332,332
BS-Agile Property Holdings Ltd 8.875% 280417-USD		11,234,000	11,234,000	1,030,274
BS-Marfrig Overseas Ltd 9.5% 040520-USD		11,179,200	11,179,200	402,778
IA-Nomos Cap(Nomos Bk) 9.75%, 201016 AO-USD		11,014,800	11,014,800	1,559,204
BS-Glencore Finance Europe 8% 280249-USD		10,987,400	10,987,400	260,285
BS-JBS SA (Fribol) 8.25% 290118-USD		10,987,400	10,987,400	515,215
BS-ICICI Bank Ltd 6.375% 300422-USD		10,850,400	10,850,400	(112,338)
IA-Inversiones Y Representa 8.5% 020217-USD		10,850,400	10,850,400	2,494,341
IP-NET PNB 08/16 8.00%-PHP		10,130,260	10,130,260	212,457
IP-China Fishery Group 9.25% 191213-USD		9,179,219	9,179,219	1,320,236
IP-Xinao Gas Holdings 7.375%, 8/05/12-USD		9,140,640	9,140,640	623,388
IP-Citic Resources Finance 6.75% 150514-USD		9,096,800	9,096,800	1,154,621
IP-Parkson Retail Grp 7.875% 141111-USD		9,070,496	9,070,496	792,137
MS-Parkson Retail Grp 7.875% 141111-USD		9,023,149	9,023,149	511,516
BS-Credit Suisse(Claudius) 7.875% 121249-USD		8,899,520	8,899,520	(93,776)
IA-Banco Macro 9.75%, 181236-USD		8,592,640	8,592,640	2,608,566
IA-Woori Bank 6.208% 020537-USD		8,526,880	8,526,880	2,336,970
MS-Guocoland Ltd 0% Conv 070512-SGD		7,136,065	7,136,065	929,261
IP-Kazkommertsbank(KKB) 8.625%, 07/27/16-USD		6,849,562	6,849,562	1,077,303
MS-Barclays Bank PLC Perp-Euro		6,827,351	6,827,351	1,759,110
APHI-LandBank		6,756,840	6,756,840	(268,438)
MS-Agile Property Hldgs 8.875% 280417-USD		6,707,520	6,707,520	562,270
MS-Resona PFD Global Secs Perp-USD		6,543,120	6,543,120	511,472
IP-FXTN 25-8 (NET) 6.5% 12/16/35-PHP		6,321,520	6,321,520	107,822
IP-FXTN7-43 (NET) 7.00%-PHP		5,209,920	5,209,920	100,572
MS-Geothermal Wayang 11.5% 120210-USD		4,982,416	4,982,416	679,931
MS-Listrindo Capital BV 9.25% 290115-USD		4,932,000	4,932,000	476,775
MS-Bank of East Asia Ltd VRN Eclear Perp 052009-US		4,846,512	4,846,512	127,290
MS-Aviva VRN Eclear Perpetual 251120-Eur		4,671,697	4,671,697	(1,536,535)
MS-Bank of America 140212-AUD		4,396,574	4,396,574	157,323
MS-Mizuho Capital Investment Ltd-USD		4,208,640	4,208,640	160,846
MS-PHBS Ltd 6.625% Eclear Perpetual-USD		4,064,406	4,064,406	(253,091)
MS-GT 2005 Bonds BV VRN 210714		3,967,520	3,967,520	137,417
IP-PCOR 7.00% 11/10/17-PHP		3,053,655	3,053,655	29,750
IA-Metrofinanciera 11.25%, 05/16/49-USD		2,192,000	2,192,000	1,079,700
IA-Lessiron Comm Mirax 9.45% 200311-USD		1,644,000	1,644,000	(5,858,375)
IP-NET FXTN-1050 6.2%-PHP		673,118	673,118	225,611
		542,716,768	**542,716,768**	**43,780,413**
FUNDS AND EQUITIES				
IP-NET SSA CITI-PHP		40,700,000	40,700,000	80,223
IP-ING Renta Fund EMK-USD		18,944,141	18,944,141	(96,011)
UBS-Visa Inc "A"-USD		16,835,256	16,835,256	1,129,806
IP-BSP SDA/SSA SBC-Peso		14,117,000	14,117,000	361,752
IASF-SDA BSP		14,100,000	14,100,000	315,444
BS-FTIF Templeton Global; Bond A Dist-USD		11,423,341	11,423,341	353,741
BS-Industrial and commercial Bank of China-HKD		8,052,667	8,052,667	272,421

A. SORIANO CORPORATION
SCHEDULE A - MARKETABLE EQUITY SECURITIES (Note 1)
(CURRENT MARKETABLE SECURITIES AND
OTHER SHORT-TERM CASH INVESTMENTS)
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of issuing Entity and Description of Each Issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income received & Accrued (Note 2)
IASF-ING Philippine Equity Fund-Peso		6,651,708	6,651,708	(185,243)
BS-China Mobile Limited(941)-HKD		5,659,702	5,659,702	(50,927)
BS-Citigroup Inc-USD		4,966,546	4,966,546	603,456
MS-AIA (HOK Lsting)-HKD		4,928,836	4,928,836	444,752
MS-Petronas Chemical-MYR		4,706,849	4,706,849	228,521
MS-HSBC Holdings PLC-USD		4,668,083	4,668,083	451,324
IA-ING Invt Global Yield Maximiser-USD		4,603,200	4,603,200	1,853,280
BS-HSBC Holdings PLC-HKD		4,571,459	4,571,459	280,704
MS-Exxon Mobil Corp Com Stk-USD		3,205,581	3,205,581	341,676
MS-Netease Com Inc.-USD		3,169,632	3,169,632	205,985
MS-Sony Corp JPY50 ORD-JPY		3,135,836	3,135,836	130,356
MS-Visa Inc Class A-USD		3,085,459	3,085,459	(745,743)
MS-Sohu Com Inc - USD		2,783,402	2,783,402	767,538
MS-Toyota Motor Corporation-JPY		2,569,258	2,569,258	(312,235)
MS-General Electric Co-USD		2,405,501	2,405,501	16,424
MS-Esprit Holdings Ltd-HKD		2,201,131	2,201,131	(763,042)
MS-China Mobile Ltd-HKD		2,176,808	2,176,808	134,020
MS-China Life Insurance Co. Ltd.		1,790,510	1,790,510	(370,018)
MS-Bank of America Corp Com Stk-USD		1,754,477	1,754,477	(513,807)
IA-General Electric Co.-USD		1,555,027	1,555,027	335,228
MS-Japan Tobacco Inc JPY50000 ORD-JPY		1,291,910	1,291,910	(107,147)
BS-Alliance Bank JSC-Spon GDR (Pref)-USD		758,761	758,761	884,177
MS-Mail.RU Group Limited-USD		273,826	273,826	218,323
BS-Alliance Bank JSC-Spon GDR-USD		252,716	252,716	252,716
		204,790,484	**204,790,484**	**5,374,308**
OTHERS				
IP-Ayala Corp Pref Class"B" shrs 9.578-Peso		31,800,000	31,800,000	(300,000)
IASF-BPI NET-Peso		11,033,200	11,033,200	220,658
IASF-NET BDO-Peso		10,510,960	10,510,960	225,527
IASF-Ayala Corp. Pref.-Peso		7,875,800	7,875,800	(74,300)
IASF-Ayala Corp-Pref-Peso		5,350,000	5,350,000	100,000
Pictet-PF Lux-Water-P Cap-Euro		3,579,460	3,579,460	574,858
		70,149,420	**70,149,420**	**746,742**
TOTAL		**817,656,671**	**817,656,671**	**49,901,463**
				(Note 2)

Note 1 This account consists of investments that are designated as at FVPL and held-for-trading investments. Designated FVPL investments consist of foreign currency denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under others and bonds. Held-for-trading investments include foreign currency-denominated mutual/hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Note 2 This column includes interest income and unrealized gain/loss in market value of FVPL investments charged to income in 2010.

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Debtors	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance
DELA CRUZ, Jimmy	-	657,612	120,750	120,750	416,112.37	536,862
CASTRO, Joshua	505,667	2,400	155,200	148,000	204,866.38	352,866
MALVAR, Genever	284,181	472,806	518,938	238,049	-	238,049
HIPOS, Annabellee G.	60,050	330,590	153,300	237,340	-	237,340
LAZCO, Lorenz	192,173	204,041	192,173	204,041	-	204,041
NAVARRA, Sammy	236,709	5,670,968	5,740,556	167,121	-	167,121
PENARANDA, Dinagen	79,517	252,824	186,515	145,826	-	145,826
MARTINEZ, Milagros	120,066	984,103	966,758	137,411	-	137,411
BUHION, Salome M.	42,000	230,000	170,500	101,500	-	101,500
SYJUCO, Michael Glenn	119,000	134,000	183,000	70,000	-	70,000
PENULLAR, Benigno	38,941	179,509	155,357	63,093	-	63,093
ARANNA, Jenny	49,000	55,000	48,000	56,000	-	56,000
CABOTAGE, Mia	61,020	74,776	83,248	52,548	-	52,548
ACHARON, Flordeliza	18,903	188,527	156,930	50,500	-	50,500
BARRAQUIAS, Joshua	-	50,000	-	50,000	-	50,000
DEMONTEVERDE, Anna	10,000	498,667	476,372	32,295	-	32,295
SANCHEZ, Ramcy	20,720	76,027	66,414	30,333	-	30,333
MALACASTE, Jay	50,315	180,485	202,800	28,000	-	28,000
MILLER, Alan	62,854	120,000	157,500	25,354	-	25,354
CAYOBIT, Jose	3,800	25,000	3,800	25,000	-	25,000
MONSONES, Kelvin	11,214	97,842	85,261	23,795	-	23,795
BARTOLOME, LEAH	-	71,000	48,100	22,900	-	22,900
SANTOS, Claudine N.	32,578	137,186	148,150	21,614	-	21,614
BONIFACIO, Ely	21,217	221,994	223,211	20,000	-	20,000
VARIOUS (below P20,000)	620,562	2,513,113	1,842,203	1,291,471	-	1,291,471
	2,640,486	13,428,470	12,085,036	3,362,941	620,979	3,983,920

A. SORIANO CORPORATION
SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES
OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Issuing Entity and Description of Investment	% of ownership	BEGINNIING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE	
		Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos	Equity in net earnings (loss) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos
LONG TERM INVESTMENTS									
COMMON & PREFERRED SHARES									
Seven Seas Resorts & Leisure, Inc.	46	143,534,924	229,336,597	23,948,427 (A)	-	-		143,534,924	253,285,024
Phelps Dodge International Phils. Inc.		-	763,630,441	91,276,192 (A)	-	32,000,000 (B)		-	822,906,633
Vesper Industrial & Development Corp.	60	-	30,894,347	-	-	-		-	30,894,347
Anscor-Casto Travel Corporation	44	531,606	8,909,214	-	-	-		531,606	8,909,214
Pamalican Island Holdings, Inc.	63	2,333	-	-	-	-		2,333	-
sub-total			1,032,770,599	115,224,619	-	32,000,000	-		1,115,995,218
Valuation allowance			(43,044,483)				(133,013,892)		(176,058,375)
			989,726,116						**939,936,843**
AVAILABLE FOR SALE INVESTMENTS									
QUOTED EQUITY SHARES									
Aboitiz Equity Ventures			648,816,840		1,443,139,636 (C)		931,340,110 (D)		1,160,616,366
I C T S I			540,605,250		988,363,112 (C)		441,943,862 (D)		1,087,024,500
Aboitiz Power Corporation			1,011,704,000		1,485,790,167 (C)		1,414,505,087 (D)		1,082,989,080
P L D T "Common"			-		290,298,253 (C)		60,689,713 (D)		229,608,540
iPeople, Inc.			122,615,400		119,383,992 (C)		47,784,192 (D)		194,215,200
Energy Dev't (EDC) Corporation			28,158,875		210,486,352 (C)		92,827,090 (D)		145,818,137
Union Bank of the Phils.			296,398,194		151,560,056 (C)		329,033,868 (D)		118,924,382
Cebu Air, Inc.			-		102,478,545 (C)		10,233,315 (D)		92,245,230
Alliance Global Group Inc.			26,145,000		134,940,020 (C)		97,851,270 (D)		63,233,750
Globe Telecom GMCR			-		68,514,984 (C)		14,426,984 (D)		54,088,000
Manila Water Company, Inc.			-		57,516,304 (C)		10,563,664 (D)		46,952,640
Metro Pacific Investment Corp			-		125,190,343 (C)		78,673,723 (D)		46,516,620
Metrobank & Trust Co.			19,035,000		45,288,000 (C)		19,035,000 (D)		45,288,000
Pepsi-Cola Products Philippines, Inc.			-		48,662,219 (C)		4,683,489 (D)		43,978,730
First Phil. Holdings Corp.			-		73,735,813 (C)		40,054,509 (D)		33,681,304
Robinson Land Corporation			47,557,969		81,474,761 (C)		96,323,520 (D)		32,709,210
SM Prime Holdings, Inc.			-		72,849,892 (C)		40,416,892 (D)		32,433,000
Nickel Asia Corporation			-		31,452,372 (C)		430,212 (D)		31,022,160
Universal Robina			13,487,500		34,691,392 (C)		18,363,047 (D)		29,815,845
Filinvest Land			-		52,580,444 (C)		26,393,544 (D)		26,186,900
DFFN, Inc.			-		29,828,251 (C)		5,497,831 (D)		24,330,420
Lepanto Construction Mining Co."B"			-		20,980,050 (C)		-		20,980,050
Manila Golf - ACC		-	20,500,000		6,000,000 (C)		-		26,500,000
RFM Corporation			-		15,105,569 (C)		1,973,789 (D)		13,131,780
Filinvest Development			50,344,509		53,499,147 (C)		90,850,556 (D)		12,993,100
A C M D C - ACC		-	7,645,575		7,040,650 (C)		-		14,686,225
Marcventures Holdings, Inc.			-		6,432,557 (C)		85,307 (D)		6,347,250
Southeast Asia Cement			10,406,000		15,800,635 (C)		20,146,635 (D)		6,060,000
Export & Industry Bank			886,080		-		-		886,080
Alliance Select Foods Int'l, Inc.			-		2,190,920 (C)		293,310 (D)		1,897,610
Security Bank Corporation			41,749,290		8,892,940 (C)		50,196,758 (D)		445,472
PLDT-Preferred - ACC		-	96,738		168 (C)		-		96,906
PLDT-preferred shares			56,700		-		-		56,700
Meralco - ACC		-	37,842		14,628 (C)		-		52,470
Bank of Phil. Islands			-		43,809,238 (C)		43,778,086 (D)		31,152
First Gen Corporation			-		38,733,725 (C)		38,732,509 (D)		1,216
Philippine Stock Exchange, Inc.			28,540,624		13,519,190 (C)		42,059,814 (D)		-
DMCI Holdings			18,517,300		719,212 (C)		19,236,512 (D)		-
SM Investment Corp			16,055,000		39,329,500 (C)		55,384,500 (D)		-

A. SORIANO CORPORATION
SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES
OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Issuing Entity and Description of Investment	% of ownership	BEGINNIING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE	
		Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos	Equity in net earnings (loss) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos
IP-Intellectual Property Ventures GP (IPVG)-PHP			15,302,160		10,682,640 (C)		25,984,800 (D)		-
Holcim Philippines, Inc.			15,206,400		2,534,400 (C)		17,740,800 (D)		-
IP-Globe Telecom 'A'-Peso			6,405,000		1,344,456 (C)		7,749,456 (D)		-
IP-First Phil Holdings-Php			4,800,000		12,150,000 (C)		16,950,000 (D)		-
IP-Universal Robina Corporation-Peso			3,250,000		6,090,315 (C)		9,340,315 (D)		-
IP-Metropolitan Bank-Peso			2,700,000		9,072,000 (C)		11,772,000 (D)		-
IP-Southest Asian Cement-Peso			1,720,000		2,930,000 (C)		4,650,000 (D)		-
IP-Meg-Ri Rights-Peso			148,000		2,000 (C)		150,000 (D)		-
Banco de Oro Unibank, Inc.			-		58,920,103 (C)		58,920,103 (D)		-
GMA Holdings, Inc.-PDR			-		16,036,160 (C)		16,036,160 (D)		-
Jollibee			-		2,005,800 (C)		2,005,800 (D)		-
Manila Electric Company			-		1,996,198 (C)		1,996,198 (D)		-
Petroenergy Resources Group			-		251,728 (C)		251,728 (D)		-
Philex'B'			-		15,846,975 (C)		15,846,975 (D)		-
R C B C			-		22,862,680 (C)		22,862,680 (D)		-
IASF-Petron Corporation-Peso			-		3,350,000 (C)		3,350,000 (D)		-
IASF-San Miguel Corporation			-		13,925,646 (C)		13,925,646 (D)		-
IP-Ayala Corporation-Peso			-		7,360,000 (C)		7,360,000 (D)		-
IP-DMCI Holdings Inc-Peso			-		4,669,696 (C)		4,669,696 (D)		-
IP-First Gen Corp-Peso			-		10,068,620 (C)		10,068,620 (D)		-
IP-JG summit Holdings-PHP			-		3,437,595 (C)		3,437,595 (D)		-
IP-PNOC EDC-Peso			-		14,722,898 (C)		14,722,898 (D)		-
IP-SCC - PH Rights-Peso			-		1,700,000 (C)		1,700,000 (D)		-
IP-SM Prime Holdings-PHP			-		2,184,000 (C)		2,184,000 (D)		-
IP-Semirara Mining Corp-Peso			-		11,775,834 (C)		11,775,834 (D)		-
IP-Robinson's Land Corporation-Peso			-		11,709,737 (C)		11,709,737 (D)		-
			2,998,891,246	**-**	**6,167,922,518**	**-**	**4,440,969,739**	**-**	**4,725,844,025**
Allowance for decline in market value			**(11,548,800)**						**-**
			2,987,342,446						**4,725,844,025**
BONDS									
IA-Province of Buenos Aires 9.375%, 140918			32,340,000		17,128,783 (C)		11,437,584 (D)		38,031,200
IP-ICTSI 7.375% 031120-USD			-		53,793,042 (C)		21,223,868 (D)		32,569,174
IP-Korea 5.75% 04/16/2014-USD			25,296,810		2,855,932 (C)		4,273,094 (D)		23,879,648
IA-CAIUA Srvicos Elec(REDE) 11.125% 020449			23,445,395		8,815,918 (C)		10,834,513 (D)		21,426,800
BS-Alfa Mtn Issuance Ltd 8% 180315-USD			-		21,766,076 (C)		3,554,940 (D)		18,211,136
IP-Ukrexim Bank(Eximuk) 6.8%, 10/04/12-USD			14,784,000		6,346,675 (C)		3,463,155 (D)		17,667,520
IA- Province of Buenos Aires 180428-USD			13,773,375		7,873,349 (C)		5,371,124 (D)		16,275,600
PLDT (APHI)			16,250,850		-		1,323,330 (D)		14,927,520
IP-SK Energy Co Ltd 7% 190613-USD			14,848,218		1,803,379 (C)		2,188,343 (D)		14,463,254
IP-Shinhan Bank 6% 062912-USD			14,449,050		1,635,387 (C)		2,209,077 (D)		13,875,360
IA-Gaz Capital SA 6.51% 070322-USD			12,716,550		3,394,574 (C)		2,663,204 (D)		13,447,920
BS-SPI Electricity & Gas 7.5% 250917-AUD			-		15,558,038 (C)		2,255,154 (D)		13,302,884
IA-BW Group Ltd 6.625% 280617-USD			12,300,750		3,509,126 (C)		2,526,356 (D)		13,283,520
BS-Dar Al-Arkan Int'l 10.75% 180215-USD			-		15,361,203 (C)		2,538,003 (D)		12,823,200
BS-Sino Forest Corporation 10.25% 280714-USD			-		13,870,420 (C)		1,293,820 (D)		12,576,600
BS-HeidelbergCement 7.5% 030420-Eur			-		14,957,560 (C)		2,938,822 (D)		12,018,738
IA-SM Investment Corp 6% 220914-USD			11,492,250		1,970,687 (C)		1,872,737 (D)		11,590,200
IA-True Move Co. 10.375% 010814-USD			10,914,750		3,048,340 (C)		2,400,290 (D)		11,562,800
BS-Banco Votorantim 7.375% 210120-USD			-		12,880,923 (C)		1,372,923 (D)		11,508,000
BS-VEB Finance 6.902% 090720-USD			-		13,137,218 (C)		1,640,178 (D)		11,497,040
BS-BFF International Ltd 7.25% 280120-USD			-		12,890,824 (C)		1,547,224 (D)		11,343,600

A. SORIANO CORPORATION

SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES

OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Issuing Entity and Description of Investment	% of ownership	BEGINNIING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE	
		Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos	Equity in net earnings (loss) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos
BS-FPT Finance Ltd 6.375% 280920-USD			-		11,519,976 (C)		505,176 (D)		11,014,800
IA-Lai Fung Holdings 9.125% 040414-USD			21,540,750		4,197,244 (C)		14,832,794 (D)		10,905,200
MetroBank (APHI)			9,563,400		125,240 (C)		-		9,688,640
IA-MHP SA 10.25% 290415-USD			-		11,337,130 (C)		2,156,333 (D)		9,180,797
MS-Citic Resources Finance Ltd 6.75% 150514-USD			9,060,744		1,653,913 (C)		1,574,017 (D)		9,140,640
IP-Hanaro Telecom Inc. 12, 7%, 02/01/12-USD			9,702,000		1,165,151 (C)		1,731,772 (D)		9,135,379
IP-Sino Forest 9.125%, 8/17/11-USD			9,575,412		1,238,899 (C)		1,761,351 (D)		9,052,960
BS-Braskem SA 7% 070520-USD			-		10,139,594 (C)		1,174,314 (D)		8,965,280
MS-Mrgan Stanley 3.585 231012-SGD			8,254,525		966,664 (C)		496,296 (D)		8,724,894
IP-SMIC 5.5% 131017-USD			-		9,069,298 (C)		427,557 (D)		8,641,741
BS-VTB Capital SA 6.551% 131020			-		9,176,450 (C)		557,506 (D)		8,618,944
IP-Hungary Rep 6.25% 290120-USD			-		11,493,828 (C)		2,933,630 (D)		8,560,198
BS-KazkommertsBank 8.5% 160413-USD			-		10,181,184 (C)		1,720,064 (D)		8,461,120
BS-Telemar Noret Leste SA 5.5% 231020-USD			-		7,981,367 (C)		566,379 (D)		7,414,988
MS-Noble Group Ltd 8.5% 300513-USD			-		8,494,794 (C)		1,113,234 (D)		7,381,560
MS-Gaz Capital SA 6.58% 311013-GBP			7,363,169		1,322,014 (C)		1,449,247 (D)		7,235,936
BS-PAN American Energy 7.875% 070521-USD			-		8,075,101 (C)		872,189 (D)		7,202,912
URC (APHI)			7,276,500		-		305,940 (D)		6,970,560
MS-LL Fung Ltd 5.25% 130520-USD			-		6,998,043 (C)		303,675 (D)		6,694,368
MS-China Overseas Finance 5.5% 101120-USD			-		6,603,281 (C)		183,132 (D)		6,420,149
BS-Alliance Bank JSC 10.5 250317-USD			-		8,547,841 (C)		2,152,266 (D)		6,395,574
IP-PLDT 2017 8.35%-USD			5,185,950		772,884 (C)		829,554 (D)		5,129,280
MS-Gaz Capital SA 8.125% 310714-USD			4,934,622		940,505 (C)		932,606 (D)		4,942,522
MS-Indo Integrated Energy B 9.75% 051116			-		5,443,693 (C)		533,613 (D)		4,910,080
IP-Woori Bank2015 7% 020215			5,082,000		680,633 (C)		911,298 (D)		4,851,334
IP-KRW Hydro 6.25% 061714-USD			5,041,344		598,226 (C)		845,228 (D)		4,794,342
MS-Bumi Investment PTE 10.75% 061017-USD			-		4,971,894 (C)		215,254 (D)		4,756,640
IP-EIB Korea2015 5.875% 140115-USD			4,959,108		658,750 (C)		861,657 (D)		4,756,202
IP-Korea Gas Corp 6% 150714			5,010,390		624,301 (C)		883,312 (D)		4,751,379
BS-JSC Severstal(Steel Capital) 6.7% 251017-USD			-		4,983,863 (C)		233,799 (D)		4,750,064
MS-PCCW-Hkt Capital No2 Ltd 6% 150713-USD			4,762,296		642,049 (C)		691,107 (D)		4,713,238
IP-Korea Nat'l Housing(Kornha) 100914-USD			4,768,302		650,590 (C)		871,808 (D)		4,547,085
LandBank (APHI)			4,827,900		-		323,340 (D)		4,504,560
MS-Nile Finance Ltd 5.25% 050815-USD			-		4,801,486 (C)		299,556 (D)		4,501,930
MS-Olam International Ltd 7.5% Eclear 120820-USD			-		4,743,396 (C)		320,816 (D)		4,422,579
MS-Hidili Industry International 8.625% 041115-USD			-		4,505,044 (C)		142,964 (D)		4,362,080
MS-Chong Hing Bank Ltd 6% 041120-USD			-		4,428,155 (C)		75,720 (D)		4,352,435
MS-Alliance Global Group Inc/Cayman 6.5% 180817-US			-		4,550,002 (C)		256,313 (D)		4,293,690
MS-Imperial Tobacco Fin PLC 7.75% 240619-GBP			4,094,441		864,000 (C)		919,391 (D)		4,039,050
MS-Shuion Land Ltd 6.875% 231213-CNY			-		3,431,445 (C)		9,740 (D)		3,421,705
BS-Alliance Bank JSC 5.8% 250320-USD			-		1,877,636 (C)		957,215 (D)		920,421
IP-ROP16 6.25%, 03/15/16-Euro			72,097,765		8,790,227 (C)		80,887,992 (D)		-
IP-Turanalem 7.875%, 06/02/10-USD			46,566,615		19,488,457 (C)		66,055,072 (D)		-
IA-Alfa Bank 8.635%, 220217-USD			34,188,000		3,267,936 (C)		37,455,936 (D)		-
IA-ALB Finance 7.875%, 100212-Euro			33,220,325		11,383,848 (C)		44,604,174 (D)		-
IP-PLDT EB 11.375% 05/15/2012-USD			27,084,750		-		27,084,750 (D)		-
IP-Pemex 9.125%, 10/13/10-USD			24,312,750		1,570,923 (C)		25,883,673 (D)		-
IA-Petroleos De Venezuela 5.375% 120427-USD			22,614,900		9,493,235 (C)		32,108,135 (D)		-
IA-ATF Bank 9%, 05/11/06-USD			21,483,000		4,653,271 (C)		26,136,271 (D)		-
IA-Turanalem Finance 8.25% 220137-USD			17,094,000		8,174,289 (C)		25,268,289 (D)		-
IP-CMHI Fin Cayman Inc 7.125% 180618-USD			15,276,492		2,728,335 (C)		18,004,827 (D)		-
IP-SMIC Global 6.00% 220914-USD			13,860,000		870,202 (C)		14,730,202 (D)		-
IP-Gaz Capital SA(Gazpromloan) 4.56% 120912-Euro			13,519,581		258,198 (C)		13,777,779 (D)		-
IA-Venezuela 7% 011218-USD			13,149,675		5,148,694 (C)		18,298,369 (D)		-

A. SORIANO CORPORATION

SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES

OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Issuing Entity and Description of Investment	% of ownership	BEGINNIING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE	
		Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos	Equity in net earnings (loss) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos
IA-Naftogaz Ukrainy 8.125% 300909-USD			11,661,665		4,367,094 (C)		16,028,759 (D)		-
IP-Indonesia Rep(Indon) 10.375% 050414-USD			11,457,600		-		11,457,600 (D)		-
MS-Temasek Financial 4.3% 251019-USD			11,364,045		160,298 (C)		11,524,343 (D)		-
IA-Russian Standard Bank 8.485% 290610-USD			11,319,000		376,587 (C)		11,695,587 (D)		-
IA-Cemex Finance Europe 4.75% 050314-USD			11,166,321		2,211,462 (C)		13,377,783 (D)		-
IA-Venezuela Republic 7% 160315-Euro			10,499,675		3,486,007 (C)		13,985,681 (D)		-
IP-Kazmunaigaz(KZOLKZ) 9.125% 070218-USD			10,256,400		-		10,256,400 (D)		-
MS-Rio Tinto Fin USA Ltd 5.875% 150713-USD			9,898,812		996,995 (C)		10,895,807 (D)		-
IA-Vimpelcom 8.375% 300413-USD			9,748,200		1,096,439 (C)		10,844,639 (D)		-
IA-ProbusinessBank 9.75% 090710-RUB			9,605,688		1,786,998 (C)		11,392,686 (D)		-
MS-Petronas Global Suk UK Ltd 120814 4.25%-USD			9,296,364		710,146 (C)		10,006,510 (D)		-
IP-ROP 34 6.375% 231034-USD			9,078,300		92,592 (C)		9,170,892 (D)		-
IA-Majapahit Holding BV 7.875% 290637-USD			9,055,200		913,269 (C)		9,968,469 (D)		-
BS-TNK-BP Finance 7.25% 020220-USD			9,009,000		13,350,916 (C)		22,359,916 (D)		-
IA-DP World Sukuk Ltd 6.25% 020717-USD			7,900,200		1,743,101 (C)		9,643,301 (D)		-
MS-Commercial Bank of Qatar 5% 181114-USD			6,739,425		286,723 (C)		7,026,148 (D)		-
IA-HSBC (Merinos) 11.75% 080612			6,666,460		6,675,971 (C)		13,342,431 (D)		-
MS-Power Sector A&L 7.25% 270519-USD			4,971,582		218,874 (C)		5,190,456 (D)		-
MS-Morgan Stanley 5.75% 300710-AUD			4,943,158		196,670 (C)		5,139,828 (D)		-
MS-Morgan Stanley 6% 130514-USD			4,922,610		115,350 (C)		5,037,960 (D)		-
MS-Korea Elec Power Corp 5.5% 210714-USD			4,905,054		95,797 (C)		5,000,851 (D)		-
IA-Majapahit Holding BV 7.75% 200120-USD			4,839,450		311,290 (C)		5,150,740 (D)		-
IP-Ciliandra Perlasa PT 10.75% 081211-USD			4,735,500		451,869 (C)		5,187,369 (D)		-
MS-Morgan Stanley 3.585% 231012-SGD			4,664,814		105,639 (C)		4,770,453 (D)		-
MS-BW Group Ltd 6.625% 280617-USD			3,999,996		4,733,981 (C)		8,733,977 (D)		-
BS-Agile Property Holdings Ltd 8.875% 280417-USD			-		11,966,162 (C)		11,966,162 (D)		-
BS-China Fishery Group 9.25% 191213-x			-		12,135,054 (C)		12,135,054 (D)		-
BS-Credit Suisse(Claudius) 7.875% 121249-USD			-		9,402,901 (C)		9,402,901 (D)		-
BS-Dubai Electricity & Water 8.5% 220415			-		17,100,115 (C)		17,100,115 (D)		-
BS-Exim Ukraine 8.4% 090216-USD			-		12,421,819 (C)		12,421,819 (D)		-
BS-European Bank Recon & Dev 9.75% 280114-BRL			-		9,610,468 (C)		9,610,468 (D)		-
BS-First Pacific Company 7.375% 240717-USD			-		12,232,191 (C)		12,232,191 (D)		-
BS-HSBC Finance Cap Trust IX 5.911% 301135-USD			-		8,312,111 (C)		8,312,111 (D)		-
BS-ICICI Bank Ltd 6.375% 300422-USD			-		11,618,750 (C)		11,618,750 (D)		-
BS-Indosat Palapa Co BV 7.375% 290720-USD			-		913,877 (C)		913,877 (D)		-
BS-JBS SA (Fribol) 8.25% 290118-USD			-		11,820,882 (C)		11,820,882 (D)		-
BS-Marfrig Overseas Ltd 9.5% 040520-USD			-		12,226,315 (C)		12,226,315 (D)		-
BS-PT Adaro Indonesia 7.625% 221019-USD			-		13,445,602 (C)		13,445,602 (D)		-
BS-ROP 21 4.95% 150121			-		18,949,080 (C)		18,949,080 (D)		-
BS-Sigma Capital(LIPPO) 9% 300415-USD			-		14,923,988 (C)		14,923,988 (D)		-
IPAlliance Global Group 6.5% 180817-USD			-		13,504,894 (C)		13,504,894 (D)		-
IP-RCBC 6.25% 02/09/15-USD			-		29,182,770 (C)		29,182,770 (D)		-
IP-ROP20 6.50% 200120			-		14,942,802 (C)		14,942,802 (D)		-
IP-ROP 21 4% 150121-USD			-		9,442,060 (C)		9,442,060 (D)		-
IP-ROP Gobal Peso Bond-USD			-		175,308,320 (C)		175,308,320 (D)		-
IP-TravPH6.9% 11.03.17-USD			-		6,406,957 (C)		6,406,957 (D)		-
MS-Adaro Indonesia PT 7.625% 221019-USD			-		5,009,437 (C)		5,009,437 (D)		-
MS-Agile Property Hldgs 8.875% 280417-USD			-		7,201,582 (C)		7,201,582 (D)		-
MS-Banco Daycoval SA 6.5% 160315-USD			-		4,904,245 (C)		4,904,245 (D)		-
MS-Bank of China 5.5% 110220-USD			-		4,941,916 (C)		4,941,916 (D)		-
MS-Citic Bank Interntaional Ltd 6.875% 240520-USD			-		5,044,272 (C)		5,044,272 (D)		-
MS-Hynix Semiconductor Inc. 7.875% 270617-USD			-		5,068,185 (C)		5,068,185 (D)		-
MS-Hyundai Capital Services Inc 6% 050515-USD			-		7,910,038 (C)		7,910,038 (D)		-
MS-Incitec Pivot Fin LLC 6% 101219-USD			-		7,383,144 (C)		7,383,144 (D)		-

A. SORIANO CORPORATION
SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES
OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Issuing Entity and Description of Investment	% of ownership	BEGINNIING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE	
		Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos	Equity in net earnings (loss) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos
MS-Mizuho Capital Investment Ltd-USD			-		4,193,344 (C)		4,193,344 (D)		-
MS-Geothermal Wayang 11.5% 120210-USD			-		5,450,408 (C)		5,450,408 (D)		-
			903,053,787	**-**	**1,034,966,082**	**-**	**1,317,086,499**		**620,933,370**
Allowance for decline in market value			**(63,541,010)**						**(1,534,900)**
			839,512,777						**619,398,470**
UNQUOTED EQUITY SHARES									
Enderun Colleges, Inc.		-	286,200,000		-		-	-	286,200,000
ATR Kim Eng Financial Corporation					115,698,972 (E)				115,698,972
Alphion Corporation		-	43,697,368				-	-	43,697,368
Tech Ventures Partner		-	28,875,000		12,225,000 (C)			-	41,100,000
Prople, Inc.		-	36,346,400		1,500,000 (C)		-	-	37,846,400
Direct With Hotels, Inc.		-	32,340,000		-		1,652,000 (D)	-	30,688,000
K S A Realty, Inc.		-	6,937,546		-		-	-	6,937,546
Manila Peninsula Hotels, Inc.		265,000	2,444,945		-		-	265,000	2,444,945
PICOP-Debenture Bonds		322	322,000		-		-	322	322,000
Stag Trading Corporation		-	99,900		-		-	-	99,900
Medical Doctors, Inc.		790	79,000		-		-	790	79,000
Realty Investment, Inc.		120,000	32,500		-		-	120,000	32,500
San Francisco del Monte		400	17,602		-		-	400	17,602
PLDT Co. - Pref.		1,200	18,132				5,532 (D)	1,200	12,600
ACMDC			-		9,178 (C)				9,178
Philor Management Corp.		200	5,000		-		-	200	5,000
Buss. Relations International		1,000	2,500		-		-	1,000	2,500
PICOP "A"		267	1,335		-		-	267	1,335
Central Azuc. dela Carlota		271	780		-		-	271	780
ATR Holdings, Inc.		5,000,000	70,000,000		-		70,000,000 (E)	-	-
Davies Fund		-	5,000,000				5,000,000 (D)	-	-
sub-total			512,420,008	-	129,433,150	-	76,657,532		565,195,626
Valuation allowance			(11,448,336)						(20,448,336)
			500,971,672						**544,747,290**
									-
FUND AND EQUITIES									
IP-Asia Pacific High Dividend-USD			113,814,403		166,220,026 (C)		145,072,553 (D)		134,961,876
IA-ING Real Estate China Opp (MF)-USD			63,385,926		38,108,013 (C)		72,237,128 (D)		29,256,811
ING Asia PAC HD EQ (APHI)			4,986,832		18,329,956 (C)		-		23,316,788
IMA-IndoPhil Resources-AUD			-		8,935,405 (C)		-		8,935,405
IA-Ascendas India Dev'e Trust-SGD			9,457,709		4,266,642 (C)		5,577,382 (D)		8,146,969
IA-VietComBank Partners Fund-USD			8,741,233		1,371,407 (C)		2,205,182 (D)		7,907,458
MS-SPDR Gold Trust-USD			5,949,266		2,347,575 (C)		999,060 (D)		7,297,781
MS-MS Emerging Markets Domestic Fund			4,803,322		2,114,266 (C)		1,340,546 (D)		5,577,042
MS-MS Sicav Emerging Markets A ACC-USD			-		6,502,519 (C)		1,588,756 (D)		4,913,763
IA-General Electric Co.-USD			8,757,595		2,824,598 (C)		7,315,837 (D)		4,266,356
MS-Standard Chartered FRN-USD			4,250,400		507,013 (C)		636,015 (D)		4,121,398
MS-Standard & Poor's Dep Receipts Trust-USD			2,574,264		1,008,442 (C)		826,266 (D)		2,756,440
Rohatyn Global (class B & S2)			2,514,853		-		27,264 (D)		2,487,589
IA-Keppel Corporation Ltd-SGD			17,637,867		341,944 (C)		17,979,811 (D)		-
IP-ING (L) Invest New Asia Capital-USD			33,914,308		8,415,397 (C)		42,329,705 (D)		-
IP-ING Peso Bond Fund-Peso			-		131,138,266 (C)		131,138,266 (D)		-
MS-Ishares Inc MSCI South Korea-USD			-		4,384,530 (C)		4,384,530 (D)		-
MS-Ishares Inc MSCI Taiwan			-		4,502,607 (C)		4,502,607 (D)		-

A. SORIANO CORPORATION
SCHEDULE C - NONCURRENT MARKETABLE EQUITY SECURITIES
OTHER LONG-TERM INVESTMENTS IN STOCK AND OTHER INVESTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Name of Issuing Entity and Description of Investment	% of ownership	BEGINNIING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE	
		Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos	Equity in net earnings (loss) of Investees for the Period	Others	Distribution of Earnings by Investees	Others	Number of Shares or Principal Amount of Bonds & Noters	Amount in Pesos
MS-Morgan Stanley & Co.Com(CS)-USD			1,367,520		108,814 (C)		1,476,334 (D)		-
MS-SPDR S&P Oil & Gas-USD			2,855,853		534,302 (C)		3,390,155 (D)		-
MS-Standard Chartered PLC VRN 6.409%-USD			-		5,069,064 (C)		5,069,064 (D)		-
ING CHINA ACCESS 1 (APHI)			9,702,000		-		9,702,000 (D)		-
INVEST NEW ASIA CAPITAL (APHI)			6,927,782		-		6,927,782 (D)		-
sub-total		**-**	**302,616,430**	**-**	**407,235,516**	**-**	**465,906,270**	**-**	**243,945,676**
Valuation allowance			(22,670,019)						(14,340,689)
balance			**279,946,411**						**229,604,987**
PROPRIETARY SHARES									
Mla. Golf & Country Club		3	61,500,000		18,000,000 (C)		-	3	79,500,000
Manila Polo Club		1	5,500,000		1,500,000 (C)		-	1	7,000,000
Sta. Elena Properties		3	5,400,000		-		-	3	5,400,000
Orchard Golf & C. Club		1	2,206,500		-		-	1	2,206,500
Universal Leisure Club, Inc.		1	1,000,000		-		-	1	1,000,000
Fuego Development Corp.		1	803,250		-		450 (D)	1	802,800
Canlubang Golf & C. Club		2	760,000		-		-	2	760,000
Evercrest Golf Club Resort		1	570,000		-		-	1	570,000
Metropolitan Club		1	150,000		-		-	1	150,000
Batulao Village Club		5	144,572		-		-	5	144,572
Celebrity Sports Plaza		1	100,000		-		-	1	100,000
Valle Verde Country Club		1	100,000		-		-	1	100,000
Matabungkay Beach Resort		1	15,000		-		-	1	15,000
Ridge Country Club		1	10,000		-		-	1	10,000
Filipinas Golf & Country Club		1	780,000		-		780,000 (D)	-	-
balance			79,039,322	-	19,500,000	-	780,450		97,758,872
Valuation allowance			(3,821,072)						(3,821,072)
			75,218,250						**93,937,800**
			4,682,991,556						**6,213,532,572**
INVESTMENT PROPERTIES									
Cost			330,816,147		2,203,739 (F)				333,019,886
Less accumulated depreciation & amoritzation			(66,733,658)		(5,802,926) (G)				(72,536,584)
			264,082,489						**260,483,302**

(A) Equity earnings for the year.

(B) In March 2010, PDPI (parent company of PDP Energy) declared cash dividends to its stockholders. Cash dividends received by the Company amounted to P32 million at P13.56 per share.

(C) Additional investments, foreign exchange adjustments, market decline and amortization of premium and discounts.

(D) Investments sold during the year, foreign exchange adjustments, market decline and amortization of premium and discounts.

(E) On July 26, 2010, the BOD authorized the parent company to purchase 38,830,244 common shares of stock of ATR Kim Eng Financial Corporation (ATRKE) for a total purchase price of P115.7 million to be paid as follows: (a) Exchange of the Company's 5,000,000 common shares of stock of ATR Holdings which constitute 8.85% of the total outstanding capital of ATR Holdings and with aggregate book value of P96.8 million; (b) Cash consideration for P18.7 million.

(F) Additional investments during the year.

(G) Depreciation for the year.

A. SORIANO CORPORATION AND ITS SUBSIDIARIES
SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED
SUBSIDIARIES AND AFFILIATES
DECEMBER 31, 2010 AND 2009

PARTICULARS	Beginning Balance	Ending Balance
(PRESENTED UNDER INVESTMENTS AND ADVANCES ACCOUNT)		
AFFILIATED - INVESTMENT RELATED		
Kagitingan Printing Press, Inc. (Note 2)	103,550,846	**103,550,846**
Newco, Inc. (Note 2)	15,262,717	**15,262,717**
	118,813,563	**118,813,563**
Due From:		
Multi-media Telephony, Inc. (MTI) (Note 1 and 2)	564,761,343	**564,761,343**
Newco, Inc. (Note 2)	14,798,148	**14,058,504**
AFC	-	**1,500,000**
Seven Seas Resort & Leisure, Inc./Amanpulo Resort	8,281,703	**481,651**
Others	2,927,598	**834,397**
	590,768,792	**581,635,895**
TOTAL RECEIVABLE (GROSS)	709,582,355	**700,449,458**
Less Allowance for Doubtful Accts.	658,574,906	**697,633,410**
RECEIVABLE - NET	51,007,449	**2,816,048**

Note 1 In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into VHI's (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

Note 2 Fully provided with allowance for doubtful accountsas of December 31, 2010.

A. SORIANO CORPORATION

SCHEDULE E- PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 2010

Classification	Beginning Balance	Additions at Cost	Reclassification	Foreign Exchange Adjustment	Retirements/ Disposals	Ending Balances
Buildings and improvements	148,779,904	4,121,053		(40,953)		152,860,004
Flight & ground equipment (Note 1)	270,926,209	7,364,017	(58,570,660)			219,719,566
Furniture, fixtures and office equipment	55,120,252	3,275,999		(1,134,489)		57,261,762
Transportation equipment	29,283,165	958,468			(730,000)	29,511,633
	504,109,530	15,719,537	(58,570,660)	(1,175,442)	(730,000)	459,352,965

Note 1 In October 2009, one of IAI's aircraft had to undergo major repairs and maintenance, which prompted IAI to purchase a new aircraft amounting to P62.2 million. The cost of major repair and maintenance cost is capitalized.

A. SORIANO CORPORATION
SCHEDULE F - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2010

Description	Beginning Balance	Additions Charged to cost and expenses	Reclassification	Disposal	Foreign Exchange Adjustment	Ending Balance
Buildings and improvements	94,470,666	9,157,433	-	-	(19,922)	103,608,177
Flight & ground equipment	139,007,939	25,255,215	(27,517,712)	-	-	136,745,442
Furniture, fixtures and office equipment	42,723,076	4,233,858	-	-	(220,943)	46,735,991
Transportation equipment	24,122,375	2,059,438	-	(389,335)	-	25,792,478
Total	300,324,056	40,705,944	(27,517,712)	(389,335)	(240,865)	312,882,088
IMPAIRMENT LOSS (Flight & ground equipment)	3,292,953	-	-	-	-	3,292,953

A. SORIANO CORPORATION

SCHEDULE G - DEFERRED CHARGES AND OTHER ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

Description	Beginning Balance	Additions (At cost)	Deductions		Other Changes		Ending Balance
			Charged to cost & expenses	Charged to other accounts	Additions	Deductions	
PREPAYMENTS AND OTHER CURRENT ASSETS							
Deposits	26,605,124	15,982,592					42,587,716
Prepaid insurance and others	10,500,230	7,742,141					18,242,371
Input VAT	7,552,342	2,418,648					9,970,990
	44,657,696	26,143,381	-	-			70,801,077
Valuation allowance	(4,521,063)	-					(4,521,063)
	40,136,633	26,143,381	-	-	-	-	66,280,014
OTHER NON CURRENT ASSETS							
Deferred nurse cost	29,721,808		390,650				29,331,158
Pension Asset	16,831,683			16,831,683			-
Software	9,679,076		5,368,274				4,310,802
Deposits	3,339,368			1,599,142			1,740,226
Housing credits	2,588,000						2,588,000
Mining rights	149,073						149,073
Others	2,338,851	575,671					2,914,522
Miscellaneous credits *	(4,246,802)						-
Total	60,401,057	575,671	5,758,924	18,430,825	-	-	41,033,781

* These are assets of subsidiaries picked up in the line by line consolidation.

A. SORIANO CORPORATION
SCHEDULE H - LONG-TERM DEBT
AS OF DECEMBER 31, 2010

Title of issue and Type of Obligation	Amount of Authorized by Indenture	Amount Shown as Current	Amount Shown as long-term
OBTAINED BY IAI			
Union Bank of the Philippines	21,920,000	10,960,000	10,960,000
Total	21,920,000	10,960,000	10,960,000

Loan payable of IAI represents a US$1.0 million loan obtained in October 2006 from a local bank to finance the purchase of its second aircraft. The debt has a two-year grace period and is payable in sixteen quarterly installments starting January 2009 up to October 2012. The loan bears interest at 8.87% per annum. The loan is collateralized by chattel mortgages on IAI's two aircraft with a carrying value of P21.5 million and P66.4 million as of December 31, 2010 and 2009, respectively.

A. SORIANO CORPORATION
SCHEDULE I - INDEBTEDNESS TO AFFILIATES AND RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2010

Total Amount Due	Amount of Current Portion	Non-current PortionAmount	Account Due Date	Nature of Debt	Uncollectibe Accounts/Amount	Reason	Collateral
N A	N A	N A	N A	N A	N A	N A	N A

A. SORIANO CORPORATION

SCHEDULE J - GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2010

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which this Statement is Filed	Nature of Guarantee
N A	NA	NA	NA	NA

A. SORIANO CORPORATION
SCHEDULE K - CAPITAL STOCK
AS OF DECEMBER 31, 2010

Title of Issue	Number of Shares Authorized	Number of Shares issued & Outstanding	Number of shares Reserved for Options,Warrants Conversions & Other Rights	Number of shares Held by		
				Affiliates	Directors, Officers & employees	Others
Common Stock	3,464,310,958	2,500,000,000	NA			
Treasury shares		-				
No. of shares issued (no. of shares outstanding - legal)		2,500,000,000		1,198,466,093	87,791,347	1,213,742,560
No. of shares held by a subsidiary (Anscor Consolidated Corporation)		(1,198,466,093)	*			
No. of shares outstanding		1,301,533,907				

* As of December 31, 2010, the cost of shares of the Company purchased by the subsidiary in 2010 totalled P1.83 million. For the year 2010, P309.9 million was the cost of shares purchased by the subsidiary.

A. SORIANO CORPORATION
SUPPLEMENTARY SCHEDULE - CASH AND CASH EQUIVALENTS
DECEMBER 31, 2010

Particulars	Principal (In Peso)
CASH	242,394,492
CASH EQUIVALENTS	
LOCAL PLACEMENTS:	
Banco de Oro	70,000,000
Hongkong & Shanghai Bank	102,000,000
ATR KimEng Capital Partners, Inc(IMA)	1,225,238,338
	1,397,238,338
PLACEMENTS - OTHER CURRENCIES:	
Bank of Singapore Int'l Private Banking	98,690,664
ING (Phil) Investment Management	339,346,746
Morgan Stanley	16,557,515
Pictet Et Cie, Bankers Geneva-V-9936	5,408,981
UBS AG	88,486,853
	548,490,759
	1,945,729,097
	2,188,123,589

A. SORIANO CORPORATION
SUPPLEMENTARY SCHEDULE - NOTES PAYABLE
DECEMBER 31, 2010

C R E D I T O R S	Principal	Terms of Payments	Interest Rates	Maturity Dates
Cirrus				
Fifth Third Bank (USA)	9,155,452	various	various	various
IAI				
Bank of the Philippine Islands	55,238,400	various	various	various
Total	P 64,393,852			

The loans bear annual interest rates ranging from2.5% to 2.8% in 2010. As of December 31, 2010, the Group's unavailed loan credit line from banks amounted to ₱600.0 million.

A. SORIANO CORPORATION

SUPPLEMENTARY SCHEDULE - PROCEEDS FROM SALE OF
AFS INVESTMENTS, LONG-TERM INVESTMENTS,
PROPERTY, PLANT & QUIPMENT AND OTHERS
DECEMBER 31, 2010, 2009 AND 2008

	CONSOLIDATED			PARENT		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**
PROCEEDS FROM SALE OF :						
AFS INVESTMENTS	5,719,026,524	2,383,711,035	2,103,665,645	5,718,251,648	2,383,711,035	2,103,665,644
LONG-TERM INVESTMENTS	-	-	642,437,050	-	-	642,437,050
INVESTMENT PROPERTIES	-	-	2,816,058	-	-	-
PROPERTY& EQUIPMENT	-	340,199	1,422,391	-	340,199	11,300
	5,719,026,524	2,384,051,234	2,750,341,144	5,718,251,648	2,384,051,234	2,746,113,994

A. Soriano Corporation
Supplementary Schedule - Cost and Expenses (Consolidated)
December 31, 2010, 2009 and 2008

	2010	2009	2008
Costs of Services Rendered (Note 1):			
Salaries, wages and employee benefits	**463,371,068**	604,818,050	789,631,541
Recruitment services	**52,083,265**	67,633,583	64,424,330
Insurance	**36,898,414**	47,446,679	26,743,245
Dues and subscriptions	**32,781,618**	18,594,170	18,720,182
Housing cost	**31,857,749**	50,894,508	65,551,379
Fuel cost	**27,321,574**	18,887,205	33,374,873
Depreciation & amortization	**24,794,121**	26,159,563	26,109,813
Repairs and maintenance	**21,854,014**	24,632,524	19,781,714
Transportation and travel	**6,554,801**	7,339,403	19,482,884
Variable nurse costs	**2,458,871**	3,067,894	1,660,195
Outside services	**2,360,656**	2,664,191	6,326,947
Technical assistance fees	**66,550**	70,458	77,445
Nurse deployment expenses	**-**	10,866,860	16,458,773
Cost of residential units sold	**-**	-	2,777,186
Others	**11,698,799**	9,621,934	6,204,131
	714,101,500	*892,697,022*	*1,097,324,638*
Operating Expenses:			
Salaries, wages and employee benefits	**225,029,028**	190,667,958	192,773,588
Professional fees	**52,427,831**	66,980,578	87,118,208
Depreciation and amortization	**26,785,135**	27,517,845	26,493,049
Rental	**22,350,065**	21,951,673	17,740,501
Transportation and travel	**14,398,146**	12,349,455	15,123,998
Advertising	**11,824,481**	13,037,999	10,489,430
Commissions	**11,311,051**	12,807,095	35,001,584
Taxes and licenses	**8,648,448**	8,260,406	7,455,730
Communications	**7,778,406**	12,329,852	9,439,681
Utilities	**7,469,905**	5,957,347	6,659,426
Insurance	**6,491,328**	14,048,135	9,874,961
Entertainment, amusement and recreation	**6,219,240**	7,727,978	4,725,426
Security services	**6,124,222**	5,946,411	5,304,745
Association dues	**5,760,540**	3,719,227	4,124,495
Office supplies	**3,194,676**	4,672,396	3,548,806
Meetings and conferences	**3,150,116**	2,187,250	2,270,764
Repairs and maintenance	**1,874,005**	2,529,541	1,934,057
Shipping and delivery expenses	**772,768**	1,691,390	1,836,171
Others	**23,849,875**	21,747,413	26,161,481
	445,459,266	*436,129,949*	*468,076,101*
Interest expense	**13,934,412**	10,793,402	24,079,511
Valuation allowances - net	**185,766,042**	89,256,480	216,452,107
	1,359,261,220	1,428,876,853	1,805,932,357

Note 1 In view of the substantial income generated by the Company in 2008 from the sale of its investments, the Company declared a special and nonrecurring bonus to its executive officers in the amount of ₱25.0 million, as approved by the BOD and the Compensation Committee in December 2008. There was no special and nonrecurring bonus declared in 2009. In March and December 2010, the Company declared and paid bonuses to its executive officers amounting to P9.1 million and P25.5 million, respectively.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building EDSA, Greenhills
City of Mandaluyong Metro Manila

Company Reg. No. PW-02

CERTIFICATE OF FILING
OF
AMENDED BY-LAWS

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

A. SORIANO CORPORATION

copy annexed, adopted on March 06, 2007 by majority vote of the Board of Directors and on April 16, 2007 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 25th day of May, Two Thousand Seven.

BENITO A. CATARAN
Director
Company Registration and Monitoring Department

AMENDED BY-LAWS
OF
A. SORIANO CORPORATION

ARTICLE I

CAPITAL STOCK AND SHARES

Section 1. Each stockholder shall be entitled to one or more shares of the Corporation registered in its Stock Books in the name of the person who has subscribed thereto. Certificates of Stock shall be issued in numerical order from the Stock Certificates Book and shall be signed by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer, and countersigned by the Secretary and sealed with its corporate seal; Provided, that in lieu of the original signatures of the Chairman of the Board and Chief Executive Officer, or the President and Chief Operating Officer, and of the Secretary there may be substituted a facsimile of said signatures, in which case a certificate must bear the original and genuine signature of the Assistant Secretary or of an authorized representative of the Corporation's stock transfer agent and shall be sealed with the corporate seal. The certificates of stock shall be numbered in the order in which they are issued. On the stub of each certificate issued shall be recorded the data relative to each certificate.

Section 2. The certificates of stock may be transferred, sold, ceded or pledged by written endorsement on the back of the certificate and delivery thereof to the assignee, but the Corporation shall continue to honor the ownership of such certificate of the person in whose name it was issued, until such certificate is surrendered to the Secretary for cancellation and in lieu thereof a new certificate is issued in the name of the assignee.

The Corporation will refuse to record on its book the transfer of, and will not issue or sell, any shares of its capital stock or interest thereon, to persons who are not citizens of the Philippines, if, as a result of such issuance, sale or transfer, the total number of shares of capital stock owned on record or beneficially, as may be known to the Corporation, by non-Philippine citizens, will exceed FORTY PERCENT (40%) of the number of outstanding shares of capital stock and this restriction shall be indicated in all stock certificates.

Section 3. All certificates presented for transfer to the Secretary must be stamped "CANCELLED" on the face thereof together with the date of cancellation, and must be immediately attached to the corresponding stub in the stock book.

Section 4. New certificates of stock in lieu of those which have been lost or destroyed may be issued provided the owner of said certificates of stock, or his legal representative, shall file an affidavit, in triplicate, setting forth the circumstances under which said certificates have been lost or destroyed, the number of shares represented bv each certificate and the numbers of the certificates. The petitioner shall also submit such

other information and evidence which he may deem convenient and necessary.

After verifying the affidavit and other information and evidence of the applicant with the books of the corporation, said corporation shall publish a notice of said loss in a newspaper of general circulation in the Philippines published in Manila, once a week for three consecutive weeks, at the expense of the petitioner. The notice shall state the name of the corporation, the name of the registered owner, the number of the certificates, and the number of shares represented by each certificate. After the expiration of one year from the date of the last publication, if no claim has been presented to said corporation regarding said certificates of stock, the right to make such claim shall be barred and said corporation shall cancel in its books the certificates of stock which have been lost or destroyed, issuing in lieu thereof new certificates of stock. If the registered owner files a bond satisfactory to the Board of Directors, running for a period of one year to indemnify the corporation during said period, of any loss or damages which it may incur for the issuance of the new certificates, the new certificates may be issued even before the expiration of the one-year period provided herein. Provided, however, that if a claim has been presented to the corporation or, if an action is pending in Court, regarding the ownership of said certificates of stock, the issuance of the new certificates of stock in lieu thereof shall be suspended until final adjudication by the Court regarding the ownership of the said certificates.

Section 5 The stock and transfer books of the corporation shall be closed for transfer at least twenty (20) days next preceding the Annual Meeting of Stockholders.

ARTICLE II

FUNDS OF THE CORPORATION

The funds of the Corporation shall be deposited in its name in such banks or credit institutions designated by the Board of Directors, with the exception of a small amount to be determined by the Board, which amount can be placed in the safe box of the Corporation.

ARTICLE III

MEETINGS

Section 1. The annual meeting of stockholders, legally constituted, represent the entire stockholdings and any resolutions adopted at such meetings are binding upon all stockholders present or absent.

Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o'clock in the morning on the THIRD WEDNESDAY OF OPRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The

special meeting of stockholders may be held at any time whenever so called by the Board of Directors or the Chairman and Chief Executive Officer.

Section 3. Notices of ordinary stockholders meeting shall be sent to stockholders or record at least fifteen (15) business days prior to the scheduled annual stockholders meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 4. The meetings of stockholders, ordinary and extraordinary, duly called, shall be constituted and the minutes recorded, provided that more than one-half of the outstanding stock must be present or represented except in cases in which the Corporation Law requires a higher majority. If no quorum is constituted, the meeting shall be adjourned until the requisite number of stockholders shall be present. When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 5. For the election of Directors it shall be necessary that one-half plus one of all shares subscribed be present or represented.

Section 6. Any stockholder with the right to vote may be represented by proxy at any stockholders' meeting, ordinary or extraordinary. The proxies shall be in writing and signed, with no other formality required. The proxies for the ordinary meetings shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting, otherwise the proxies will be invalid. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

The Board of Directors shall set the date for validation of proxies which shall not be less than five (5) days prior to the scheduled annual stockholders meeting.

Section 7. Each share of stock, provided each share is fully paid for, is entitled to one vote in the name of the person recorded in the Stock Book of the Corporation.

Section 8. The election of directors must be made in accordance with law and every stockholder entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit;

provided, that the total number of votes cast by him shall not exceed the number of shares owned by him.

Section 9. In the annual meeting of stockholders, a board of SEVEN (7) directors shall be elected who will hold their offices for the ensuing term and until their successors are duly elected and qualified. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

ARTICLE IV

BOARD OF DIRECTORS

Section 1. The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of SEVEN (7) Directors who shall be elected annually by the stockholders for a term of one (1) year and shall serve until the election and acceptance of their qualified successors. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

Without prejudice to the general powers hereinabove conferred, the Board of Directors shall have the following express powers:

a. From time to time to make and change rules and regulations not consistent with the by-laws for the management of the Company's business and affairs;

b. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

c. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stock, bond, debentures or other securities of the Company;

d. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided that, as hereinafter provided, the proper officers of the Company shall have these powers, unless expressly limited by the Board of Directors;

e. To prosecute, maintain, defend, compromise or abandon any law suit in which the Corporation or its officers are either Plaintiffs or Defendants in connection with the business of the Corporation, and likewise, to grant installments for the payments or settlement of whatsoever debts are payable to the Corporation;

f. To delegate, from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to sub-delegate), and upon such terms, as may be deemed fit; and

g. To dissolve doubts as to the meaning of these by-laws and supply the omissions thereof, and giving an account to the General Meeting of the same.

Section 2. No persons shall be elected director unless he has at lest twenty thousand shares of the capital stock of the Corporation registered in his name.

Section 3. In addition to the right of the Board of Directors to make nominations for the election of directors, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors if that shareholder complies with all of the following provisions:

a. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

b. Each nomination under the preceding paragraph shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporation. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

c. The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Section 4. A director shall be qualified to hold office only upon pledging the twenty thousand shares registered in his name to the Corporation to answer for his conduct. If any vacancy shall occur among the directors by death, resignation or otherwise, the remaining directors, by affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of the new board of directors.

Section 5. Regular meetings of the Board of Directors shall be held once every

quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors.

Section 6. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.

Section 7. A majority of the entire membership of the Board shall constitute a quorum for the transaction of any business, and the decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act.

A written resolution signed by all the directors shall be binding and valid as if the same had been taken up by the Board in a meeting duly called.

ARTICLE V

EXECUTIVE COMMITTEE

The Board of Directors shall create an Executive Committee composed of five (5) members. The Executive Committee shall meet regularly at such times and places to be determined by a majority vote thereof. Unless otherwise provided for by the Board of Directors, the Executive Committee shall be composed of the Chairman and Chief Executive Officer, the Vice Chairman, the President and Chief Operating Officer, and two (2) officers or directors of the Company to be appointed by the Chairman. The Chairman and Chief Executive Officer of the Company shall act as Chairman of the Executive Committee.

The Executive Committee may act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of Directors. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

All actions of the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board, provided that no rights of third parties arising out of acts approved by the Executive Committee and within its scope of authority shall be affected by such revision or alteration.

Regular minutes of the proceedings of the Committee shall be kept in a book provided for that purpose. Vacancies in the Committee may be filled by the Board of Directors, provided that the parties agree to vote their shares, instruct their directors (to the extent permitted by law), or otherwise exercise their rights as stockholders so as to elect a person nominated by the party that nominated the member whose death, resignation or removal from office caused the vacancy.

Three (3) out of the five (5) members of the Executive Committee shall be necessary to constitute a quorum, and in every case the affirmative vote of the three members shall be necessary for the passage of any resolution. The Executive Committee may act by the written resolution of a quorum thereof, although not formally convened. It shall fix its own rules of procedure and shall meet as provided by such resolution or by resolution of the Board, and shall also meet at the call of its Chairman.

The Board of Directors shall fix the compensation of the members of the Executive Committee.

ARTICLE VI

OFFICERS

Section 1. The officers of the Corporation shall consist of a Chairman of the Board, who shall be the Chief Executive Officer, a Vice Chairman of the Board, a President, who shall be the Chief Operating Officer, an Executive Vice President, one or more Vice Presidents, a Treasurer and an Assistant Treasurer, a Secretary and an Assistant Secretary and such other officers as may, from time to time, be chosen and appointed by the Board of Directors.

Section 2. The Chairman of the Board and Chief Executive Officer of the Corporation shall have the following powers and duties:

a. To preside at the meetings of the Board of Directors and of the Stockholders;

b. To carry out the resolutions of the Board of Directors;

c. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors;

d. To have general supervision and administration of the affairs of the Corporation;

e. To represent the Corporation at all functions and proceedings and, unless otherwise directed by the Board , to attend and/or vote, (in person or by proxy) at any meeting of shareholders of corporations in which the Corporation may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

f. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which required the approval of the Board of Directors, except as otherwise directed by the Board of

Directors;

g. To make reports to the Directors and Stockholders;

h. To sign certificates of stock; and

i. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 3. The Vice Chairman shall exercise the functions of the Chairman and Chief Executive Officer as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer, and shall perform such other functions as the Board of Directors or the Chairman and Chief Executive Officer may from time to time entrust or delegate to him. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The President and Chief Operating Officer shall exercise the following functions:

a. To ensure that the administration and operational policies of the Corporation are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer;

b. To supervise and direct the day-to-day business affairs of the Corporation;

c. To recommend to the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies;

d. Subject to guidelines prescribed by law or by the Chairman of the Board and Chief Executive Officer, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, determine their salaries;

e. To oversee the preparation of the budgets and the statements of accounts of the Corporation;

f. To prepare such statements and reports of the Corporation as may be required by law;

g. To exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer may from time to time assign to him;

h. Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's functions as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer

and the Vice Chairman of the Board.

Section 5. The Executive Vice President – In the absence or disability of the President and Chief Operating Officer, the Executive Vice President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice President shall also exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer or the President and Chief Operating Officer may assign.

Section 6. The Vice Presidents shall have such powers and shall perform such duties as may from time to time be assigned to them by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 7. The Secretary shall issue notices of all meetings; shall keep their minutes; shall have charge of the seal and the corporate books; shall sign with the Chairman of the Board and Chief Executive Officer or with the President and Chief Operating Officer the certificates of stock and such other instruments as may require such signature; shall act as the inspector at the election of directors and other voting by stockholders, and as such, determine the number of shares of stock outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors. The Secretary may assign the exercise or performance of his duty to act as election inspector and all duties related thereto, including the tabulation of votes and the proper conduct of the election or vote, to any other person or persons, subject always to his supervision and control. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 8. In the absence of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned by the President and Chief Operating Officer.

Section 9. The Treasurer shall have the custody of all moneys, securities and values of the Corporation which come into his possession, and shall keep regular books of account. He shall deposit said moneys, securities and values of the Corporation in such banking institutions, as may be designated from time to time by the Board of Directors, subject to withdrawal therefrom only upon the checks or other written demands of the Corporation which have been signed by such officer or officers, or person or persons as the Board of Directors may from time to time direct.

Section 10. Assistant Treasurer – In the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Assistant Treasurer shall also perform such other duties as may from time to time be assigned to him by the President and

Chief Operating Officer.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify every director, officer or member of the Board, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding to which he may be, or is, made a party by reason of his being or having been a director, officer or member of the Board of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit such a breach of duty.

The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

ARTICLE VIII

AUDIT OF BOOKS

Section 1. In any ordinary meeting of stockholders to be held, a firm of Certified Public Accountants shall be appointed by the stockholders to examine the books of accounts of the Corporation, until said appointment has been revoked in another ordinary meeting of stockholders.

Section 2. The duties of the Auditor shall be to examine the books of ac counts of the Corporation when he may deem convenient. Such audits shall be made at least once every year and he shall issue his report on the annual balance sheets, which report shall be published together with the balance sheets. To this effect, the Auditor shall be allowed free access at any time to any and all books, documents and files of the Corporation concerning the status of the treasury.

Section 3. A copy of the audited financial statements of the Corporation shall be deposited in the offices of the Corporation at least fifteen (15) business days prior to the date of the annual meeting and shall be at the deposit of the shareholders for approval. *As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The Board of Directors from time to time shall determine the remuneration of the Auditors; however, this power may be delegated to a Vice President or an Assistant Vice President.

Section 5. The fiscal year of the Corporation shall begin the first day of January and shall end on the last day of December of each year. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

ARTICLE IX

DISTRIBUTABLE FUNDS AND DISSOLUTION OF THE CORPORATION

Section 1. The Board of Directors may declare, from time to time, as partial dividends to the holder of stock, whichsoever funds of the Corporation the Board may deem not necessary for the carrying out of the purposes of the Corporation.

Section 2. The remuneration of the Board of Directors cannot be increased in the future without the approval, through a resolution, by the stockholders representing at lest a majority of the capital stock.

Section 3. Upon the expiration of the term of this Corporation if no agreement has been made regarding its extension, or, in case of dissolution, for any reason, the Board of Directors may perform the functions of liquidator and the applicable part of these by-laws shall continue in force and effect for the purpose and for the duration of such liquidation.

ARTICLE X

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1. The Corporate Seal of the Corporation shall be circular in form and inscribed on its margin the name of the Corporation and the words "Makati, Rizal, Philippines" and within the circle, the words "Incorporated 1930"; and said seal shall, for the present, be adopted as seal of the Corporation.

Section 2. These By-Laws may be repealed, amended or revised at any special meeting of the Board of Directors called for the purpose when two-thirds of the members are present. Such amendments, revisions, repeals are to be presented to the stockholders for ratification at the Annual Stockholders' Meeting immediately following such special meeting of the Board of Directors. Acts done by the Board pursuant to such amendments, repeals or revisions shall, unless and until expressly further amended or repealed by the stockholders, be deemed valid and shall bind the Corporation to all intents and purposes.

Section 3. These By-Laws shall be effective from this date, February 5, 1930, on which they were approved.

STOCKHOLDERS' CERTIFICATE

The undersigned stockholders of "Sorox y Cia", representing more than two-thirds (2/3) of the capital stock issued by the Corporation, for these presents, certify that the foregoing By-Laws and Regulations of the Corporation was adopted by unanimous vote of all stockholders at the Special Meeting of Stockholders held on February 5, 1930 called for this purpose.

IN WITNESS WHEREOF, we have signed these presents this 5th day of February 1930, setting forth opposite our names the corresponding shares owned by each of the undersigned:

(SGD.) A. SORIANO	185 Shares
(MARGARITA ROXAS VDA. DE SORIANO) p.p. (SGD.) A. SORIANO	10 Shares
(SGD.) FRANCISCO ORTIGAS	1 Share
(SGD.) JOHN R. SCHULTZ	1 Share
(SGD.) BENITO RAZON	1 Share
(SGD.) C. A. SOMBRAL	1 Share

DIRECTORS' CERTIFICATE

Manila, February 5, 1930

We the undersigned, a majority of the members of the Board of Directors of "Sorox y Cia", do hereby certify that the preceding typewritten pages constitute the By-Laws of the Corporation, as adopted by unanimous vote of all stockholders present, represented by more than two-thirds (2/3) of the total subscribed and paid-up capital stock of the Corporation in the Annual Meeting of Stockholders held on February 5, 1930 and called for that purpose.

SGD.) A. SORIANO

(SGD.) FRANCISCO ORTIGAS

(SGD.) JOHN R. SCHULTZ

(SGD.) BENITO RAZON

ATTEST:

(SGD.) BENITO RAZON
Secretary

A. SORIANO CORPORATION

P R O X Y

THIS PROXY IS BEING SOLICITED IN BEHALF OF ANDRES SORIANO III

_____
Date

KNOW ALL MEN BY THESE PRESENTS:

I, the undersigned stockholder of A. Soriano Corporation, do hereby appoint, name and constitute ANDRES SORIANO III, or in his absence, the Vice Chairman of the Board, the Chief Financial Officer or the Corporate Secretary, in the order as enumerated, as my true and lawful proxy for me and in my name and stead, to attend the Annual Meeting of the Stockholders of the Corporation on 13 April 2011 and at any adjournment(s) thereof, to vote all my shares of stock in the Corporation in all matters set forth in the agenda as I have expressly indicated by marking the same with an "X" or a "✓".

If no specific instruction is given, the shares will be voted FOR the election of the nominees for directorship whose names appear in this proxy form and FOR the approval of all matters listed in the proxy statement the stockholders' approval of which is sought in the meeting. Moreover, this proxy shall confer discretionary authority to vote with respect to the election of any person to any office for which a bona fide nominee is named in the proxy statement and such nominee is unable to serve or for good cause will not serve; and to all matters incident to the conduct of the meeting.

I T E M	A C T I O N		
	FOR	AGAINST	ABSTAIN
1. To approve the minutes of the 21 April 2010 Annual Meeting of Stockholders			
2. To approve the 2010 Annual Report of the Company			
3. To elect the following nominees as directors of the Corporation			
a. Andres Soriano III			
b. Eduardo J. Soriano			
c. Ernest K. Cuyegkeng			
d. John L. Gokongwei, Jr.			
e. Oscar J. Hilado			
f. Jose C. Ibazeta			
g. Roberto R. Romulo			
4. To re-appoint SGV & Co. as external auditors of the Corporation			
5. To ratify all acts, contracts and resolutions of Management and the Board of Directors since the last annual meeting of the Corporation			
6. Other Matters			

Please refer to the Notice of Meeting for the agenda items of the stockholders' meeting on 13 April 2011.
Please see reverse side for voting, revocability, validation, submission deadline and authentication of proxies.

_____
Printed Name of Stockholder

_____
Signature of Stockholder
or Authorized Signatory*

[*N.B.: Corporations, Partnerships and Associations must attach certified resolutions or extracts thereof designating the authorized signatory/ies for the purpose of this Proxy.]

PLEASE DATE , SIGN and RETURN PROXY

Voting, Revocability of Proxies, Validation/ Submission Deadline, Authentication

When proxies are properly dated, executed and returned on or before 30 March 2011, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directorship whose names appear in the proxy form and FOR the approval of all matters the stockholders' approval of which is sought in the meeting. A stockholder giving a proxy has the power to revoke it at any time prior to its exercise by voting in person at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting or by giving a subsequent proxy which must be received by the office of the Corporate Secretary not later than 30 March 2011.

Each share of Common Stock outstanding as of record date will be entitled to one vote on all matters. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected. The appointment of the independent auditors for the Company for the current year as well as other items presented to the Stockholders during the Annual Meeting will require the affirmative vote of a majority of the votes cast on the matter. Pursuant to Article III Section 6 of the By-Laws of the Corporation, written proxy shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting or not later than 30 March 2011.

Pursuant to the provisions of the By-Laws, the Board of Directors has set the date of validation of proxies to 06 April 2011. For this purpose the Corporate Secretary shall act as the inspector at the election of directors and other voting by stockholders.

Under SEC Memo Circular No. 5 Series of 1996, all proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.

Person Making the Solicitation

The solicitation of proxies in the form accompanying this Statement is made in behalf of Management through Atty. Lorna Patajo-Kapunan and the proxy given will be voted in accordance with the authority contained therein. The solicitation of proxies in the accompanying form will be primarily by mail. However, personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen (15), and who will receive no additional compensation therefor. The Company will bear the cost, amounting to P1.8 million, of preparing and mailing the annual reports, information statement and other materials furnished to the stockholders in connection with proxy solicitation.

None of the Directors has informed the Company that he intends to oppose any action intended to be taken by the Company.

Interest of Certain Persons in Matters to be Acted Upon

No Director or Executive Officer, nominated for re-election as Director or his associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

A. SORIANO CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND INFORMATION STATEMENT

Wednesday, 13 April 2011
10:00 a.m., Rigodon Ballroom, Manila Peninsula Hotel
Ayala Avenue corner Makati Avenue
1226 Makati City, Philippines

A. SORIANO CORPORATION

Notice of Annual Meeting of Stockholders

NOTICE IS HEREBY GIVEN that the regular Annual Meeting of Stockholders of A. Soriano Corporation ("ANSCOR" or the "Company") will be held on Wednesday, 13 April 2011 at 10:00 a.m. at the Rigodon Ballroom, Manila Peninsula Hotel, Ayala Avenue corner Makati Avenue, 1226 Makati City, Philippines.

The agenda for the meeting is as follows:

1. Approval of the minutes of previous meeting.
2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders.
3. Election of the members of the Board of Directors.
4. Appointment of external auditors.
5. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting.
6. Such other business as may properly come before the meeting.

Only stockholders of record in the books of the Company at the close of business on 16 March 2011 will be entitled to vote at the meeting. The list of stockholders entitled to vote will be available for inspection at the office of A. Soriano Corporation, 7th Floor Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, ten (10) days prior to the Annual Meeting.

Stockholders are requested to complete, date, sign and return the enclosed proxy form to reach the Company as promptly as possible not less than ten (10) working days prior to the Annual Meeting or not later than 30 March 2011. The giving of such proxy will not affect your right to vote in person should you decide to attend the Annual Meeting.

Proxy validation will be held at A. Soriano Corporation, 7th Floor Pacific Star Bldg., Makati Avenue, Makati City on 06 April 2011 from 11: 00 a.m. to 12:00 noon.

Makati City, Philippines, 23 March 2011.

THE BOARD OF DIRECTORS
By:

LORNA PATAJO-KAPUNAN
Corporate Secretary

REGISTRATION OF STOCKHOLDERS WILL START AT 9:00 a.m.
Please bring identification, such as valid passport, driver's license or Company I. D.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
   / / Preliminary Information Statement — **/ x / Definitive Information Statement**

2. Name of the registrant as specified in its charter : **A. SORIANO CORPORATION**

3. Province, or country or other jurisdiction of Incorporation organization : **Makati City, Philippines**

4. SEC Identification Number : **PW - 02**

5. BIR Tax Identification Code : **000-103-216-000**

6. Address of principal office : **7th Floor Pacific Star Building**
   Makati Avenue corner Gil Puyat Avenue
   1209 Makati City, Philippines

7. Registrant's telephone number, including area code : **(632) 819-02-51 to 70**

8. Date, Time and Place of the meeting : **13 April 2011, Wednesday at 10:00 a.m.**
   Rigodon Ballroom, Manila Peninsula Hotel
   Ayala Avenue corner Makati Avenue
   1226 Makati City, Philippines

9. Approximate date on which the Information Statement is first to be sent or given to security holders — **On or before 23 March 2011**

10. In case of Proxy Solicitations
    Name of Person Filing the Statement/Solicitor : **Atty. Lorna Patajo-Kapunan, Corporate Secretary**

    Address : **7th Floor Pacific Star Bldg., Makati Avenue corner Gil Puyat Avenue, 1209 Makati City, Philippines**

    Telephone Nos. : **(632) 819-0251 to 70**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount to debt is applicable only to corporate registrants):

    Title of Each Class : **Common Shares**

    Number of shares of Common Stock Outstanding or Amount of Debt Outstanding : **2,500,000,000**

12. Are any or all of registrant's securities listed on the Philippine Stock Exchange? : **Yes**

    If so, disclose name of the Exchange : **Philippine Stock Exchange**

INFORMATION STATEMENT

GENERAL INFORMATION

Date, Time and Place of Meeting of Security Holders

Date	:	Wednesday, 13 April 2011
Time	:	10:00 A. M.
Place	:	Rigodon Ballroom, Manila Peninsula Hotel Ayala Avenue corner Makati Avenue 1226 Makati City, Philippines
Principal Office	:	7th Floor Pacific Star Bldg. Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines

This information statement and the enclosed proxy form will be mailed to stockholders entitled to notice of and to vote at the Annual Meeting on or about 23 March 2011.

Voting, Revocability, Validation, Submission Deadline and Authentication of Proxies

When proxies are properly dated, executed and returned on or before 30 March 2011, the shares they represent will be voted at the Annual Meeting in accordance with the instructions of the stockholder. If no specific instructions are given, the shares will be voted FOR the election of the nominees for directorship whose names appear in the proxy form and FOR the approval of all matters the stockholders' approval of which is sought in the meeting. A stockholder giving a proxy has the power to revoke it at any time prior to its exercise by voting in person at the Annual Meeting, by giving written notice to the Corporate Secretary prior to the Annual Meeting or by giving a subsequent proxy which must be received by the office of the Corporate Secretary not later than 30 March 2011.

Each share of common stock outstanding as of record date will be entitled to one vote on all matters. The candidates for election as directors at the Annual Meeting who receive the highest number of affirmative votes will be elected. The appointment of the independent auditors for the Company for the current year as well as other items presented to the Stockholders during the Annual Meeting will require the affirmative vote of a majority of the votes cast on the matter. Pursuant to Article III, Section 6 of the By-Laws of the Corporation, written proxy shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting or not later than 30 March 2011.

Pursuant to the provisions of the By-Laws, the Board of Directors has set the date of validation of proxies on 06 April 2011. For this purpose, the Corporate Secretary shall act as the inspector at the election of directors and other voting by stockholders.

Under SEC Memo Circular No. 5 Series of 1996, all proxies executed abroad must be duly authenticated by the Philippine Embassy or Consular Office.

SOLICITATION INFORMATION

Person Making the Solicitation

The solicitation of proxies in the form accompanying this statement is made in behalf of Management through Atty. Lorna Patajo-Kapunan and the proxy given will be voted in accordance with the authority contained therein. The solicitation of proxies in the accompanying form will be primarily by mail. However, personal solicitation may be made by officers, directors and regular employees of the Company whose number is not expected to exceed fifteen (15) and who will receive no additional compensation therefor. The Company will bear the cost, amounting to ₱1.8 million, of preparing and mailing the annual reports, information statement and other materials furnished to the stockholders in connection with proxy solicitation.

None of the Directors has informed the Company of any intention to oppose an action intended to be taken by the Company.

Dissenter's Right of Appraisal

There are no corporate matters or action that will trigger the exercise by the stockholders of their Right of Appraisal under the Corporation Code. However, if at any time after the information statement has been sent out, an action which may give rise to the Right of Appraisal is proposed at the meeting, any stockholder who wishes to exercise such right and who voted against the proposed action must make a written demand within thirty (30) days after the meeting.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made. Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Interest of Certain Persons in Opposition to Matters to be Acted Upon

No Director or Executive Officer, nominated for re-election as Director, or his Associate has, at any time, any substantial interest, direct or indirect, by security holdings or otherwise, on any of the matters to be acted upon in the meeting, other than the approval of the Annual Report, election to office and ratification of acts of Management.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

Only stockholders of record on the books of the Company at the close of business on 16 March 2011 will be entitled to vote at the Annual Meeting. Presence in person or by proxy of a majority of the shares of common stock outstanding on the record date is required for a quorum.

There are 2,500,000,000 shares of common stocks outstanding and issued as of 16 March 2011. All the issued shares are entitled to vote on a one (1) share - one (1) vote basis. The Company has only one class of shares.

Pursuant to the Corporation Code and as provided under Article III, Section 8 of the By-Laws, every stockholder is entitled to vote such number of shares for as many person as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The proxy being solicited includes the authority to cumulate votes.

Except as indicated in section (a) below on Security Ownership of Certain Record and Beneficial Owners, there are no other persons holding 5% or more of the common stock of the Company.

The Company does not own any other equity securities beneficially owned by its directors and other nominees.

Change in Control

No change in control of the Company occurred since the beginning of the last fiscal year. Management is not aware of any arrangement which may result in a change in control of the Company.

a. Security Ownership of Certain Record and Beneficial Owners

As of 28 February 2011, the following are the Security Ownership of Certain Record and Beneficial Owners of the Company:

Title of Class	Name, Address of Record Owner & Relationship w/ Issuer	Name of Beneficial Ownership & Relationship with Record Owner	Citizenship	Number of Shares	Percentage Held
Common	Anscor Consolidated Corporation 7th Flr. Pacific Star Bldg., Makati Avenue Makati City (Subsidiary)	Anscor Consolidated Corporation (Subsidiary)	Filipino	1,198,451,093*	47.938%
Common	PCD Nominee Corp. (Non-Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Non-Filipino) (Depository Account)	Non-Filipino	509,605,553	20.384%
Common	PCD Nominee Corp. (Filipino) 37th Flr. The Enterprise Center, Inc. Ayala Avenue corner Paseo de Roxas, Makati City (Depository Account)	PCD Nominee Corp. (Filipino) (Depository Account)	Filipino	150,595,705	6.024%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan, Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	176,646,329	7.066%

*Includes 296,278,790 shares lodged with PCD Nominee Corp. (Filipino)

Anscor Consolidated Corporation is wholly owned by A. Soriano Corporation, the registrant Company, represented by Mr. Ernest K. Cuyegkeng as Treasurer.

PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients. ATR Kim Eng Securities, Inc. is the sole owner of more than 5%, specifically 33.038%, the bulk of which or 19.158% is owned by Deerhaven, LLC, a company registered in Delaware, USA. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

A-Z Asia Limited Philippines, Inc. is a holding company incorporated in the Philippines in 25 April 2003 represented by Atty. Marietta P. Turingan as its Corporate Secretary.

Other than the above, there are no Stockholders owning more than 5% of the Company's outstanding shares of stock.

The Company is not aware of any material pending legal proceedings to which the Company or any of its subsidiaries is a party.

b. Securities Ownership of Certain Beneficial Owners and Management

As of 28 February 2011, the following are the security ownership of the Directors and Officers of the Company:

Title of Class	Name of Beneficial Owner	Amount and Nature Of Beneficial Ownership		Citizenship	Percentage
Common	Andres Soriano III	50,490,265	Direct/Indirect	American	2.020%
Common	Eduardo J. Soriano	30,862,529	Direct/Indirect	Filipino	1.234%
Common	Ernest K. Cuyegkeng	20,000	Direct	Filipino	0.001%
Common	John L. Gokongwei, Jr.	345,602	Direct/Indirect	Filipino	0.014%
Common	Oscar J. Hilado	6,020,000	Direct/Indirect	Filipino	0.241%
Common	Jose C. Ibazeta	32,951	Direct	Filipino	0.001%
Common	Roberto R. Romulo	20,000	Direct	Filipino	0.001%
	Total	87,791,347			3.512%

Narcisa M. Villaflor, Atty. Lorna Patajo-Kapunan and Joshua L. Castro do not own shares of the Company.

c. Voting Trust Agreement

The Company does not have any voting trust agreement with any stockholder.

Directors and Executive Officers

Pursuant to the Corporation's By-Laws, in addition to the right of the Board of Directors to make nominations for the election of Directors including independent Directors, nominations for Directors including independent Directors may be made by any shareholder entitled to vote for the election of Directors.

Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent through the Corporate Secretary), on the 1st of March of every year or at such earlier or later date as the Board of Directors may fix.

Each nomination under the preceding paragraph shall set forth the name, age, business address and, if known, residence address of each nominee, the principal occupation or employment of each such nominee, the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and the interests and positions held by each nominee in other corporations. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of the disqualified person shall be disregarded.

Mr. Eduardo J. Soriano, the Vice Chairman and Treasurer, nominated all the nominees for Directors including independent Directors contained in the information statement. Mr. Soriano is not related to any of the independent Directors nominated. No other nomination was submitted as of 01 March 2011.

Unless marked otherwise, the proxies received will be voted FOR the election of the nominees named below who have signified their acceptance of their respective nominations. The Board of Directors has no reason to believe that any of such nominees will be unwilling or unable to serve if elected as a Director. Each Director shall serve until the next annual meeting of stockholders or until his successor is elected or appointed in case of vacancy due to death, resignation or removal. Management recommends a vote FOR the election of each of the nominees listed below who are incumbent directors of the Company.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on an Exchange or with assets in excess of Fifty million pesos (₱50,000,000.00) and having two hundred (200) or more holders, at least of two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board, whichever is the lesser.

The two nominated independent Directors of the Company are Mr. Oscar J. Hilado and Mr. Roberto R. Romulo. They are neither officers nor employees of the Company or of any of its subsidiaries. They do not have any relationship with the company which would interfere with the exercise of independent judgment in carrying out their responsibilities. Further, the nominated independent Directors posses all the qualifications and none of the disqualifications to serve as independent Directors of the Company. The independent Directors are nominated and elected in the same manner as regular directors in accordance with the nomination and election procedures provided in the By-Laws. The Company amended its By-Laws in 04 March 2010 and 18 February 2011 to incorporate the requirements of SRC Rule 38 with respect to the nomination and election of independent directors.

ANDRES SORIANO III, age 59, American, Director of the Company since 19 May 1982; Chairman and Chief Executive of the Company (1983 to present); Chairman and President of Anscor Consolidated Corporation (1987 to present); Chairman of Andres Soriano Foundation, Inc. (1985 to present), Director of Anscor Property Holdings, Inc. (1998 to present), A. Soriano Air Corporation (2003 to present) and Anscor-Casto Travel Corporation (1983 to present); Chairman of Phelps Dodge International Philippines (1983 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), Seven Seas Resorts and Leisure, Inc. (1998 to present); Director of Cirrus Medical Staffing, Inc. (2007 to present); Director of International Container Terminal Services, Inc. (ICTSI) (1992 to present), ICTSI, Ltd. (2001 to present), International Container Terminal Holdings, Inc. (1999 to present), Manila Peninsula Hotel, Inc. (1986 to present). Mr. Soriano was formerly President and Chief Operating Officer of San Miguel Corporation and was subsequently Chairman and Chief Executive Officer of San Miguel Corporation. He was Chairman of Coca-Cola (Philippines), Coca-Cola Amatil (Australia) and Nestle (Philippines). He was a Director of SPI Technologies and eTelecare Global Solutions, Inc. until 2006. He was also a Member of the G.E. Asian Advisory and the Wharton East Asia Executive Board. He holds a Bachelor of Science Degree in Economics, Major in Finance and International Business, Wharton School of Finance and Commerce, University of Pennsylvania, (1972).

EDUARDO J. SORIANO, age 56, Filipino, Director of the Company since 21 May 1980; Vice Chairman-Treasurer of the Company (1990 to present); Chairman of Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present), A. Soriano Air Corporation (2003 to present); Chairman and President of Anscor Property Holdings, Inc. (1985 to present); Director of Phelps Dodge Philippines Energy Products Corporation (1997 to present), Phelps Dodge International Phils., Inc. (1997 to present), Sutton Place Holdings, Inc. (2009 to present), Minuet Realty Corporation, Anscor Consolidated Corporation (1982 to present), Pamalican Island Holdings; Chairman & President of NewCo, Inc. (1997 to present); Trustee of Andres Soriano Foundation, Inc. (1985 to present); Graduate of Bachelor of Science Degree in Economics, Major in History, University of Pennsylvania, (1977).

ERNEST K. CUYEGKENG, age 64, Filipino, Director of the Company since 22 April 2009; Executive Vice President and Chief Financial Officer of the Company (1990 to present); President and Director of Anscor Property Holdings, Inc. (1990 to present), Phelps Dodge Philippines Energy Products Corporation (1999 to present), A. Soriano Air Corporation (2003 to present), and Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2004 to present); Director of Pamalican Island Holdings, Inc. (1995 to present), KSA Realty Corporation (2001 to present) and T-O Insurance (2008 to present); Director of AB Capital & Investment Corporation (2003 to present), Artha Land (2007 to present) and Sumifru, Singapore (2003 to present); Trustee of Andres Soriano Foundation, Inc. (1990 to present); Member of the Management Association of Philippines, Makati Business Club and Financial Executive Institute of the Philippines (FINEX); Graduate of De La Salle University, B.A. Economics and B.S. Business Administration, (1968). Masters Degree in Business Administration, Columbia Graduate School of Business, New York, (1970).

JOHN L. GOKONGWEI, JR., age 84, Filipino, Director of the Company since 21 May 1980; Director and Chairman Emeritus of JG Summit Holdings, Inc. (2002 to present); Chairman and CEO of JG Summit Holdings, Inc. (1990 to 2001); Director of Robinsons Land Corporation (1980 to present), JG Summit Petrochemical Corporation (1994 to present), Universal Robina Sugar Milling Corporation (1987 to present), Southern Negros Development Corporation (1982 to present), Robinsons, Inc, (1987 to present), Gokongwei Brothers Foundation, Inc. (1992 to present); Graduate of De La Salle University, Masters Degree in Business Administration, (1977) Advance Management Program, Harvard University, (1972-1973).

OSCAR J. HILADO, age 73, Filipino, an independent Director of the Company since 13 April 1998; Chairman & CEO of Philippine Investment Management (PHINMA), Inc. (January 1994 to August 2005) and as Chairman (August 2005 to present); Chairman of Holcim Phils., Inc.; Chairman of the Board & Chairman of the Executive Committee of Phinma Corporation; Chairman of the Board of Phinma Property Holdings Corporation; Vice Chairman of Trans Asia Power Generation Corporation (1996 to present); Chairman of Trans Asia Oil & Energy Development Corporation (April 2008 to present); Director of Manila Cordage Corporation (1986 to present), Seven Seas Resorts & Leisure, Inc., First Philippine Holdings Corporation (November 1996 to present) and Philex Mining Corporation (December 2009 to present); Graduate of De La Salle College (Bacolod), Bachelor of Science in Commerce, (1958) Masters Degree in Business Administration, Harvard Graduate School of Business, (1962). Mr. Hilado also serves as Chairman of the Audit Committee of the Company.

JOSE C. IBAZETA, age 68, Filipino, Director of the Company from 1981 to 1998, 2004 to present; Director of International Container Terminal Services, Inc. (1987 to present), Anscor Consolidated Corporation (1980 to present), Anscor Property Holdings, Inc. (1982 to present), Anscor-Casto Travel Corporation (1984 to present), A. Soriano Air Corporation (1988 to present), AFC Agribusiness Corporation (1989 to present), Atlas Consolidated Mining & Development Corporation (1989 to present), Minuet Realty Corporation (1995 to present), Phelps Dodge Philippines Energy Products Corporation (1997 to present), NewCo, Inc. (1997 to present) and Capital Mediaworks, Inc. (2003 to present); President of Seven Seas Resorts & Leisure, Inc. (2008 to present); Member, Finance Committee of Ateneo de Manila University (1997 to present); Board of Trustees of Radio Veritas (1991 to present); Mr. Ibazeta was President and CEO of Power Sector Assets & Liabilities Management Corporation (February 2007 to March 2010) and Acting Secretary of Energy (March–June 2010); Graduate of Bachelor of Science in Economics, Ateneo de Manila University, (1963), Masters Degree in Business Administration, University of San Francisco, (1968).

ROBERTO R. ROMULO, age 72, Filipino, an independent Director of the Company since 13 April 1998; Chairman of CHARTIS Philippines Insurance, Inc. (formerly AIU Philippines Inc.), PETNET, Inc., Carlos P. Romulo Foundation for Peace and Development, Foundation for Information Technology Education and Development (FIT-ED), MediLink Network, Philippine Foundation for Global Concerns, Inc. (PFGC), Zuellig Family Foundation, Romulo Asia Pacific Advisory, Inc. and Asia-Europe Foundation of the Philippines; Advisory Board Member of Philippine Long Distance Telephone Co. (PLDT) and Board Member of Aboitiz Equity Ventures, Inc., 25-year career at IBM Corporation holding CEO positions in the Philippines, Thailand, Burma and Bangladesh; Graduate of Georgetown University, (A.B.) and Ateneo de Manila University (LLB). Former Ambassador to Belgium, Luxembourg and the European Commission and Secretary of Foreign Affairs.

The following are the members of the Audit Committee, Compensation Committee, and Executive Committee:

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member
Mr. Jose C. Ibazeta	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Eduardo J. Soriano	Member

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Ernest K. Cuyegkeng	Member
Mr. Oscar J. Hilado	Member
Mr. Jose C. Ibazeta	Member

The following are not nominees but incumbent officers of the Company:

NARCISA M. VILLAFLOR, age 48, Filipino, Vice President and Comptroller of the Company since 19 April 2000; Treasurer of Seven Seas Resorts and Leisure. Inc., Andres Soriano Foundation, Inc., Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.), A. Soriano Air Corporation, Pamalican Island Holdings, Inc., and Sutton Place Holdings, Inc.; Director of Anscor Consolidated Corporation, Cirrus Global, Inc.; Trustee of Andres Soriano Foundation, Inc. Joined SGV (January 1985 to November 1989) and joined Anscor in December 1989. Graduate of University of the Philippines, Bachelor of Science in Business Administration and Accountancy (1984). Attended AIM Management Program (November 1996).

LORNA PATAJO-KAPUNAN, age 58, Filipino, Corporate Secretary of A. Soriano Corporation (1998 to present); Senior Partner of KAPUNAN LOTILLA GARCIA & CASTILLO Law Offices; Corporate Secretary of Central Azucarera de Don Pedro (1995 to present), Central Azucarera de la Carlota (1996 to present), Beverage Industry Association of the Philippines (1991 to present), Seven Seas Resorts & Leisure, Inc (1990 to present), Pamalican Island Holdings, Inc. (1995 to present), iAcademy (2002 to present), Uni-President Phils., Inc. (2002 to present), Huntly Corporation (1992 to present), Palomino Resources, Inc. and Malate Pensionne, Inc. (2001 to present), Cuisine Exchange, Inc. and Culinary Innovators, Inc. (2001 to present), Jose M. Velero Corporation (2001 to present), Creative Concoctions, Inc. (2001 to present), Hotel Concepts, Inc. (2001 to present), Creative Hotel Concepts, Inc. (2001 to present), Culinary Events, Inc. (2001 to present), AH Distribution Corporation, Hotel & Resorts Trench, Inc. (2002 to present), It's About Taste (I'ATE), Inc. (2002 to present), Kitchen Alley, Inc. (2001 to present), & Les Maitres Gourmands, Inc. (2001 to present); Traditional Financial Services Philippines, Inc. (2008 to present); Avaya Philippines, Inc. (2006 to present); Elixir Gaming Technologies Philippines, Inc. (2007-2008); Elixir Group Philippines, Inc. (2006-2008); Director of AMAX Holdings Limited (2008 to present); Graduate of University of the Philippines College of Law, (1978).

JOSHUA L. CASTRO, age 36, Filipino, Executive Assistant and Assistant Corporate Secretary of the Company (2005 to present); Assistant Corporate Secretary of Seven Seas Resorts and Leisure, Inc. (2006 to present) and Island Aviation, Inc. (2006 to present); Corporate Secretary of Phelps Dodge International Philippines, Inc., PD Energy International Corporation, Phelps Dodge Philippines Energy Products Corporation (2006 to present), A. Soriano Air Corporation (2006 to present), Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.) (2006 to present), Anscor Property Holdings, Inc. (2006 to present), and Andres Soriano Foundation, Inc. (2006 to present). Tax Lawyer, SyCip Gorres Velayo & Co. (1999 to 2005). Graduate of San Beda College of Law (1999).

Ownership Structure and Parent Company

The registrant has no parent company.

Family Relationship

Andres Soriano III and Eduardo J. Soriano are brothers.

Executive Officers and Significant Employees

There are no significant employees.

Legal Proceedings

For the last five years and as of 28 February 2011, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

Certain Relationship and Related Transactions

In line with the strategic direction of the Company with respect to its investments, i.e., shifting more resources from financial instruments to operating investments, the Company, as of 28 February 2011, is in the process of acquiring additional shares of stock in Seven Seas Resorts and Leisure, Inc. ("SSRLI") from other minority shareholders in SSRLI, including shares of stock directly or indirectly owned by Andres Soriano III and Eduardo J. Soriano. The acquisition from all the minority shareholders will increase the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. The combined purchase price of the acquisition of shares of stock directly and indirectly owned by Andres Soriano III and Eduardo J. Soriano is ₱131.66 million representing 7.98% of the total outstanding common and preferred shares of stock of SSRLI.

Resignation of Directors

No incumbent Director has resigned or declined to stand for re-election to the Board of Directors due to disagreement with Management since the date of the last annual meeting.

Compensation of Directors and Executive Officers

As approved in 2004, Directors are paid a per diem of ₱20,000.00 per meeting attended and are given directors bonus representing no more than 1% of previous year's net income. Similarly, annual bonus, of no more than 3% of the preceding year's net income as well as salary increase of Executive Officers are approved by the Compensation Committee and Board of the Directors.

Name	Principal Position	Compensation		
		2009 Actual	2010 Actual	2011 (Estimate)
Andres Soriano III	Chairman & Chief Executive			
Eduardo J. Soriano	Vice Chairman & Treasurer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Joshua L. Castro	Executive Assistant & Assistant Corporate Secretary			
Salaries		₱ 39,683,200	₱ 45,035,314	₱48,444,455
Benefits		995,909	995,909	995,909
Bonus*		-	34,550,000	28,350,000
Sub-Total Top Executive		₱ 40,679,109	₱ 80,581,223	₱ 77,790,364
Other Directors*		4,016,049	13,536,049	8,826,049
Total		₱ 44,695,158	₱ 94,117,272	₱ 86,616,413

** In November 2010, the Board of Directors and the Compensation Committee approved the payment of portion of the bonus to its Executive Officers and Directors from the 2010 gain on sale of marketable equity securities.*

Employment Contracts and Termination of Employment and Change-in Control Arrangements

All the Executive Officers are not subject of any employment contract. Neither are there any compensatory plans or arrangements with respect to the named executive officers that will result from their resignation, retirement or any other termination or from change in control in the company or change in the named executive officers' responsibilities following a change in control.

Warrants and Options Outstanding

There are no warrants or options granted to the Directors, Chief Executive Officer, and other named Executive Officers.

Compliance with Leading Practice on Corporate Governance

On 22 December 2010, the Company submitted its annual Certification to the SEC confirming its substantial compliance with its Manual on Corporate Governance. Before issuance of said Certification, the Board of Directors and Management evaluated the Company's compliance with the Manual on Corporate Governance. The different Board Committees also evaluate the level of compliance with the Manual on Corporate Governance.

The Company continues to improve its systems and processes to enhance adherence and fully comply with leading practices on good corporate governance. In line with this goal, Directors of the Company are required, before assuming office, to attend a seminar on Corporate Governance conducted by a duly recognized private or government institution.

Likewise, the Company participates in the annual Corporate Governance Scorecard Self-Assessment for Publicly-Listed Companies conducted by the Institute of Corporate Directors. Before submitting the self-assessment, Management evaluates the responses and considers the scorecard as a tool to further improve and ensure compliance with the Manual on Corporate Governance.

As part of the Company's continuing efforts to comply with leading practice on corporate governance, on 10 March 2010, the Company submitted to the SEC and PSE its revised Manual on Corporate Governance in conformity with SEC Memorandum Circular No. 6, Series of 2009. The Manual on Corporate Governance was further revised on 18 February 2011 to comply with additional requirements of the SEC. All the revisions to the Manual on Corporate Governance are discussed and deliberated upon by the Board of Directors prior to its approval and subsequent submission to the SEC.

As of February 28, 2011, there were no deviations from the Company's Manual on Corporate Governance.

Appointment of Independent Auditors

SyCip Gorres Velayo & Co. ("SGV") has been the Company's independent auditors since its establishment in 1946. They will again be nominated for reappointment and presented for approval by the stockholders during the stockholders' meeting as external auditors for the ensuing fiscal year. Unless marked to the contrary, proxies received will be voted FOR the appointment of SGV as the independent auditors for the ensuing year. The Management recommends a vote FOR the appointment of SGV as independent auditors for the Company for the current year.

A representative of SGV is expected to be present at the Annual Meeting to respond to appropriate questions from the stockholders and to make a statement if so desired.

The Company has no disagreements with its independent auditors on Accounting and Financial Disclosure and changes in Accounting and Financial Disclosures are included in the attached Notes to Consolidated Financial Statements, if applicable.

In compliance with SRC Rule 68 paragraph 3(b) (iv) (Rotation of External Auditors), the SGV audit partner, as of December 2010, is Ms. Josephine Estomo, who is on her second year of audit engagement.

Audit and Audit Related Fees

The Company paid to its external auditors the following fees in the past two years:

Year	Audit Fees
2010	₱ 988,500
2009	898,425

The audit fees were approved by the Audit Committee based on the scope of work of external auditors and the complexity of accounting and audit issues identified. There are no other fees paid to the external auditors for other assurance and related services.

Tax Consultancy and Other Fees

No tax consultancy fees were paid by the Company to SGV for the year 2010.

FINANCIAL AND OTHER INFORMATION

Management's Discussion and Analysis of Operation

See Annex A for the Financial and Other Information/Management's Discussion and Analysis of Operation.

Market Information

The Principal Market where the registrant's common shares equity is traded:

Philippine Stock Exchange
Latest Market Price – 28 February 2011

Previous close	High	Low	Close
₱ 3.05	₱ 3.05	₱ 3.05	₱ 3.05

The following are the high and low sales prices of the shares of the Company for each quarter within the last two fiscal years:

	2010		2009	
Quarter	**High**	**Low**	High	Low
First	**2.26**	**2.00**	2.40	2.10
Second	**2.34**	**2.10**	3.00	2.28
Third	**3.20**	**2.00**	2.38	2.30
Fourth	**3.20**	**3.03**	2.32	2.06

Source: PSE Report

The total number of stockholders/accounts as of 28 February 2011 is 11,764 holding 2,500,000,000 shares of common stock.

Dividends

In 2010, the Board of Directors declared the following cash dividends:

Classification	Peso Rate per Share	Declaration Date	Record Date	Payable Date
Regular	0.10	4-Mar-10	25-Mar-10	21-Apr-10
Special	0.12	14-Oct-10	4-Nov-10	26-Nov-10

The cash dividends declared by the Board in 2009 were:

Classification	Peso Rate per Share	Declaration Date	Record Date	Payable Date
Special	0.10	19-Sep-08	15-Jan-09	2-Feb-09
Regular	0.06	22-Apr-09	8-May-09	28-May-09

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of 31 December 2010, the Company has sufficient retained earnings available for dividend declaration.

Security Holders

The top 20 stockholders as of 28 February 2011 are as follows:

Stockholder Name	Number of Common Shares	Percentage of Ownership
1. Anscor Consolidated Corporation	1,198,451,093	47.938 %
2. PCD Nominee Corp. (Non-Filipino)	509,605,553	20.384 %
3. PCD Nominee Corp. (Filipino)	150,595,705	6.024 %
4. A-Z Asia Limited Philippines, Inc	176,646,329	7.066 %
5. Universal Robina Corporation	64,605,739	2.584 %
6. Andres Soriano III	50,490,265	2.020 %
7. C & E Property Holdings, Inc.	28,011,922	1.120 %
8. Edmen Property Holdings Inc.	27,511,925	1.100 %
9. MCMS Property Holdings, Inc	26,513,928	1.061 %
10. EJS Holdings, Inc.	25,884,905	1.035 %
11. Express Holdings, Inc.	23,210,457	0.928 %
12. Phil. International Life Insurance Co.	19,002,875	0.760 %
13. TTC Development Corporation	9,207,345	0.368 %
14. Dao Investment & Management Corp.	8,628,406	0.345 %
15. Philippine Remnants Co., Inc.	7,556,183	0.302 %
16. Balangingi Shipping Corporation	2,767,187	0.111 %
17. Leonardo T. Siguion-Reyna	2,625,000	0.105 %
18. Dolmar Real Estate Devt. Corporation	2,531,106	0.101 %
19. Juan G. Yu &/or Grace C. Yu	2,038,888	0.082 %
20. Jocelyn C. Lee	2,000,000	0.008 %

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction.

Audited Financial Statements

The audited Financial Statements as of 31 December 2010 are included in pages 12 to 79 of the enclosed copy of the 2010 Annual Report.

Statement of Management Responsibility

The management of A. Soriano Corporation is responsible for all information and representations contained in the consolidated financial statements as of and for the years ended December 31, 2010 and 2009. The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the Stockholders of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the Stockholders, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and Stockholders.

Signed under oath by the following:

ANDRES SORIANO III
Chairman &
Chief Executive Officer

ERNEST K. CUYEGKENG
Executive Vice President &
Chief Financial Officer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 18th day of February, 2011 at Makati City, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE OF ISSUE	
Andres Soriano III	711786600	08-11-2005	U.S.A.
Ernest K. Cuyegkeng	XX3032586	02-17-2009	Manila

Doc. No. 389;
Page No. 79;
Book No. I;
Series of 2011.

LORA MAE T. INGUITO
Appointment No. M-39
Notary Public for Makati City
Until December 31, 2012
18th, 19th & 17th Floor, Liberty Center
104 H.V. dela Costa Street
Salcedo Village, Makati City
Roll of Attorneys No. 58729
PTR 2641682/Makati City 01-03-2011
IBP 839604/PPLM 12-08-2010

Action with Respect to Reports

The following reports/minutes shall be submitted for approval/ ratification:

Approval of Minutes of Annual Meeting of Stockholders on 21 April 2010

The Minutes of Annual Meeting of Stockholders of the Company held on 21 April 2010 ("Minutes") will be presented for approval of the stockholders. Such action on the part of the stockholders will not constitute approval or disapproval of the matters referred to in said Minutes since Stockholders' approval and action on those items had already been obtained in that meeting and subsequently carried out.

The Minutes and related records are available for inspection at the office of the Company during business hours. In addition, copies of the Minutes shall be posted at the meeting site.

Summary of the Minutes of 21 April 2010:

In the Annual Stockholders' Meeting the following were taken up:

1. Approval of the Annual Report and Audited Financial Statements as of 31 December 2009 and ratification of all acts, contracts, investments and resolutions of the Board as set forth in the minutes of the Board of Directors.
2. Election of the members of the Board of Directors.
3. Appointment of external auditors.

In the organizational meeting that followed after the Stockholders' Meeting, the Executive Officers were re-elected and the member of the Audit Committee and Compensation Committee were re-appointed.

Approval of 2010 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2010 will be submitted for approval of the stockholders at the Annual Meeting.

SGV had examined the Financial Statements in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of the presentation in their report to the Board of Directors and Stockholders of the Company. The information and representation in the Financial Statements are the responsibility of Company's Management.

Ratification of All Acts, Contracts, Investments and Resolutions of the Board of Directors and Management since the Last Annual Meeting.

As matter of corporate policy, Management seeks the approval and ratification by the stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since 21 April 2010, the last Annual Meeting. These are reflected in the Minutes of the Meetings of the Board of Directors in their regular reports and disclosure to the Securities and Exchange Commission, and the Philippine Stock Exchange, and in the 2010 Annual Report of the Company. For reference, attached herewith (Annex B) is a list of all the resolutions approved by the Board of Directors since 21 April 2010 which are the subject of ratification by the stockholders.

Voting Procedures

SyCip Gorres Velayo & Co., the Independent Auditors elected as Board of Election Inspectors in the last Annual Meeting, has signified no changes in the voting procedures, which will be the same as in the previous years.

Stockholders as of 16 March 2011 may vote at the scheduled Stockholders Meeting.

Registration of stockholders and proxies attending the meeting will open at 9:00 a.m. on 13 April 2011.

In the previous meeting of stockholders, considering that only seven (7) were nominated to fill the seven (7) seats of the Board of Directors, there was no balloting.

In case of balloting, only stockholders and proxies who have previously registered will be given ballots. The ballots will be distributed at the registration booths. Upon being given a ballot, a stockholder/proxy should sign the stockholder/proxy registration list beside his/her signature placed earlier during registration.

After casting his/her vote, the stockholder/proxy may place his/her ballot inside any of the ballot boxes clearly marked as such and located at designated areas at the place of the meeting. Stockholders/proxies will be given a sufficient period of time to vote. Thereafter, SyCip Gorres Velayo & Co. will proceed to collect the ballot boxes and canvass the votes.

All questions and elections shall be decided by majority vote of stockholders present and in proxy and entitled to vote thereat.

Other Matters

As of the date hereof, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting. If other matters come before the meeting, the proxy holders will vote in accordance with his best judgment with respect to such matters that are not known to the solicitors at a reasonable time before the solicitation is made.

The Company shall provide to the stockholders, without charge, on written request, the Annual Report of the Company on SEC Form 17-A. All such requests for a copy of the Annual Report shall be directed to the Corporate Secretary, 7th Floor Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, Philippines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 23 March 2011.

LORNA PATAJO-KAPUNAN
Corporate Secretary

ANNEX A

FINANCIAL AND OTHER INFORMATION

Management's Discussion and Analysis of Operation

Description of General Nature and Scope of Business

A. Soriano Corporation ("Anscor") was incorporated on February 13, 1930.

Anscor is a Philippine holding company with diverse investments. Anscor's major investments are in Phelps Dodge Philippines Energy Products Corporation ("PDP Energy") which manufactures wire and cable products and Seven Seas Resorts and Leisure, Inc., owner of Amanpulo Resort. It has other investments in companies engaged in a wide range of activities in the Philippines including aviation, nurse deployment, manpower services, broadband services and real estate. As a holding company, the principal sources of income for Anscor are: the share in net earnings of the companies in which it has investments, management fees, interest income, dividends and gains from the sale of investments and the trading gain on marketable securities.

As of December 31, 2010, the Company's consolidated total assets stood at ₱11.4 billion. During the year ended December 31, 2010, consolidated revenues of the Company amounted to about ₱3.5 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2010:

Company	Percentage of Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Limited	100%	Manpower Services	British Virgin Island
Cirrus Medical Staffing, Inc.	100%	Manpower Services	USA
Cirrus Holdings USA, LLC	94%	Manpower Services	USA
Cirrus Allied, LLC (formerly MDI Medicals, LLC)	94%	Manpower Services	USA
NurseTogether, LLC	94%	Online Community Management	USA

Company	Percentage of Ownership	Business	Jurisdiction
Anscor Property Holdings, Inc.	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc.)	93%	Manpower Services	Philippines
IQ Healthcare Professional Connection, LLC	93%	Manpower Services	Houston, Texas, USA
Vesper Industrial and Development Corp.	60%	Real Estate Holding	Philippines
Seven Seas Resorts and Leisure, Inc.*	46%	Resorts	Philippines
New Co, Inc.	45%	Real Estate	Philippines
AFC Agribusiness Corporation	45%	Real Estate	Philippines
Anscor-Casto Travel Corporation	44%	Travel Agency	Philippines
Phelps Dodge International Philippines, Inc.	40%	Holding Company	Philippines
Minuet Realty Corporation	60%	Landholding	Philippines
Phelps Dodge Philippines Energy Products Corporation	40%	Wire Manufacturing	Philippines
PD Energy International Corp.	40%	Wire Manufacturing	Philippines
Vicinetum Holdings, Inc.	27%	Holding Company	Philippines
Columbus Technologies, Inc.	27%	Holding Company	Philippines
Multi-media Telephony, Inc.	27%	Broadband Services	Philippines
Enderun Colleges, Inc.	20%	Culinary School	Philippines
Prople, Inc.	20%	Business Processing & Outsourcing	Philippines
Prople-bpo, Inc.	20%	Business Processing & Outsourcing	Philippines
Prople-kpo, Inc.	20%	Business Processing & Outsourcing	Philippines
Prople-contents, Inc.	20%	Business Processing & Outsourcing	Philippines
DirectWithHotels, Inc.	13%	Online Hotel Booking	Philippines
KSA Realty Corporation	11%	Realty	Philippines

** On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition will increase the present ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is $5.89 million (₱255.8 million).*

Over the last three years, consolidated revenues and net income from operations are as follows (in thousand pesos):

	2010	2009	2008
REVENUES			
Services	**866,113**	1,056,014	1,360,274
Dividend income	**145,749**	102,137	122,461
Equity in net earnings of associates	**115,225**	78,247	99,259
Interest income	**111,236**	120,209	106,971
Management fee	**37,755**	28,251	15,793
Others	**34,077**	27,931	39,799
	1,310,155	1,412,788	1,744,558
INVESTMENT GAINS			
Gain (Loss) on sale of :			
AFS investments	**2,091,925**	186,272	(73,393)
Property and equipment and investment properties	**–**	340	3,214
eTelecare Global Solutions, Inc. (eTelecare) shares	**–**	–	740,402
Phelps Dodge International Philippines, Inc. shares	**–**	–	312,275
Long-term investments	**–**	–	9,460
Gain (Loss) on increase (decrease) in market values of FVPL investments	**99,868**	136,823	(465,582)
	2,191,793	323,435	526,376
TOTAL REVENUES	**3,501,948**	1,736,223	2,270,935
NET INCOME FROM DECONSOLIDATED SUBSIDIARY	-	-	193,994
NET INCOME	**1,976,723**	282,578	852,676
Attributable to:			
Equity holdings of the parent	**1,975,358**	289,644	776,037
Noncontrolling interests	**1,365**	(7,067)	76,639
	1,976,723	282,578	852,676

Financial Performance Year 2010

Anscor's consolidated net income in 2010 amounted to ₱1.98 billion, almost a six-fold rise over the previous year's ₱289.6 million profit. This increase is largely due to financial assets, which registered a gain on sale of Available-for-sale investments of ₱2.1 billion, mainly marketable equity securities, versus the ₱186.3 million income in 2009.

The bulk of these investments are in companies where Anscor holds substantial positions for the long term namely, ICTSI, Aboitiz Equity Ventures and Aboitiz Power. Considerable values still exist beyond cost on these investments and these additional values are reflected in the balance sheet but not yet in the income statement until the investments are sold. The Company's bond and foreign equity holdings, classified as Fair Value through Profit or Loss investments, also increased in market value and the income statement reports these as gains of ₱100 million.

The peso appreciated 5.1% against the U.S. dollar during the year, resulting in foreign exchange losses that tempered the financial portfolio's results. These losses could have been higher if not for the hedging transactions.

Results in the operating businesses were, on the whole, positive although the bottom line in specific companies was impacted by curtailed demand due to enduring U.S. unemployment or by the need for continuing upfront investment to upgrade operating capability.

Group Operations

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy's diversified product line registered a 16% hike in copper sales volume, as heightened business sentiment and purchasing power from OFW remittances sparked a turnaround in the construction industry and other sectors.

Copper sales were led by higher demand for building wires as well as special and power cables in housing and industrial projects, while consumer spending also spurred an increase in copper welding wire sales to food canners.

With copper prices advancing as sales volumes climbed, domestic sales rose 30% to ₱4.47 billion. Exports also grew handsomely with the completion of PDP's $1.4 million expansion project and the coming into force of the ASEAN-Australia-New Zealand Fair Trade Agreement during the year. The PEZA-registered subsidiary, PD Energy International Corporation, reported an increase in sales to General Cable Australia by ₱516 million over 2009 level.

PDP's 2010 net income reached ₱228.0 million, a gain of 57.2% over 2009.

The company implemented a Daily Routine Process in 2010 to augment ongoing Phelps Dodge Order Fulfillment System and Total Production Maintenance programs to enhance manufacturing efficiency and customer service. Also during the year, it obtained Integrated Management Systems Certification for its quality, environmental and safety systems (ISO 9001 and 14000 and OHSAS 18000) from Certification International of the UK. It extended its Zero Recordable Injury record through 2010, earning a Department of Labor and Employment award for achieving One Million Safe Work Hours with No Lost Time Accidents for two consecutive years.

New products – fire rated cables, medium voltage cables, aluminum building wires and all aluminum alloys conductors – have been developed and introduced to domestic and export markets.

Seven Seas Resorts and Leisure, Inc. (Owner of Amanpulo)

Amanpulo generated revenues of ₱487.5 million, 6.3% higher than 2009, mainly from increased villa occupancy and villa service fees. Room revenues dipped slightly due to lower room occupancy, but this was more than made up for by food and beverage and spa patronage, which grew 11.2% and 12.6%, respectively.

The Resort brought up the average room rate by $38 to $899 per night. Net profit came to ₱54.8 million, a 29.6% increase over 2009, mainly from improved operations.

To underscore its position as the region's premier deluxe beach resort, Amanpulo opened a new spa complex with facilities for hairdressing, gym and pilates, and hot and cold plunge pools in addition to a range of massage treatments. It also invested in cleaner and greener technology, installing a more energy-efficient system for the casitas, and initiating a switch from gasoline-fueled golf carts to solar-powered electric ones, making Amanpulo one of the first to use this transport mode.

Other environmental initiatives are studies of long-term reef protection and regeneration, acquisition of a chipper/shredder for compost fertilizer, and starting a free range chicken farm on a nearby island as source of meat supply to complement the existing piggery. The Resort continues to expand the vegetables grown on the island for use in the kitchens, enhancing the quality and freshness of ingredients used.

Cirrus Medical Staffing, Inc.

The U.S. continues to be affected by a persistently high unemployment rate which has impacted the demand for temporary healthcare staffing. Cirrus' nurse travel business has suffered during the downturn that began in 2009, while therapy staffing has grown modestly and now represents over 50% of the business. Cirrus Medical's combined revenues in 2010 dropped 22.4% to ₱711.6 million, and consolidated losses for the year amounted to ₱23.7 million down from ₱62.2 million in 2009, due to steps taken to focus on the therapy market and reduce administrative expense. Most losses were incurred in the first half of the year and healthcare staffing appears to have bottomed in the fourth quarter. Efforts have begun to strengthen business development and account management functions.

Cirrus signed its first managed service agreement with a large East Coast hospital system which will contribute to performance in 2011 and is also an important step forward in providing higher "value added" services. Philippine operations are playing an increasingly important role in providing cost effective back-office support.

A promising development is the comprehensive healthcare reform package passed by the U.S. Congress in 2010, which is expected to broaden health insurance coverage and stimulate demand for healthcare services from 2014 onwards.

KSA Realty Corporation

In the midst of a downtrend in office space occupancy in the Makati Central Business District and lower rents in secondary locations, The Enterprise Center (TEC) recorded an average occupancy rate of 80.84%, down from 85% in 2009, and gross revenues of ₱670.2 million, a 6.9% drop.

KSA Realty's net income of ₱417.7 million is 21.6% lower than last year, after the fair value adjustment in investment property of ₱130 million mentioned in last year's Annual Report. The company declared and paid cash dividends of ₱125 million, ₱14 million of which accrued to Anscor. TEC was cited as Outstanding Awardee at the Don Emilio Abello Energy Efficiency awards, an annual recognition of industry best practices in sustainable energy use.

Enderun Colleges, Inc.

Enderun's student population grew 23% to 800 full-time college and certificate students, and revenues rose 51.6% to ₱232 million in fiscal year 2009-2010. Noteworthy in this progress is the continuing education unit, Enderun Extension, where revenues grew 114% to ₱15 million and the reopened Restaurant 101 in the new Culinary Building, which generated ₱17 million, an eleven-fold jump over the previous year.

The Culinary Building was opened in February 2010 by renowned chef Alain Ducasse, head of the institute in France and the three Michelin 3-star restaurants that bear his name. Two months later, in April 2010, Enderun held its first graduation rites, with 18 students receiving degrees in Bachelor of Science in International Hospitality Management. During the year, over 150 students completed internships in the Alain Ducasse Paris restaurant and other establishments around the world.

As it continues to invest in campus facilities, Enderun incurred an operating loss of ₱50 million, down from a ₱119 million loss in the previous fiscal year. In the last Annual Report, it was anticipated that earnings before interests, taxes, depreciation and amortization (EBITDA) would turn positive at year-end. The company met this milestone by finishing the year with ₱9.0 million adjusted EBITDA. However, a mandated accounting standard on the treatment of rental rates requires that the company expenses the average rent to be paid out over the school's 25-year lease contract despite the fact that the actual rent paid in 2010 was considerably lower than the average. After accounting for this adjustment, the company's reported EBITDA was negative ₱3.0 million.

Prople, Inc.

The outsourcing solutions provider Prople focused on three priority areas in 2010: delivering responsible growth, building capability, and improving operational excellence. Investments in these areas caused EBITDA to drop from negative ₱10.35 million in 2009 to negative ₱18.5 million in 2010, even as total revenues increased 2.3% to ₱82.9 million.

The company won new clients and expanded relationships with existing ones, signing two contracts with two-year term in 2010 (versus the usual one-year term) at higher productivity rates and contribution margins. Reductions in finance and accounting BPO services due to one client's lower budget were offset by growth in knowledge-based consultancy and payroll services. To gear up for new business, Prople transferred to new premises in Robinson's Cybergate Towers in Mandaluyong, which offer a 24/7 operating environment and diminished risk of disruptions from power outages.

With human resources systems becoming a core service in 2010, the company expanded its HR information system, launched other web-based HR management tools, and upgraded its hardware and software infrastructure, network capacity, and internet connectivity. It also invested in technical, soft skills and sales training, and in reward and recognition programs to ensure top talent growth and retention.

Prople has relaunched its North America operations by establishing a satellite office in Calgary, Canada, and maintains a business partner network in key cities in the U.S., Japan and Australia.

Multi-media Telephony, Inc.

The case filed by MTI seeking reversal of the National Telecommunications Commission's disapproval of its application for a 3G license remains docketed at the Court of Appeals. The company expects a positive resolution within the next 12 months and is currently working on a roll-out plan for expansion of its network, entailing construction of over 200 base stations.

Alphion Corporation

Alphion is the first fiber optic network company to market products geared to Gigabit Passive Optimal Networks (GPON) or installations that deliver massive data bandwidth at great speed over very long distances. Some 95% of current business comes from Bharat Sanchar Nigam Ltd. (BSNL) and Mahanagar Telephone Nigam Ltd. (MTNL), India's two largest telecommunication companies.

Based on Alphion's preliminary financial statements (subject to audit adjustments) for the year ended December 31, 2010, the company generated $52.6 million in revenues, a 209% increase from the previous year's $17.0 million. Consequently, net loss improved from $13.3 million in 2009 to $9.3 million in 2010.

In July 2010, the company won 100% of MTNL's GPON tender offer worth $7.4 million. In addition, the Indian government approved Alphion's and BSNL's joint proposal for a Fiber-to-the-Panchayat (small town local government) Program, which plans to connect 250,000 Panchayats and 600,000 rural villages by broadband over the next three years. The project's pilot center was inaugurated in September 2010 by Member of Parliament and All India Congress Committee General Secretary Rahul Gandhi.

Alphion continues to diversify its customer base and has made initial shipments to customers in Europe, the Middle East, India and Africa (EMEA) area.

New Major Investments

In December 2010, Anscor, through Cirrus Medical, paid $550,000 to acquire NurseTogether.com. NurseTogether owns two (2) online properties that cater to healthcare professionals. These sites and its management team will enhance Cirrus' recruiting capabilities, which will be critical as the healthcare staffing market recovers. The sites also generate revenue from advertisements, partnerships and job postings. Contingent payments of up to $510,000 will be made if NurseTogether.com meets its financial goals over the next two years.

Other Information

Except as discussed above, disclosures of the following information are not applicable for the registrant and its subsidiaries:

Business Development

- Bankruptcy, receivership or similar proceedings
- Material reclassification, merger, consolidation or purchase or sale of a significant amount of asset

Business of the Issuer

- Distribution methods of the products or services
- Status of any publicly-announced new product and services
- Competition
- Transaction with and/or related parties (except those disclosed in the notes to consolidated financial statements)
- Patents, trademarks, copyrights, licenses, franchises, royalty, etc.
- Need for any government approval of principal products and services
- Effect of existing or probable governmental regulations on the business
- The amount spent on development activities and its percentage to revenues during each of the last three years.

Anscor and its subsidiaries are not aware of any major risks involved in their businesses.

The key performance indicator of Cirrus Group, our major subsidiary, are the following:

1. Submission to lock ratio (Operating statistic to evaluate recruitment)
2. Nurse/therapist retention ratio (Operating statistic to evaluate retention of nurse and therapist in the pool for staffing business)

In Thousand Pesos

	2010	2009
3. Service Income	**711,561**	916,875
4. Cost of services rendered	**596,058**	778,518
5. Losses before interest, taxes, depreciation and amortization	**(24,955)**	(87,120)

Outlook and Investment Strategy

Anscor's strategic mindset will be characterized by the commitment to operational efficiency, customer focus, and sustainability, as in the case of PDP and Amanpulo; the fortitude to build for the long term in enterprises like Cirrus and Enderun, whose enduring potential will prevail over current obstacles; and the zest for new technologies and applications, new markets and business models, as exemplified by Prople and Alphion. The constant in these endeavors, and in the choices the Company makes in the financial portfolio, is Anscor purposive quest for opportunities that ensure and propel shareholder value.

Employees

The Company and the Group as of December 31, 2010, has 18 and 141 employees, respectively. Breakdowns are as follows:

	Parent	**Subsidiaries**	**Group**
Management	8	16	24
Rank and file	10	107	117
TOTAL	18	123	141

- The Company and the Group was not subjected to any employees' strike in the past three years. There is no threatened strike for the ensuing year.

- Employees of the Group are not subject to Collective Bargaining Agreement (CBA).

- The Group provides various employee benefits including health care and retirement benefits and has enjoyed good labor relations in the past.

Properties

Anscor owns and maintains its office at 7/F, Pacific Star Building in Makati City with approximately 2,000 square meters. It also owns the following:

Canlubang Sugar Estate, Municipality of Cabuyao, Laguna Province	1 leisure condo unit
Shipping Centre Bldg., Intramuros, Manila	1 office condo unit/ 509 sq. meters

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 hectare property owned by Phelps Dodge's wholly owned subsidiary, Minuet Realty Corporation in the Luisita Industrial Park in San Miguel, Tarlac.

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. Additional 39 villa rooms are available for rent under the management agreement executed by SSRLI and the villa owners.

- APHI has interests in land covering an area of approximately 830.12 hectares in Berong, Palawan, 24.1 hectares in San Vicente, Palawan and parcels of land with a total area of 40.41 hectares in Cebu. Also, APHI owns a lot at the Cebu Business Park, about 1.27 hectare properties in Puerto Princesa and 1 townhouse unit in Alpha Village, Capitol Hills, Quezon City.

- Vesper Realty and Development Corporation, a 60-40 venture with the former cement partner, holds the right to 42 hectares of land in Toledo City, Cebu.

Other Information:

- The registrant is not involved in lease contracts requiring it to pay substantial amount of rental fees.

- There were no commitments for major capital expenditures or acquisitions of properties in the next twelve months.

Financial Condition (Balances as of December 31, 2010 Compared with Balances as of 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 ₱2.5 billion reduced by cash used in financing activities, such as loan payment made by the Group, payment of dividends and purchases of Company shares by a subsidiary.

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

Fair Value through Profit and Loss (FVPL) Investments

The change in the account can be attributed to the increase in market value of ₱99.9 million vs. December 31, 2009 market values.

Net disposal of investments, mostly in foreign denominated investment in stocks and funds of about ₱11.2 million and foreign exchange loss from translation of foreign denominated investments, partially offset the increase in value of FVPL investments.

Receivables

The increase in receivable was due to increase in trade receivables by the aviation subsidiary.

Other receivables in 2009 include receivables related to the proceeds from sales of AFS investments amounting to ₱33.3 million from ATR Kim Eng which were subsequently collected in 2010.

Prepayments and Other Current Assets

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

Investments and Advances

The decrease in investments and advances were mainly due to additional provision for doubtful accounts and collection from associates amounting to ₱39.1 million and ₱9.1 million respectively. Dividend received during the year from equitized investments amounted to ₱32 million. The decrease was offset by equity in net earnings of associates amounting to ₱115.2 million.

Available for Sale (AFS) Investments

Change in the account can be attributed mainly to the ₱2.0 billion increase in market value of AFS investments with a corresponding increase in the unrealized valuation gain in the balance sheet's equity portion. Additional investments, mostly in bonds, equity funds and traded equities, amounted to ₱533.3 million. Foreign exchange loss from translation of foreign currency-denominated AFS investments of about ₱69.1 million partially decreased the value of AFS investments

Investment Properties

Depreciation during the year amounted to ₱5.8 million. Minimal addition of about ₱2.2 million by Anscor Property Holdings, Inc. (a wholly owned subsidiary of Anscor) through its subsidiaries offset the decrease in this account.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to ₱40.7 million. Additions to property and equipment amounted to ₱15.7 million.

Goodwill

As of December 31, 2010, goodwill arising from the acquisition of Cirrus Medical Staffing, Inc. amounted to ₱622.1 million, before exchange differences of ₱11.2 million and valuation allowances of ₱100 million.

Notes Payable

The decrease in the account was due to payments made by the Group of its short-term loans.

Accounts Payable and Accrued Expenses

Increase in the account balance can be attributed to higher accrual of expenses.

Dividends Payable

The Company had dividends payable amounting to ₱134.9 million. Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2010 due to problematic addresses of some of the Company's stockholders.

Advances from Customers

Seven Seas Resorts and Leisure Inc. (SSRLI), an affiliate of Anscor, entered into an agreement with Island Aviation Inc. (IAI), a subsidiary of Anscor, for the latter to provide regular air service.

In line with the above agreement, SSRLI made several advances to IAI, which IAI expects to pay through application against future services to be rendered by IAI to SSRLI. The remaining balance amounted to ₱19.4 million as of December 31, 2010.

Deferred Revenue

The slight decrease in deferred revenue pertained to revenue recognized by Cirrus Global, Inc./IQHPC for its client hospital for processing of nurses application for deployment.

Long-term Debt

The decrease in the account was due to payment of debt due within one year by the subsidiaries.

Unrealized Valuation Gains on AFS Investments

Available for sale (AFS) investments are carried at fair value as of December 31, 2010. The increase in market values from December 31, 2009 to December 31, 2010 is about ₱2.0 billion, net of deferred income taxes. When the assets are sold, the gain or loss is realized or reflected in the consolidated statements of income.

Cumulative Translation Adjustment

This account includes translation adjustments of Anscor International, Inc., Cirrus Holding USA, LLC, Cirrus Allied, LLC and IQ Healthcare Professional Connection (IQHPC, LLC) when its dollar-denominated assets and liabilities are converted into pesos when line by line consolidation is made.

Cost of Shares Held by a Subsidiary

Anscor Consolidated Corporation, a wholly-owned subsidiary of Anscor, purchased additional 140.2 million Anscor shares amounting ₱309.8 million during the year.

Noncontrolling Interests

Increase in noncontrolling interests was mainly due to share of minority shareholders on income of the aviation subsidiary, net of share in losses of minority shareholders of Cirrus Global, Inc. and Cirrus Medical Staffing, Inc. for the year ended December 31, 2010.

Others

There were no commitments for major capital expenditures in 2009.

Results of Operation (For the Year Ended December 31, 2010 Compared with Year Ended December 31, 2009)

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

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

Revenues

This year's consolidated gross revenues of ₱3.5 billion doubled last year's revenue of ₱1.7 billion. Anscor posted higher equity earnings from associates and investment gain from sale of AFS investments, mostly locally traded shares amounting ₱115.2 million and ₱2.1 billion, respectively. The increase in revenues was partially reduced by the lower service revenues of Cirrus Medical Staffing, Inc., from ₱711.2 million to ₱916.7 million.

Costs 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. In view of the substantial income generated by the Company in 2010 for the sale of its investments, the parent company declared and paid bonuses to its executive officers and directors as approved by the BOD and the Compensation Committee.

Valuation Allowances

The Parent Company setup a provision for decline in market value of some AFS investments based on reduced market values as of December 31, 2010 vs. values as of December 31, 2009 and/or original acquisition cost. Additional provision was also setup for some of its equitized investments. Likewise, provisions for doubtful accounts receivable was set up.

Foreign Exchange Loss

Due to 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. The loss could have been higher if not for the hedging transaction.

Interest Expense

The Group reported higher charges for interest expense resulting from additional loans obtained by the parent company and its subsidiary during 2010.

Other Expense- net

Minimal rental income was recognized in 2010. In 2009, the rental income amounted to ₱14.5 million are shown as part of "Other expense-net" in the consolidated statements of income.

Provision for Income Tax

This account increased mainly due to the higher income tax due by a subsidiary.

Noncontrolling Interest

Increase in noncontrolling interest represents the share of minority shareholders on income of the aviation subsidiary, net of share in losses of minority shareholders of Cirrus Global, Inc. and Cirrus Medical Staffing, Inc. for the year ended December, 2010.

Year Ended December 31, 2009 Compared with Year Ended December 31, 2008 (as reported in 2009 SEC 17-A)

Revenues

This year's consolidated gross revenues of ₱1.7 billion declined by ₱534.7 million from last year's ₱2.3 billion revenues. Cirrus' ₱916.9 million service revenues were lower compared to prior year's ₱1.2 billion. The 2008 revenues include nonrecurring gain from sale of eTelecare shares and PDIPI shares of ₱740.4 million and ₱312.3 million, respectively.

Costs of Services Rendered

Decrease in cost of goods sold/services rendered was mainly attributable to decrease in Cirrus' and IQMan's cost of services due to slowdown in business activities.

Operating Expenses

Operating expenses decreased slightly as a result of cost reduction both for the Parent Company and the Group, mainly there was no bonus paid by the Parent Company in 2009.

Valuation Allowances

The Parent Company setup a provision for decline in market value of some AFS investments based on reduced market values as of December 31, 2009 vs. values as of December 31, 2008 and/or original acquisition cost, but the amount of valuation allowances was lower at ₱89.3 million as against 2008's ₱216.5 million.

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 lower charges for interest expense. Parent Company and its air transport subsidiary availed additional short-term loan during the latter part of 2009.

Provision for Income Tax

This account decreased mainly due to the Parent Company's set up of a deferred tax asset pertaining to unrealized foreign exchange loss and impairment of AFS investments as of December 31, 2009.

Income from Deconsolidated Subsidiary

On June 30, 2008, the Parent Company entered into Deed of Assignment for the sale to General Cable Company of Canada of its 1,081,900 shares of stock (representing 18.38% share of the total outstanding shares) in Phelps Dodge International Philippines Inc. (PDIPI). As a result, the Parent Company's ownership of PDIPI has been reduced to 40% and it therefore deconsolidated starting July 1, 2008. The Parent Company's investment in PDIPI is accounted for under equity method effective July 1, 2008.

Minority Interest

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

Year Ended December 31, 2008 Compared with Year Ended December 31, 2007 (as reported in 2008 SEC 17-A)

Revenues

This year's consolidated gross revenues of ₱2.3 billion were higher compared to 2007 revenues of ₱1.2 billion, mainly due to inclusion of Cirrus' ₱1.2 billion service revenues for the period January 20 to December 31, 2008.

Costs of Goods Sold/Services Rendered

Increase in costs of goods sold/services rendered was mainly attributable to consolidation of Cirrus' costs of services and IQMAN's nurse deployment costs.

Operating Expenses

Operating expenses increased as a result of consolidation of the new US subsidiaries, Cirrus' and MDI Medical.

Foreign Exchange Gain

Due to depreciation of peso vis-à-vis US dollar and euro, the peso value of foreign currency-denominated investments of the Group increased which resulted to foreign exchange gain, excluding foreign exchange gain on foreign-currency denominated stocks which was reflected in the stockholders' equity as cumulative translation adjustment.

Interest Expense

The Group reported higher charges for interest expense resulting from increase in short-term loan obtained by the Parent Company and its subsidiaries to finance their short-term working capital requirements.

Provision for Income Tax

This account increased mainly due to the Parent Company's setup of provision for deferred tax assets from which future realizability of future benefits is not certain.

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.

Changes in Accounting Policies and Disclosures

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.

Other Financial Information

- There are no material events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

- There are no off-balance sheet transactions, arrangements, obligations including contingent obligations, and other relationships of the Company with unconsolidated entities or other persons created during the year.

- There were no commitments for major capital expenditures in 2010 and onwards.

- The management has no knowledge of known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenue or income from continuing operations.

- 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.

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

- There is no other material event subsequent to the reporting period that have not been reflected in financial statements.

Financial Statements

1. The financial statements were presented using the classified balance sheet format in accordance with the Philippines Financial Reporting Standards (PFRS).

2. The financial statements were prepared in accordance with the disclosures required by SRC Rules 68 and 68.1, current PFRS/IAS.

3. The consolidated financial statements include disclosures with regards to new accounting standards that the Company and its subsidiaries adopted.

ANNEX B

Resolutions Approved During the Meetings of the Board of Directors of A. Soriano Corporation for the period April 21, 2010 to February 18, 2011

1. Board Meeting held on April 21, 2010

1.1 RESOLVED, That the Board of Directors of A. Soriano Corporation by unanimous concurrence, submits herewith the Statement and Annual Report of the Chairman of the Board of Directors and President of the Corporation as its own Report to the Stockholders for the year ended December 31, 2009.

1.2 RESOLVED, That the Corporation is hereby authorized to buyback from the market the Corporation's shares of stock, through its 100% subsidiary Anscor Consolidated Corporation, up to five percent (5%) of its outstanding capital stock at such price as may be deemed beneficial to the Corporation, and for this purpose hereby authorizing Mr. Ernest K. Cuyegkeng, Executive Vice President and Chief Financial Officer, to sign all documents that may be required or necessary to give full force and effect to this resolution.

1.3 RESOLVED, That the Corporation is hereby authorized to avail of the following credit/loan facilities with UNION BANK OF THE PHILIPPINES (the "Bank"):

Type of Loan Facility	Amount
Omnibus Line	PhP100,000,000.00
Domestic Bills Purchase Line	PhP50,000,000.00

RESOLVED, FURTHER, That any two of the following officers of the Corporation, namely:

NAME	POSITION
Mr. Andres Soriano III	Chairman and Chief Executive
Mr. Eduardo J. Soriano	Vice Chairman and Treasurer
Mr. Ernest K. Cuyegkeng	Executive Vice President and Chief Financial Officer
Atty. Joshua L. Castro	Executive Assistant and Assistant Corporate Secretary

are authorized, directed and empowered, in the name and for the account of the Corporation, to negotiate for and enter into the foregoing transactions with the Bank under such terms and conditions as may be acceptable to the aforementioned officers, and to execute, sign and deliver any and all documents necessary to give full force and effect to the foregoing resolutions.

2. Board Meeting held on July 26, 2010

2.1 RESOLVED, as it is hereby resolved, that Mr. Jose C. Ibazeta is hereby elected as Director to serve for the ensuing year.

2.2 RESOLVED, as it is hereby resolved, that Mr. Jose C. Ibazeta is appointed as member of the Audit Committee and Executive Committee of the Corporation to serve for the ensuing year.

2.3 RESOLVED, as it hereby resolved, that A. Soriano Corporation (the "Corporation") is hereby authorized to purchase Thirty Eight Million Eight Hundred Thirty Thousand Two Hundred Forty Four (38,830,244) common shares of ATR KimEng Financial Corporation (the "ATRK Sale Shares") for a total purchase price of One Hundred Fifteen Million Six Hundred Ninety Eight Thousand Nine Hundred Seventy Two Pesos and 03/100 (PhP115,698,972.03) to be paid by:

a. The Corporation's Five Million (5,000,000) common shares of stock in ATR Holdings, Inc. (ATRH) which constitute 8.85% of the total outstanding capital stock of ATRH and with an aggregate book value of Ninety Six Million Nine Hundred Seventy Three Thousand Eight Hundred Sixty Eight Pesos & 98/100 (PhP96,973,868.98); and

b. Cash consideration of Eighteen Million Seven Hundred Twenty Five Thousand One Hundred Three Pesos & 04/100 (PhP18,725,103.04).

RESOLVED, FURTHER, that Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby authorized to sign any and all documents that may be required to give full force and effect to this resolution.

3. **Board Meeting held on October 14, 2010**

3.1 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a cash dividend of Twelve Centavos (PhP0.12) per share on the common stock of the Corporation, payable on November 26, 2010, to all stockholders of record as of the close of business on November 4, 2010, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

3.2 RESOLVED, as it hereby resolved, that A. Soriano Corporation (the "Corporation") is hereby authorized to sell its unit at the 34th Floor of the Enterprise Center with an area of 1,238.39 sq. m. to Zuhair Fayez Partnership Asia Pacific for a total purchase price of PhP124,829,712.00 inclusive of value-added tax (VAT).

RESOLVED, FURTHER, that Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby authorized to sign any and all documents that may be required to give full force and effect to this resolution.

3.3 RESOLVED, as it hereby resolved, that Mr. Ernest K. Cuyegkeng, Executive Vice President and Chief Financial Officer, and/or Atty. Joshua L. Castro, Assistant Corporate Secretary, are hereby designated as authorized signatories for the Philippine Depository & Trust Corporation ("PDTC") in connection with Anscor's transactions with PDTC.

4. **Board Meeting held on November 30, 2010**

RESOLVED, that A. Soriano Corporation (the "Corporation") is hereby authorized to invest a total of US$1.31 million in NurseTogether, LLC, through its subsidiary in the United States, Cirrus Medical Staffing, Inc., under such terms and conditions as may be for the best interest of the Corporation.

5. **Board Meeting held on February 18, 2011**

5.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of the Corporation for the period ended December 31, 2010 is hereby approved.

5.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

Record Date – March 16, 2011

Proxy Validation Date – April 6, 2011

Date of Stockholders' Meeting – April 13, 2011

5.3 RESOLVED, that A. Soriano Corporation (the "Corporation") is hereby authorized to acquire additional Fifty Two Million Six Hundred Ninety Two Thousand Seven Hundred Thirty Two (52,692,732) shares of stock in Seven Seas Resorts & Leisure, Inc. ("Seven Seas") constituting 15.51% of the total outstanding common and preferred shares of stock in Seven Seas from its minority shareholders for a total price of US$5.89 million.

RESOLVED, FURTHER, that Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby authorized to sign any and all documents that may be required to give full force and effect to this resolution.

5.4 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a cash dividend of Twelve Centavos (PhP0.12) per share on the common stock of the Corporation, payable on March 30, 2011, to all stockholders of record as of the close of business on March 7, 2011, and Mr. Ernest K. Cuyegkeng, the Corporation's Executive Vice President and Chief Financial Officer, is hereby directed and authorized to cause the payment of the said cash dividend on the specified date.

5.5 RESOLVED, as it is hereby resolved, that the updated Manual on Corporate Governance of the Corporation in compliance with SEC Memorandum Circular No. 6, Series of 2009 is approved.

A. SORIANO CORPORATION
7th Floor Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Ext.
1209 Makati City, Philippines

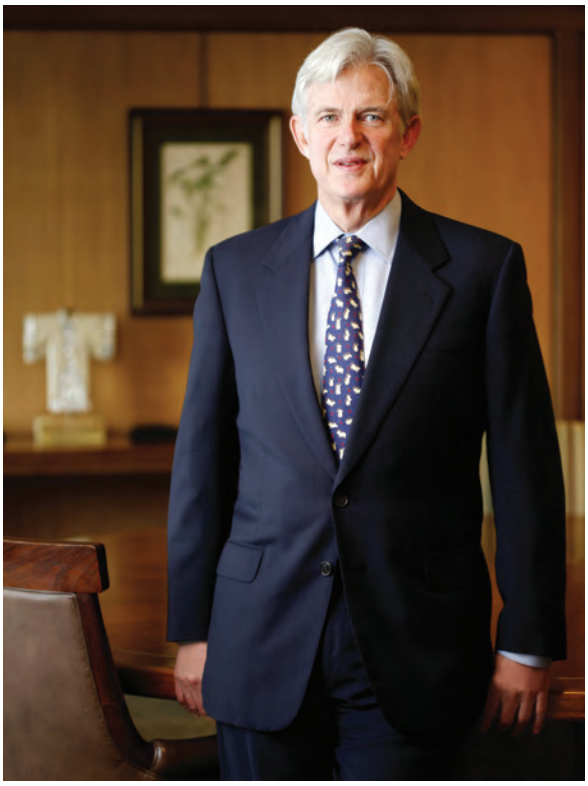
2010 ANNUAL REPORT A. SORIANO CORPORATION

Contents

CONCURRENT RESOLUTION OF THE BOARD OF DIRECTORS

The Board of Directors of A. Soriano Corporation
by unanimous concurrence, submits herewith the Statement
and Annual Report of the Chairman of the Board
and President of the Corporation as its own Report
to Stockholders for the year ended December 31, 2010.

Chairman's Message



The Economy in 2010

The world economy emerged from recession in better shape than many had expected, with early signs of a consumer spending rebound in the U.S. amid a surge in corporate profits, European governments adopting austerity measures to cope with sovereign debt crises, and strong growth in Asia and other emerging markets signaling an eastward shift in economic wealth and muscle.

Concerns still abound: over stubbornly high unemployment and a weak housing market in the U.S., budget cuts and reduced living standards in Europe, turmoil in North Africa and the Middle East, and inflation risk in Asia as demand pumps up commodity prices. Nonetheless, rising business confidence in the U.S. may lead to more aggressive hiring and domestic growth in Asia is a net positive for the world.

The Philippine economy performed impressively in 2010. Gross Domestic Product grew by 7.3%, its fastest pace since 1986, as election spending in the year's first half and a record high of $18.7 billion in OFW remittances fueled domestic demand. The lingering effects of El Nino kept the farm sector growth flat, but private sector investment in construction and machinery, manufacture of electronics, coal and food, and expansion in business process outsourcing, hospitality services, and external trade drove GDP growth.

Higher government revenues and judicious spending under a new administration held the 2010 budget deficit below the targeted ₱325 billion ceiling. The government's successful global sale of peso-denominated bonds in September reflected the investor community's upbeat view of the country's prospects.

2010 Financial Performance

Anscor's consolidated net income in 2010 amounted to ₱1.98 billion, almost a six-fold rise over the previous year's ₱289.6 million profit. This increase is largely due to your Company's financial assets, which registered a gain on sale of Available-for-sale investments of ₱2.1 billion, mainly marketable equity securities, versus the ₱186.3 million income in 2009.

The bulk of these investments are in companies where Anscor holds substantial positions for the long term namely, ICTSI, Aboitiz Equity Ventures and Aboitiz Power. Considerable values still exist beyond cost on these investments and these additional values are reflected in the balance sheet but not yet in the income statement until the investments are sold. The Company's bond and foreign equity holdings, classified as Fair Value through Profit or Loss investments, also increased in market value and the income statement reports these as gains of ₱100 million.

The peso appreciated 5.1% against the U.S. dollar during the year, resulting in foreign exchange losses that tempered the financial portfolio's results. These losses could have been higher if not for the hedging transactions.

Results in the operating businesses were, on the whole, positive although the bottom line in specific companies was impacted by curtailed demand due to enduring U.S. unemployment or by the need for continuing upfront investment to upgrade operating capability.

Group Operations

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

PDP Energy's diversified product line registered a 16% hike in copper sales volume, as heightened business sentiment and purchasing power from OFW remittances sparked a turnaround in the construction industry and other sectors.

Copper sales were led by higher demand for building wires as well as special and power cables in housing and industrial projects, while consumer spending also spurred an increase in copper welding wire sales to food canners.

With copper prices advancing as sales volumes climbed, domestic sales rose 30% to ₱4.47 billion. Exports also grew handsomely with the completion of PDP's $1.4 million expansion project and the coming into force of the ASEAN-Australia-New Zealand Fair Trade Agreement during the year. The PEZA-registered subsidiary, PD Energy International Corporation, reported an increase in sales to General Cable Australia by ₱516 million over 2009 level.

PDP's 2010 net income reached ₱228.0 million, a gain of 57.2% over 2009.

The company implemented a Daily Routine Process in 2010 to augment ongoing Phelps Dodge Order Fulfillment System and Total Production Maintenance programs to enhance manufacturing efficiency and customer service. Also during the year, it obtained Integrated Management Systems Certification for its quality, environmental and safety systems (ISO 9001 and 14000 and OHSAS 18000) from Certification International of the UK. It extended its Zero Recordable Injury record through 2010, earning a Department of Labor and Employment award for achieving One Million Safe Work Hours with No Lost Time Accidents for two consecutive years.

New products – fire rated cables, medium voltage cables, aluminum building wires and all aluminum alloys conductors – have been developed and introduced to domestic and export markets.

Seven Seas Resorts and Leisure, Inc. (Owner of Amanpulo)

Amanpulo generated revenues of ₱487.5 million, 6.3% higher than 2009, mainly from increased villa occupancy and villa service fees. Room revenues dipped slightly due to lower room occupancy, but this was more than made up for by food and beverage and spa patronage, which grew 11.2% and 12.6%, respectively.

The Resort brought up the average room rate by $38 to $899 per night. Net profit came to ₱54.8 million, a 29.6% increase over 2009, mainly from improved operations.

To underscore its position as the region's premier deluxe beach resort, Amanpulo opened a new spa complex with facilities for hairdressing, gym and pilates, and hot and cold plunge pools in addition to a range of massage treatments. It also invested in cleaner and greener technology, installing a more energy-efficient system for the casitas, and initiating a switch from gasoline-fueled golf carts to solar-powered electric ones, making Amanpulo one of the first to use this transport mode.

Other environmental initiatives are studies of long-term reef protection and regeneration, acquisition of a chipper/shredder for compost fertilizer, and starting a free range chicken farm on a nearby island as source of meat supply to complement the existing piggery. The Resort continues to expand the vegetables grown on the island for use in the kitchens, enhancing the quality and freshness of ingredients used.

Cirrus Medical Staffing, Inc.

The U.S. continues to be affected by a persistently high unemployment rate which has impacted the demand for temporary healthcare staffing. Cirrus' nurse travel business has suffered during the downturn that began in 2009, while therapy staffing has grown modestly and now represents over 50% of the business. Cirrus Medical's combined revenues in 2010 drop 22.4% to ₱711.6 million, and consolidated losses for the year amounted to ₱23.7 million down from ₱62.2 million in 2009, due to steps taken to focus on the therapy market and reduce administrative expense. Most losses were incurred in the first half of the year and healthcare staffing appears to have bottomed in the fourth quarter. Efforts have begun to strengthen business development and account management functions.

Cirrus signed its first managed service agreement with a large East Coast hospital system which will contribute to performance in 2011 and is also an important step forward in providing higher "value added" services. Philippine operations are playing an increasingly important role in providing cost effective back-office support.

A promising development is the comprehensive healthcare reform package passed by the U.S. Congress in 2010, which is expected to broaden health insurance coverage and stimulate demand for healthcare services from 2014 onwards. On a less encouraging note, the U.S. Federation of State Boards of Physical Therapy (FSBPT) has sharply reduced the availability of license exams for physical therapy graduates from the Philippines and other countries, following reports of test question leakages in a Philippine review center. The Philippine Embassy in Washington, D.C. has asked FSBPT to reconsider.

KSA Realty Corporation

In the midst of a downtrend in office space occupancy in the Makati Central Business District and lower rents in secondary locations, The Enterprise Center (TEC) recorded an average occupancy rate of 80.84%, down from 85% in 2009, and gross revenues of ₱670.2 million, a 6.9% drop.

KSA Realty's net income of ₱417.7 million is 21.6% lower than last year, after the fair value adjustment in investment property of ₱130 million mentioned in last year's Annual Report. The company declared and paid cash dividends of ₱125 million, ₱14 million of which accrued to Anscor. TEC was cited as Outstanding Awardee at the Don Emilio Abello Energy Efficiency awards, an annual recognition of industry best practices in sustainable energy use.

Enderun Colleges, Inc.

Enderun's student population grew 23% to 800 full-time college and certificate students, and revenues rose 51.6% to ₱232 million in fiscal year 2009-2010. Noteworthy in this progress is the continuing education unit, Enderun Extension, where revenues grew 114% to ₱15 million and the reopened Restaurant 101 in the new Culinary Building, which generated ₱17 million, an eleven-fold jump over the previous year.

The Culinary Building was opened in February 2010 by renowned chef Alain Ducasse, head of the institute in France and the three Michelin 3-star restaurants that bear his name. Two months later, in April 2010, Enderun held its first graduation rites, with 18 students receiving degrees in Bachelor of Science in International Hospitality Management. During the year, over 150 students completed internships in the Alain Ducasse Paris restaurant and other establishments around the world.

As it continues to invest in campus facilities, Enderun incurred an operating loss of ₱50 million, down from a ₱119 million loss in the previous fiscal year. In our last Annual Report we anticipated that earnings before interests, taxes, depreciation and amortization (EBITDA) would turn positive at year-end. However, this was not to be; a mandated accounting standard on the treatment of rental rates requires that the company expenses the average rent to be paid out over the school's 25-year lease contract. While the actual rent paid in 2010 is considerably lower than that average since the rental rate escalates yearly, this leads to lower earnings in the first half of the lease, and higher in the second half.

Prople, Inc.

The outsourcing solutions provider Prople focused on three priority areas in 2010: delivering responsible growth, building capability, and improving operational excellence. Investments in these areas caused EBITDA to drop from negative ₱10.35 million in 2009 to negative ₱18.5 million in 2010, even as total revenues increased 2.3% to ₱82.9 million.

The company won new clients and expanded relationships with existing ones, signing two contracts with two-year term in 2010 (versus the usual one-year term) at higher productivity rates and contribution margins. Reductions in finance and accounting BPO services due to one client's lower budget were offset by growth in knowledge-based consultancy and payroll services. To gear up for new business, Prople transferred to new premises in Robinson's Cybergate Towers in Mandaluyong, which offer a 24/7 operating environment and diminished risk of disruptions from power outages.

With human resources systems becoming a core service in 2010, the company expanded its HR information system, launched other web-based HR management tools, and upgraded its hardware and software infrastructure, network capacity, and internet connectivity. It also invested in technical, soft skills and sales training, and in reward and recognition programs to ensure top talent growth and retention.

Prople has relaunched its North America operations by establishing a satellite office in Calgary, Canada, and maintains a business partner network in key cities in the U.S., Japan and Australia.

Multi-media Telephony, Inc. (MTI)

The case filed by MTI seeking reversal of the National Telecommunications Commission's disapproval of its application for a 3G license remains docketed at the Court of Appeals. The company expects a positive resolution within the next 12 months and is currently working on a roll-out plan for expansion of its network, entailing construction of over 200 base stations.

Alphion Corporation

Alphion is the first fiber optic network company to market products geared to Gigabit Passive Optimal Networks (GPON) or installations that deliver massive data bandwidth at great speed over very long distances. Some 95% of current business comes from Bharat Sanchar Nigam, Ltd. (BSNL) and Mahanagar Telephone Nigam, Ltd. (MTNL), India's two largest telecommunication companies.

Based on Alphion's preliminary financial statements (subject to audit adjustments) for the year ended December 31, 2010, the company generated $52.6 million in revenues, a 209% increase from the previous year's $17.0 million. Consequently, net loss improved from $13.3 million in 2009 to $9.3 million in 2010.

In July 2010, the company won 100% of MTNL's GPON tender offer worth $7.4 million. In addition, the Indian government approved Alphion's and BSNL's joint proposal for a Fiber-to-the-Panchayat (small town local government) Program, which plans to connect 250,000 Panchayats and 600,000 rural villages by broadband over the next three years. The project's pilot center was inaugurated in September 2010 by Member of Parliament and All India Congress Committee General Secretary Rahul Gandhi.

Alphion continues to diversify its customer base and has made initial shipments to customers in Europe, the Middle East, India and Africa (EMEA) area.

New Investments

In December 2010, your Company, through Cirrus Medical, paid $550,000 to acquire NurseTogether.com. NurseTogether owns two (2) online properties that cater to healthcare professionals. These sites and its management team will enhance Cirrus' recruiting capabilities, which will be critical as the healthcare staffing market recovers. The sites also generate revenues from advertisement, partnerships and job postings. Contingent payments of up to $510,000 will be made if NurseTogether.com meet its financial goals over the next two years.

Corporate Social Responsibility

In its 42nd year, the Andres Soriano Foundation expanded its Small Islands Sustainable Development Programs (SISDEP) in Northeastern Palawan while maintaining its Cancer Abatement and Rehabilitation Efforts (CARE).

SISDEP's principal activities centered on environmental protection, health, education and livelihood. As the Quiniluban island group's ecology is threatened by cyanide- and dynamite- fishing, the Foundation has established eight (8) fish sanctuaries protected by "Bantay Dagat," an ocean watch team conducting random patrols; sourced funds to regenerate mangrove forests serving as marine life habitat; launched a waste management advocacy targeting island government, schools and households; and is implementing a vermi-composting project using biodegradable wastes and a biogas project to turn hog waste into cooking gas.

In the Foundation's 4th annual medical mission, 12 volunteer doctors treated 2,446 individuals (versus last year's 1,976) in three island communities. The supplemental feeding program for undernourished children reported last year has been complemented by health and nutrition classes for their mothers. The Foundation completed construction of a satellite TB laboratory in partnership with Department of Health Region 4-B and the Agutaya Municipal Health office, with funds from the Share Foundation.

Donors likewise helped the Foundation construct a one-room preschool building, provide school supplies and workbooks for 11 classes comprising 234 children in nine island communities, and send one high school graduate from Manamoc island to enroll in a college course in Manila. The ongoing marketing tie-up with Amanpulo Resort benefited 233 families engaged in hog raising, fishing and vegetable farming.

Highlights of the Foundation's CARE programs include provisions for a new computer for cancer registry in Davao, chemotherapy drugs for indigent women patients at UP-PGH, and the 23rd Andres Soriano, Jr. Memorial Lecture during the 7th Asia-Pacific Muskoskeletal Conference in Shangri-La Cebu.

Outlook and Investment Strategy

Global economic recovery is proceeding slowly and unevenly. The developed nations face years of austerity and low growth, as governments grapple with mounting deficits, shaken confidence, and taxpayer unrest over bailout costs and spending cutbacks. The emerging economies progress more vigorously, but their rising appetites will push up food and fuel costs, compounding problems posed by income inequality. Moreover, in an interconnected world, trade and fiscal policies pushed by one part of the globe may be resisted strongly by another.

If the turmoil in the Middle East and North Africa (MENA) continues over an extended period, it will affect the global economy and result in slower growth and even a return to a recessionary environment in most regions. In any event, the transition in MENA countries will not occur immediately and the world economies that are affected by events in the region will need to adapt.

Nevertheless, the next wave of opportunities is likely to appear in emerging markets, where a growing middle class will want not just more goods and services, but new product designs and technology, market infrastructures and value chains. These aspirations should in turn encourage innovators and entrepreneurs in both East and West.

Given this scenario, the Philippines should respond with disciplined and unswerving pursuit of business competitiveness, which is key to satisfying the public's needs and aspirations. In this regard, the Joint Foreign Chambers of Commerce in the Philippines monograph entitled "Arangkada" offers a rich menu of prescriptions for accelerating economic growth by promoting investment and job creation in priority sectors led by agribusiness, information technology and business process outsourcing, and infrastructure, supported by reforms that address business costs, curb corruption, and strengthen education.

For its part, Anscor's strategic mindset will be characterized by the commitment to operational efficiency, customer focus, and sustainability, as in the case of PDP and Amanpulo; the fortitude to build for the long term in enterprises like Cirrus and Enderun, whose enduring potential will prevail over current obstacles; and the zest for new technologies and applications, new markets and business models, as exemplified by Prople and Alphion. The constant in these endeavors, and in the choices we make in our financial portfolio, is our purposive quest for opportunities that ensure and propel shareholder value.

Acknowledgment

Once again, we express in behalf of your Board of Directors our warmest thanks for our shareholders' steadfast support, our customers' loyalty and patronage and our employees' dedication and professionalism.

ANDRES SORIANO III
Chairman of the Board and President

Financial Highlights

(In Million Pesos Except for Ratios and Per Share Data)

CONSOLIDATED FOR THE YEAR	2010	2009	2008
REVENUES	3,501.9	1,736.2	2,271.0
Services	866.1	1,056.0	1,360.3
Gain (loss) on sale of available for sale (AFS) investments	2,091.9	186.3	(73.4)
Gain (loss) on increase (decrease) in market values of fair value through profit or loss (FVPL) investments	99.9	136.8	(465.6)
Interest income	111.2	120.2	107.0
Dividend income	145.7	102.1	122.5
Equity in net earnings of associates	115.2	78.3	99.2
Management fees	37.8	28.3	15.8
Other income	34.1	27.9	39.8
Gain on sale - others	–	0.3	12.7
Non recurring gain on sale of:			
eTelecare Global Solutions, Inc. (eTelecare) shares (AFS investments)	–	–	740.4
Phelps Dodge International Philippines, Inc. (PDIPI) shares (long-term investments)	–	–	312.3
Net income from a deconsolidated subsidiary	–	–	194.0
Valuation allowances - net of recoveries	(185.8)	(89.3)	(216.4)
Foreign exchange gain (loss) - net	(138.4)	(34.4)	309.6
NET INCOME*	1,975.4	289.6	776.0
EARNINGS PER SHARE**	1.46	0.20	0.52

CONSOLIDATED AT YEAR-END	12-31-10	12-31-09	12-31-08
Total Assets	11,430.3	8,354.7	6,942.0
Equity Attributable to Equity Holdings of the Parent (inclusive of unrealized valuation gain on AFS investments of ₱2,650.9 billion and ₱656.7 million in 2010 and 2009, respectively, and valuation loss of ₱612.7 million in 2008)	10,776.1	7,453.9	6,018.6
Investment Portfolio	8,742.5	7,173.7	5,023.2
Current Ratio	7.04	2.23	3.14
Debt to Equity Ratio***	0.06	0.12	0.15
Book Value Per Share****	8.28	5.17	4.17

* *Attributable to equity holdings of the parent.*

** *Based on weighted average number of shares of 1,351.6 million in 2010, 1,442.6 million in 2009 and 1,502.3 million in 2008.*

*** *Excluding minority interests.*

**** *Based on outstanding shares of 1,301.6 million, 1,441.8 million and 1,443.0 million as of December 31, 2010, 2009 and 2008, respectively.*

Group's Key Financial Data

(In Million Pesos)

	2010	2009
Cirrus Medical Staffing, Inc. and Subsidiaries		
Revenues	712	917
Net Loss	24	62
Total Assets	774	756
Stockholders' Equity	577	604
Seven Seas Resorts and Leisure, Inc.		
Revenues	488	459
Net Income	55	42
Total Assets	981	1,006
Stockholders' Equity	635	579
Phelps Dodge Philippines Energy Products Corporation (Note 1)		
Revenues	5,039	3,490
Net Income	228	145
Total Assets	2,461	1,723
Stockholders' Equity	1,628	1,480
Revenues – Other Affiliates		
KSA Realty Corporation	670	720
Enderun Colleges, Inc.	232	153
Island Aviation, Inc.	141	119
Prople, Inc.	83	80
Cirrus Global, Inc. (Consolidated)	5	9

Available figures as of March 4, 2011.

Note 1: Inclusive of PD Energy International Corporation's financial information.

Five-Year Review

Consolidated Financial Information

(In Million Pesos Except Per Share Data)

YEAR	NET INCOME	EQUITY ATTRIBUTABLE TO HOLDINGS OF THE PARENT	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	EARNINGS PER *SHARE	BOOK VALUE PER **SHARE
2010	**1,975.4**	**10,776.1**	**1,351.6**	**1.46**	**8.28**
2009	289.6	7,453.9	1,442.6	0.20	5.17
2008 (Note 2)	776.0	6,018.6	1,502.3	0.52	4.17
2007	619.8	7,499.7	1,558.1	0.40	4.85
2006 (Note 1)	3,043.4	6,677.9	1,624.3	1.87	4.23

YEAR	GROSS REVENUES	TOTAL ASSETS	INVESTMENT PORTFOLIO
2010	**3,501.9**	**11,430.3**	**8,742.5**
2009	1,736.2	8,354.7	7,173.7
2008 (Note 2)	2,271.0	6,942.0	5,023.2
2007 (Note 3)	1,225.6	9,687.6	5,419.1
2006 (Notes 1 and 4)	4,069.2	8,656.4	5,355.0

Note 1 *Included the one-time gain on sale of ICTSI and SPI shares of ₱2,930.3 million and ₱359.3 million, respectively.*

Note 2 *Included the one-time gain on sale of PDIPI and eTelecare shares amounting to ₱312.3 million and ₱740.4 million, respectively.*

Note 3 *Gross revenues for 2007 were restated to deconsolidate PDIPI.*

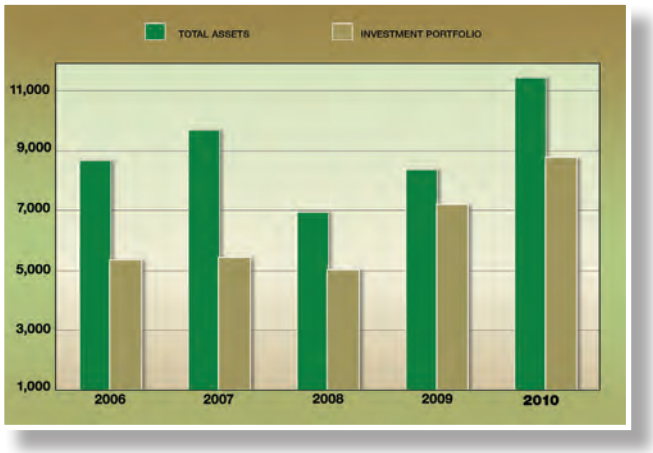
Note 4 *PDIPI was still part of the consolidated gross revenues and total assets.*

* *Ratio of net income to weighted average number of shares outstanding during the year.*

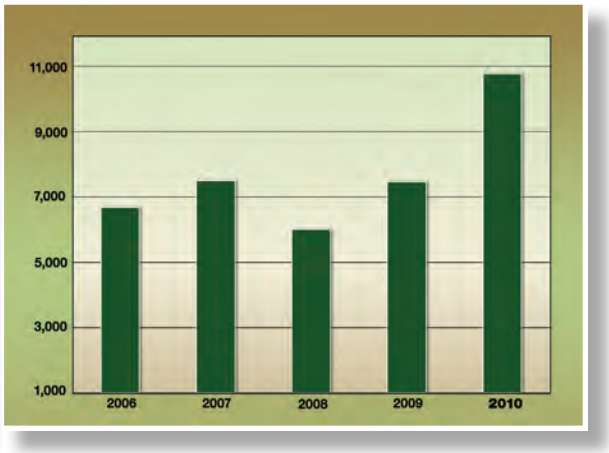
** *Ratio of equity attributable to equity holdings of the parent to outstanding number of shares as of end-December.*

In Million Pesos

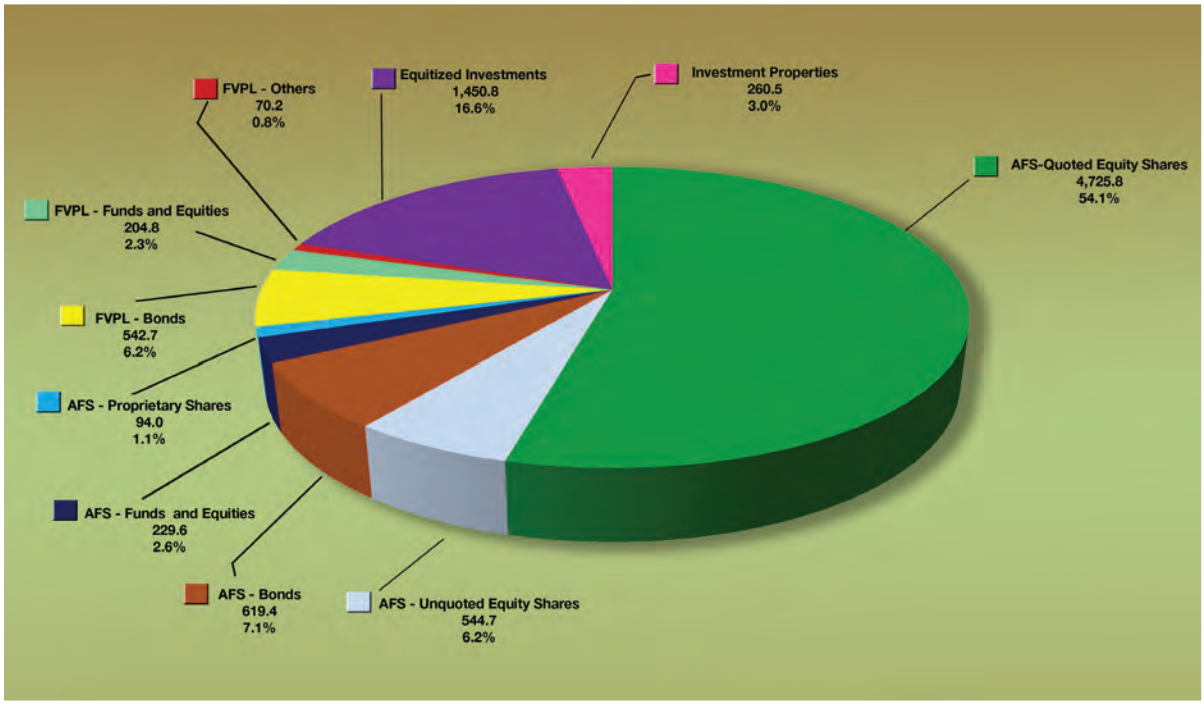
Consolidated Total Assets and Investment Portfolio



Equity Attributable to Holdings of the Parent



Consolidated Investment Portfolio Details (December 31, 2010)



Statement of Management's Responsibility

The management of A. Soriano Corporation is responsible for all information and representations contained in the consolidated financial statements as of and for the years ended December 31, 2010 and 2009. The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The management likewise discloses to the Company's audit committee and to its external auditors: (i) all significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data; (ii) material weaknesses in the internal controls; and (iii) any fraud that involves management or other employees who exercise significant roles in internal controls.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the Stockholders of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the Stockholders, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and Stockholders.

Signed under oath by the following:

ANDRES SORIANO III
Chairman &
Chief Executive Officer

ERNEST K. CUYEGKENG
Executive Vice President &
Chief Financial Officer

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 18th day of February, 2011 at Makati City, affiants exhibited to me the following:

NAME	PASSPORT NO.	DATE & PLACE OF ISSUE	
Andres Soriano III	711786600	08-11-2005	U.S.A
Ernest K. Cuyegkeng	XX3032586	02-17-2009	Manila

Doc. No. 389;
Page No. 79;
Book No. I;
Series of 2011.

LORA MAE T. INGUITO
Appointment No. M-39
Notary Public for Makati City
Until December 31, 2012
18th, 19th & 17th Floor, Liberty Center
104 H.V. dela Costa Street
Salcedo Village, Makati City
Roll of Attorneys No. 58729
PTR 2641682/Makati City 01-03-2011
IBP 839604/PPLM 12-08-2010

Audited Consolidated Financial Statements

Independent Auditors' Report

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Phone: (632) 891 0307
Fax: (632) 819 0872
www.sgv.com.ph

BOA/PRC Reg. No. 0001
SEC Accreditation No. 0012-FR-2

The Stockholders and the Board of Directors
A. Soriano Corporation
7th Floor, Pacific Star Building
Makati Avenue corner Gil Puyat Avenue Extension
Makati City

We have audited the accompanying consolidated financial statements of A. Soriano Corporation and Subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

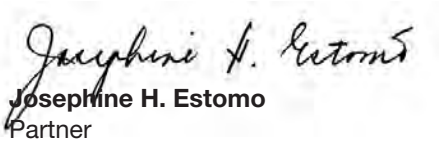
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements presents fairly, in all material respects, the financial position of A. Soriano Corporation and Subsidiaries as at December 31, 2010 and 2009 and their financial performance and their cash flows for each of the three years in the period ended December 31, 2010, in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Josephine H. Estomo
Partner
CPA Certificate No. 46349
SEC Accreditation No. 0078-AR-2
Tax Identification No. 102-086-208
PTR No. 2641524, January 3, 2011, Makati City

February 18, 2011

Consolidated Balance Sheets

	December 31	
	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	₱ **2,188,123,589**	₱ 594,527,199
Fair value through profit or loss (FVPL) investments (Note 9)	**817,656,671**	733,785,606
Receivables (Note 10)	**230,447,395**	220,020,505
Inventories (Note 11)	**15,909,310**	14,426,324
Prepayments and other current assets	**66,280,014**	40,136,633
Total Current Assets	**3,318,416,979**	1,602,896,267
Noncurrent Assets		
Available-for-sale (AFS) investments (Note 13)	**6,213,532,572**	4,682,991,556
Investments and advances (Note 12)	**942,752,891**	1,040,733,565
Investment properties (Notes 15 and 30)	**260,483,302**	264,082,489
Property and equipment (Notes 14 and 19)	**143,177,924**	200,492,521
Goodwill (Note 6)	**510,905,060**	503,110,989
Other noncurrent assets (Notes 16, 24 and 30)	**41,033,781**	60,401,057
Total Noncurrent Assets	**8,111,885,530**	6,751,812,177
TOTAL ASSETS	₱ **11,430,302,509**	₱ 8,354,708,444
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 17)	₱ **64,393,852**	₱ 344,553,736
Accounts payable and accrued expenses (Notes 6, 18 and 30)	**257,440,701**	236,433,335
Dividends payable (Note 20)	**134,856,337**	121,684,225
Income tax payable	**3,617,707**	658,887
Current portion of long-term debt (Note 19)	**10,960,000**	14,437,500
Total Current Liabilities	**471,268,597**	717,767,683
Noncurrent Liabilities		
Advances from customer (Note 30)	**22,141,811**	21,786,523
Long-term debt - net of current portion (Note 19)	**10,960,000**	20,212,500
Deferred revenues (Note 30)	**80,142,589**	84,456,834
Deferred income tax liabilities - net (Note 25)	**8,227,521**	8,297,184
Retirement benefits payable (Note 24)	**23,343,489**	12,388,717
Total Noncurrent Liabilities	**144,815,410**	147,141,758
Total Liabilities	**616,084,007**	864,909,441
Equity Attributable to Equity Holdings of the Parent (Note 20)		
Capital stock - ₱1 par value	**2,500,000,000**	2,500,000,000
Additional paid-in capital	**1,574,103,911**	1,574,103,911
Equity reserve on acquisition of noncontrolling interest (Note 3)	**(26,356,543)**	(26,356,543)
Cumulative translation adjustment	**(68,240,077)**	(30,974,237)
Unrealized valuation gains on AFS investments (Note 13)	**2,650,946,926**	656,731,126
Retained earnings	**5,972,637,668**	4,297,532,291
	12,603,091,885	8,971,036,548
Less cost of shares held by a subsidiary (1,198,379,093 shares in 2010 and 1,058,180,078 shares in 2009) (Note 20)	**1,827,024,465**	1,517,163,308
	10,776,067,420	7,453,873,240
Noncontrolling Interests (Note 3)	**38,151,082**	35,925,763
Total Equity	**10,814,218,502**	7,489,799,003
TOTAL LIABILITIES AND EQUITY	₱ **11,430,302,509**	₱ 8,354,708,444

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Income

	Years Ended December 31		
	2010	2009	2008
REVENUES			
Services (Note 30)	₱ **866,112,933**	₱ 1,056,013,587	₱ 1,360,274,272
Dividend income (Notes 12 and 13)	**145,749,114**	102,136,741	122,460,611
Equity in net earnings of associates (Note 12)	**115,224,619**	78,246,910	99,259,423
Interest income (Notes 13 and 23)	**111,236,357**	120,209,111	106,971,109
Management fee (Note 30)	**37,754,660**	28,251,300	15,793,394
Others	**34,077,196**	27,930,617	39,799,398
	1,310,154,879	1,412,788,266	1,744,558,207
INVESTMENT GAINS (LOSSES)			
Gain (loss) on sale of:			
AFS investments (Note 13)	**2,091,925,238**	186,271,990	(73,393,275)
Property and equipment and investment properties (Notes 14 and 15)	**–**	340,199	3,213,550
eTelecare Global Solutions, Inc. (eTelecare) shares (Note 13)	**–**	–	740,402,487
Phelps Dodge International Philippines, Inc. (PDIPI) shares (Note 7)	**–**	–	312,275,468
Long-term investments (Note 12)	**–**	–	9,460,394
Gain (loss) on increase (decrease) in market values of FVPL investments (Note 9)	**99,867,962**	136,822,715	(465,582,028)
	2,191,793,200	323,434,904	526,376,596
TOTAL	**3,501,948,079**	1,736,223,170	2,270,934,803
Costs of services rendered (Note 21)	**(714,101,500)**	(892,697,022)	(1,097,324,638)
Operating expenses (Note 21)	**(445,459,266)**	(436,129,949)	(468,076,101)
Valuation allowances - net of recoveries (Note 23)	**(185,766,042)**	(89,256,480)	(216,452,107)
Foreign exchange gain (loss) - net	**(138,365,146)**	(34,433,061)	309,593,796
Interest expense (Note 23)	**(13,934,412)**	(10,793,402)	(24,079,511)
Other expenses - net (Note 30)	**(15,666,088)**	(5,497,629)	(28,207,788)
	(1,513,292,454)	(1,468,807,543)	(1,524,546,349)
INCOME BEFORE INCOME TAX	**1,988,655,625**	267,415,627	746,388,454
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)	**11,932,537**	(15,161,954)	87,706,296
NET INCOME FROM CONTINUING OPERATIONS	**1,976,723,088**	282,577,581	658,682,158
NET INCOME FROM A DECONSOLIDATED SUBSIDIARY (Note 7)	**–**	–	193,993,690
NET INCOME	₱ **1,976,723,088**	₱ 282,577,581	₱ 852,675,848
Attributable to			
Equity holdings of the Parent	₱ **1,975,357,978**	₱ 289,644,550	₱ 776,036,762
Noncontrolling interests	**1,365,110**	(7,066,969)	76,639,086
	₱ **1,976,723,088**	₱ 282,577,581	₱ 852,675,848
Earnings per share			
Basic/diluted, for net income attributable to equity holdings of the Parent (Note 26)	₱ **1.46**	₱ 0.20	₱ 0.52
Basic/diluted, for net income attributable to equity holdings of the Parent from continuing operations (Note 26)	₱ **1.46**	₱ 0.20	₱ 0.44

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2010	2009	2008
NET INCOME	₱ **1,976,723,088**	₱ 282,577,581	₱ 852,675,848
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized valuation gains (losses) on AFS investments (Note 13)	**4,101,232,336**	1,462,159,420	(1,346,462,026)
Income tax effect	**(45,748,745)**	(56,277,319)	77,304,686
	4,055,483,591	1,405,882,101	(1,269,157,340)
Realized gains on sale of AFS investments, net of impairment losses, recognized in the statements of income (Note 13)	**(2,107,472,762)**	(102,957,571)	(434,158,393)
Income tax effect	**46,204,971**	(33,531,566)	2,498,798
	(2,061,267,791)	(136,489,137)	(431,659,595)
Subtotal	**1,994,215,800**	1,269,392,964	(1,700,816,935)
Cumulative translation adjustment	**(37,265,840)**	(34,403,096)	110,485,519
OTHER COMPREHENSIVE INCOME (LOSS)*	**1,956,949,960**	1,234,989,868	(1,590,331,416)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ **3,933,673,048**	₱ 1,517,567,449	(₱ 737,655,568)
Attributable to			
Equity holdings of the Parent	₱ **3,932,307,938**	₱ 1,524,634,418	(₱ 814,294,654)
Noncontrolling interests	**1,365,110**	(7,066,969)	76,639,086
	₱ **3,933,673,048**	₱ 1,517,567,449	(₱ 737,655,568)

See accompanying Notes to Consolidated Financial Statements.

** In computing the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.*

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holdings of the Parent (Note 20)					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on AFS Investments (Note 13)	Retained Earnings
BALANCES AT DECEMBER 31, 2007	₱ 2,500,000,000	₱ 1,574,103,911	₱ –	(₱ 107,056,660)	₱ 1,088,155,097	₱ 3,647,565,824
Total comprehensive income (loss) for the year	–	–	–	110,485,519	(1,700,816,935)	776,036,762
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱220.9 million (Note 20)	–	–	–	–	–	(329,127,050)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–
Acquisition of noncontrolling interest (Note 3)	–	–	(26,356,543)	–	–	–
Movement in noncontrolling interests (Notes 3 and 7)	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2008	₱ 2,500,000,000	₱ 1,574,103,911	(₱ 26,356,543)	₱ 3,428,859	(₱ 612,661,838)	₱ 4,094,475,536

	Equity Attributable to Equity Holdings of the Parent (Note 20)				
	Subtotal*	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2007`	₱ 8,702,768,172	(₱ 1,203,059,877)	₱ 7,499,708,295	₱ 681,726,300	₱ 8,181,434,595
Total comprehensive income (loss) for the year	(814,294,654)	–	(814,294,654)	76,639,086	(737,655,568)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱220.9 million (Note 20)	(329,127,050)	–	(329,127,050)	–	(329,127,050)
Shares repurchased during the year (Note 20)	–	(311,319,871)	(311,319,871)	–	(311,319,871)
Acquisition of noncontrolling interest (Note 3)	(26,356,543)	–	(26,356,543)	26,855,223	498,680
Movement in noncontrolling interests (Notes 3 and 7)	–	–	–	(740,233,447)	(740,233,447)
BALANCES AT DECEMBER 31, 2008	₱ 7,532,989,925	(₱ 1,514,379,748)	₱ 6,018,610,177	₱ 44,987,162	₱ 6,063,597,339

See accompanying Notes to Consolidated Financial Statements.
**Sum of Equity details in the first table.*

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holdings of the Parent (Note 20)					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation gains (Losses) on AFS Investments (Note 13)	Retained Earnings
BALANCES AT DECEMBER 31, 2008	₱ 2,500,000,000	₱ 1,574,103,911	(₱ 26,356,543)	₱ 3,428,859	(₱ 612,661,838)	₱ 4,094,475,536
Total comprehensive income (loss) for the year	–	–	–	(34,403,096)	1,269,392,964	289,644,550
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱63.4 million (Note 20)	–	–	–	–	–	(86,587,795)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2009	₱ 2,500,000,000	₱ 1,574,103,911	(₱ 26,356,543)	(₱ 30,974,237)	₱ 656,731,126	₱ 4,297,532,291

	Equity Attributable to Equity Holdings of the Parent (Note 20)				
	Subtotal*	Cost of Shares Heldy by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2008	₱ 7,532,989,925	(₱ 1,514,379,748)	₱ 6,018,610,177	₱ 44,987,162	₱ 6,063,597,339
Total comprehensive income (loss) for the year	1,524,634,418	–	1,524,634,418	(7,066,969)	1,517,567,449
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱63.4 million (Note 20)	(86,587,795)	–	(86,587,795)	–	(86,587,795)
Shares repurchased during the year (Note 20)	–	(2,783,560)	(2,783,560)	–	(2,783,560)
Movement in noncontrolling interests	–	–	–	(1,994,430)	(1,994,430)
BALANCES AT DECEMBER 31, 2009	₱ 8,971,036,548	(₱ 1,517,163,308)	₱ 7,453,873,240	₱ 35,925,763	₱ 7,489,799,003

See accompanying Notes to Consolidated Financial Statements.
**Sum of Equity details in the first table.*

	Equity Attributable to Equity Holdings of the Parent (Note 20)					
	Capital Stock	Additional Paid-in Capital	Equity Reserve on Acquisition of Noncontrolling Interest (Note 3)	Cumulative Translation Adjustment	Unrealized Valuation gains (Losses) on AFS Investments (Note 13)	Retained Earnings
BALANCES AT DECEMBER 31, 2009	₱ 2,500,000,000	₱ 1,574,103,911	(₱ 26,356,543)	(₱ 30,974,237)	₱ 656,731,126	₱ 4,297,532,291
Total comprehensive income (loss) for the year	–	–	–	(37,265,840)	1,994,215,800	1,975,357,978
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱249.7 million (Note 20)	–	–	–	–	–	(300,252,601)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–	–
BALANCES AT DECEMBER 31, 2010	**₱ 2,500,000,000**	**₱ 1,574,103,911**	**(₱ 26,356,543)**	**(₱ 68,240,077)**	**₱ 2,650,946,926**	**₱ 5,972,637,668**

	Equity Attributable to Equity Holdings of the Parent (Note 20)				
	Subtotal*	Cost of Shares Heldy by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2009	₱ 8,971,036,548	(P 1,517,163,308)	₱ 7,453,873,240	₱ 35,925,763	₱ 7,489,799,003
Total comprehensive income (loss) for the year	3,932,307,938	–	3,932,307,938	1,365,110	3,933,673,048
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱249.7 million (Note 20)	(300,252,601)	–	(300,252,601)	–	(300,252,601)
Shares repurchased during the year (Note 20)	–	(309,861,157)	(309,861,157)	–	(309,861,157)
Movement in noncontrolling interests	–	–	–	860,209	860,209
BALANCES AT DECEMBER 31, 2010	**₱ 12,603,091,885**	**(P 1,827,024,465)**	**₱ 10,776,067,420**	**₱ 38,151,082**	**₱ 10,814,218,502**

See accompanying Notes to Consolidated Financial Statements.
**Sum of Equity details in the first table.*

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	**₱ 1,988,655,625**	₱ 267,415,627	₱ 746,388,454
Income before income tax from a deconsolidated subsidiary (Note 7)	**–**	–	298,451,831
Income before income tax	**1,988,655,625**	267,415,627	1,044,840,285
Adjustments for:			
Depreciation and amortization (Notes 14 and 15)	**51,579,256**	53,677,408	52,602,862
Loss (gain) on decrease (increase) in market values of FVPL investments (Note 9)	**(99,867,962)**	(136,822,715)	465,582,028
Valuation allowances - net of recoveries (Note 23)	**185,766,042**	89,256,480	216,452,107
Loss (gain) on sale of:			
AFS investments (Note 13)	**(2,091,925,238)**	(186,271,990)	73,393,275
Property and equipment (Note 14)	**–**	(340,199)	(3,213,550)
eTelecare shares (Note 13)	**–**	–	(740,402,487)
PDIPI shares (Notes 7 and 12)	**–**	–	(312,275,468)
Long-term investments (Note 12)	**–**	–	(9,460,394)
Loss on write-off of property and equipment (Note 14)	**–**	–	11,849,257
Dividend income	**(145,749,114)**	(102,136,741)	(122,460,611)
Equity in net earnings of associates (Note 12)	**(115,224,619)**	(78,246,910)	(99,259,423)
Interest income (Note 23)	**(111,236,357)**	(120,209,111)	(106,971,109)
Interest expense (Note 23)	**13,934,412**	10,793,402	24,079,511
Retirement benefit expense (Note 24)	**35,654,077**	4,287,622	3,147,158
Unrealized foreign exchange losses (gains) - net	**69,570,090**	34,433,061	(309,593,796)
Operating income (loss) before working capital changes	**(218,843,788)**	(164,164,066)	188,309,645
Decrease (increase) in:			
FVPL investments	**(11,227,963)**	57,597,973	337,634,222
Receivables	**15,651,635**	76,041,442	973,650,199
Inventories	**(1,980,913)**	(936,954)	645,647,233
Prepayments and other current assets	**(31,213,767)**	15,853,928	(8,708,324)
Increase (decrease) in accounts payable and accrued expenses	**6,121,091**	46,397,305	(235,895,937)
Net cash provided by (used in) operations	**(241,493,705)**	30,789,628	1,900,637,038
Dividends received	**177,749,114**	141,693,151	122,460,611
Retirement benefit contribution	**(5,308,347)**	(5,318,343)	(5,318,343)
Interest received	**116,310,012**	120,990,290	95,664,324
Interest paid	**(12,226,912)**	(10,793,402)	(24,079,511)
Income taxes paid	**(9,043,380)**	(8,140,099)	(190,057,328)
Net cash flows from operating activities	**25,986,782**	269,221,225	1,899,306,791

(Forward)

	Years Ended December 31		
	2010	2009	2008
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
AFS investments (Note 13)	**(₱3,193,300,087)**	(₱3,124,862,974)	(₱2,286,594,051)
Investments and advances (Note 12)	**–**	–	(418,684,344)
Investment properties (Note 15)	**(2,203,739)**	(4,440,805)	(114,603,613)
Property and equipment (Note 14)	**(15,719,537)**	(101,105,473)	(13,843,799)
Advances to affiliates	**–**	–	(21,597,568)
Proceeds from sale of:			
AFS investments (Note 13)	**5,719,026,524**	2,383,711,035	2,103,665,645
Investments and advances (Note 12)	**–**	–	642,437,050
Investment properties (Note 15)	**–**	–	2,816,058
Property and equipment (Note 14)	**–**	340,199	1,422,391
Collection from associates (Note 12)	**9,132,897**	15,445,522	–
Collection of other noncurrent assets - net	**2,560,697**	137,218	530,081
Proceeds from redemption of preferred shares of an associate (Note 12)	**–**	–	35,809,730
Acquisition of subsidiaries, net of cash acquired (Note 6)	**(23,850,449)**	–	(682,425,948)
Net cash flows from (used in) investing activities	**2,495,646,306**	(830,775,278)	(751,068,368)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable (Note 17)	**159,155,452**	345,450,856	723,503,021
Payments of:			
Notes payable (Note 17)	**(439,315,336)**	(154,400,141)	(1,255,407,246)
Long-term debt (Note 19)	**(14,437,500)**	(12,468,438)	(3,891,693)
Dividends (Note 20)	**(287,080,489)**	(234,236,678)	(172,122,665)
Other noncurrent liabilities	**–**	(401,562)	–
Increase (decrease) in:			
Advances from customer	**355,288**	(11,345,153)	(48,147,034)
Deferred revenues	**(4,314,245)**	(5,342,185)	14,418,148
Noncontrolling interests	**860,209**	(9,061,398)	(712,879,543)
Acquisition of noncontrolling interest (Note 3)	**–**	–	(498,680)
Company shares purchased by a subsidiary (Note 20)	**(309,861,157)**	(2,783,560)	(311,319,871)
Net cash flows used in financing activities	**(894,637,778)**	(84,588,259)	(1,766,345,563)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,626,995,310**	(646,142,312)	(618,107,140)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(33,398,920)**	22,038,408	96,297,605
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**594,527,199**	1,218,631,103	1,740,440,638
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱ 2,188,123,589**	₱ 594,527,199	₱ 1,218,631,103

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. Corporate Information

A. Soriano Corporation (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on February 13, 1930 to, among others, act as agent or representative of corporations, partnerships or individuals whether residing here or abroad; to buy, retain, possess shares of stock, franchises, patents of any person or entity and to issue shares of stock, bonds or other obligations for the payment of articles or properties acquired by the Company; and to buy or acquire all or part of the property, assets, business and clientele of any person, corporation or partnership, managing the properties or businesses so purchased or acquired and exercising all the powers necessary and convenient for the management and development of the said properties or businesses. The Company is a corporation incorporated and domiciled in the Philippines whose shares are publicly traded. The registered office address of the Company is at 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue Extension, Makati City, Philippines.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010 were authorized for issue by the Board of Directors (BOD) on February 18, 2011.

2. Basis of Preparation and Changes in Accounting Policies and Disclosures

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine pesos (Peso), which is the Company's functional and presentation currency. Amounts are presented to the nearest Peso unless otherwise stated.

Statement of Compliance

The financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

Changes in Accounting Policies and Disclosures

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 noncontrolling interests (previously referred to as "minority interests"), even if the losses exceed the noncontrolling equity investment in the subsidiary; and (c) upon 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 consolidated 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 significant impact on the consolidated 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.

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 among 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. 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 Equity Instruments*, 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 January 1, 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 July 1, 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. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at December 31:

	Nature of Business	Percentage of Ownership 2010	2009
A. Soriano Air Corporation	Services/Rental	100	100
Pamalican Island Holdings, Inc. (PIHI)	Holding	62	62
Island Aviation, Inc. (IAI, Notes 19 and 30)	Air Transport	62	62
Anscor Consolidated Corporation (Anscorcon)	Holding	100	100
Anscor International, Inc. (AI, Note 12)	Holding	100	100
IQ Healthcare Investments Limited (IQHIL, Note 12)	Manpower Services	100	100
Cirrus Medical Staffing, Inc. (Cirrus, Notes 6 and 12)	Manpower Services	94	94

(Forward)

	Nature of Business	Percentage of Ownership 2010	2009
Cirrus Holdings USA, LLC (Cirrus LLC, Note 6)	Manpower Services	94	94
Cirrus Allied, LLC (formerly MDI Medicals, LLC; MDI, Note 6)	Manpower Services	94	94
NurseTogether, LLC (NT) (Note 6)	Online Community Management	94	–
Anscor Property Holdings, Inc. (APHI, Notes 12 and 15)	Real Estate Holding	100	100
Makatwiran Holdings, Inc. (Makatwiran, Note 12)	Real Estate Holding	100	100
Makisig Holdings, Inc. (Makisig, Note 12)	Real Estate Holding	100	100
Malikhain Holdings, Inc. (Malikhain, Note 12)	Real Estate Holding	100	100
Akapulko Holdings, Inc. (Akapulko, Note 12)	Real Estate Holding	100	100
Sutton Place Holdings, Inc. (Sutton)	Holding	100	100
Cirrus Global, Inc. (formerly International Quality Manpower Services, Inc. or IQMAN, Notes 17 and 30)	Manpower Services	93	93
IQ Healthcare Professional Connection, LLC (IQHPC, Notes 16 and 30)	Manpower Services	93	93

On January 4, 2010, the SEC approved the amendment in IQMAN's articles of incorporation and by-laws to change IQMAN's name from International Quality Manpower Services, Inc. to Cirrus Global, Inc.

Except for AI, IQHIL, Cirrus and its subsidiaries and IQHPC, the above companies are all based in the Philippines. The principal business location of AI and IQHIL is in the British Virgin Islands (BVI), while of Cirrus and IQHPC is based in the United States of America (USA).

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities and generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, liabilities and equities, are eliminated in full.

Losses within a subsidiary are attributed to the noncontrolling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interest
- Derecognizes the related other comprehensive income like cumulative translation differences, recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate

Basis of consolidation prior to January 1, 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the noncontrolling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the noncontrolling interest had a binding obligation to cover these. Losses prior to January 1, 2010 were not reallocated between noncontrolling interest and the parent shareholders.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at January 1, 2010 have not been restated.

In 2007, noncontrolling interests represent the portion of profit or loss and net assets of IQMAN, Phelps Dodge International Philippines, Inc. (PDIPI) and PIHI that are not held by the Group and are presented separately in the consolidated statements of income and within equity in the consolidated balance sheets, separately from the parent's equity. In 2008, noncontrolling interest on PDIPI is no longer included in the consolidated financial statements due to the deconsolidation of PDIPI (see further discussion in Note 7).

In 2008, Sutton acquired an additional 32% interest in IQMAN, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheets.

Investments in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for under the equity method of accounting in the consolidated financial statements. The Group's share of its associates' post-acquisition profits or losses is recognized in the consolidated statements of income, and its share of post-acquisition movements in the associates' equity reserves is recognized directly in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates of the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

The following are the Group's associates:

	Nature of Business	Percentage of Ownership 2010	2009
Vesper Industrial and Development Corporation (Vesper)	Real Estate Holding	60	60
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 12 and 30)	Resort	46	46
New Co, Inc. (NewCo, Note 12)	Real Estate	45	45
AFC Agribusiness Corporation	Real Estate	45	45
Anscor-Casto Travel Corporation	Travel Agency	44	44
PDIPI (Notes 7, 12 and 30)	Holding	40	40
Minuet Realty Corporation (Minuet)	Landholding	60	60
Phelps Dodge Philippines Energy Products Corporation (PDP Energy, Notes 12 and 30)	Wire Manufacturing	40	40
PD Energy International Corporation (PDEIC)	Wire Manufacturing	40	40
Vicinetum Holdings, Inc. (VHI, Note 12)	Holding	27	27
Columbus Technologies, Inc.	Holding	27	27
Multi-media Telephony, Inc. (MTI, Note 12)	Broadband Services	27	27

Vesper and Minuet have been excluded in the consolidated financial statements as special voting requirements adopted by their respective shareholders manifested that the Company's 60% holdings in Vesper and Minuet are not sufficient to carry major business decisions.

Business Combinations and Goodwill

Effective January 1, 2010, business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any noncontrolling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Where goodwill forms part of a cash-generating unit or a group of cash-generating units and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized in the consolidated statements of income.

Business combinations prior to January 1, 2010
In comparison to the above-mentioned requirements, the following differences applied:

Business combinations are accounted for using the purchase accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

Foreign Currency Translation
Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in Peso based on the exchange rate recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing exchange rate at the end of reporting period. All differences are taken to the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the closing exchange rates at the date when the fair value was determined. Foreign exchange gains and losses relating to AFS equity instruments are presented under other comprehensive income.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Group (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statements of income.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated balance sheets when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date. Derivatives are recognized on trade date basis.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS investments, and loans and receivables. Financial liabilities are classified as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether they are in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Determination of fair value

The fair value of instruments that are actively traded in organized financial markets is determined by reference to market prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's-length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis or other valuation models.

The inputs and assumptions used in the valuation techniques are based on market observable data and condition and reflect appropriate adjustments for credit and liquidity risks existing at each of the periods indicated.

Derivatives recorded at FVPL

The Group enters into derivative contracts, such as currency forwards. Such derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated statements of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has certain derivatives that are embedded in host financial contracts, such as structured notes and debt investments. These embedded derivatives include calls and puts in debt investments and interest rate options.

An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at FVPL.

Embedded derivatives are measured at fair value and are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group has opted not to designate its derivative transactions as accounting hedges. Consequently, gains and losses from changes in fair value of these derivatives are recognized immediately in the consolidated statements of income.

Classification of financial instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2010 and 2009, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the consolidated balance sheets at fair value. Changes in fair value are recorded in "Gain (loss) on increase (decrease) in market values of FVPL investments". Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As of December 31, 2010 and 2009, the Group has designated as FVPL all investments in bonds that have callable and other features, managed/hedged funds, and derivatives amounting to ₱817.7 million and ₱733.8 million, respectively. No financial liability at FVPL is outstanding as of December 31, 2010 and 2009 (see Notes 9 and 29).

(b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not in an active market. They are not entered into with the intention of immediate or short-term resale. After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statements of income. The losses arising from impairment of such loans and receivables are recognized as "Valuation allowances - net of recoveries" in the consolidated statements of income.

Included under loans and receivables are cash in banks, short-term investments, trade receivables, interest receivable, advances to officers and employees and other receivables. As of December 31, 2010 and 2009, the Group has loans and receivables amounting to ₱2,418.6 million and ₱814.5 million, respectively (see Note 29).

(c) AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as FVPL, HTM or loans and receivables. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. They include equity investments, money market papers, investments in managed funds and other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in the consolidated statements of income. The unrealized gains and losses arising from the fair valuation of AFS investments and the impact of restatement on foreign currency-denominated AFS equity securities are reported as part of other comprehensive income.

When the security is disposed of, the cumulative gain or loss previously recognized under other comprehensive income is transferred to profit or loss as "Gain (loss) on sale of AFS investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding AFS investments are reported as interest income using the effective interest rate. Dividends earned on holding AFS investments are recognized as such in the consolidated statements of income when the right of payment has been established. The losses arising from impairment of such investments are recognized as "Valuation allowances - net of recoveries" in the consolidated statements of income.

As of December 31, 2010 and 2009, the Group's AFS investments amounted to ₱6,213.5 million and ₱4,683.0 million, respectively (see Notes 13 and 29).

(d) Other financial liabilities

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statements of income when the liabilities are derecognized as well as through the amortization process.

As of December 31, 2010 and 2009, total other financial liabilities amounted to ₱351.0 million and ₱563.1 million, respectively (see Note 29).

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheets where:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Financial liabilities

A financial liability is removed from the consolidated balance sheets when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statements of income.

Impairment of Financial Assets

The Group assesses at each end of reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

For individually significant financial assets, if there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, collateral type, past-due status and term.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with changes in related observable data from period to period (such changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate, adjusted for the original credit risk premium. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statements of income. Interest income, if any, continues to be recognized based on the original effective interest rate of the asset. Loans, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to "Valuation allowances - net of recoveries" in the consolidated statements of income.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments

In case of equity investments classified as AFS, objective evidence of impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statements of income - is removed from equity and recognized in the consolidated statements of income. Impairment losses on equity investments are not reversed through the consolidated statements of income. Increases in fair value after impairment are recognized in the consolidated statements of comprehensive income.

In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" in the consolidated statements of income. If, in the subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statements of income, the impairment loss is reversed through the consolidated statements of income.

Day 1 Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" profit or loss) in the consolidated statements of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated statements of income only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" profit or loss amount.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheets if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheets.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received excluding discounts, rebates, and value-added and other sales taxes or duties.

The following specific recognition criteria must also be met before revenue and cost is recognized:

Sale of Goods

Sale is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Revenue on Villa Development Project

Revenue on Villa Development Project of an associate is recognized under the completed contract method. Under this method, revenue is recognized only when the villa clusters have been constructed, turned over to, and accepted by the buyer.

Cost of Real Estate Sold

The cost of real estate sold includes the acquisition cost of the land and total development costs upon completion.

Rendering of Services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue on nurse placements are recognized upon the nurses' arrival and employment in the U.S. hospitals.

All deposits on contracts with U.S. hospitals are recorded under "Deferred revenues" until the contracted nurses' arrival and employment in the U.S. hospitals.

Costs of Services Rendered

All direct nurse costs incurred in deployment of nurses are deferred and included in "Other noncurrent assets - net" in the consolidated balance sheets, until the nurses' arrival and employment in the U.S. hospitals. Upon the nurses' arrival and employment in the U.S. hospitals, deferred costs are reversed to "Costs of services rendered".

All selling and general and administrative expenses are expensed as incurred.

Interest

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends

Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental

Rental income is accounted for on a straight-line basis over the lease term.

Other Comprehensive Income

Other comprehensive income comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring AFS investments and exchange differences on translating foreign operations. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Inventories

Cost of aircraft spare parts and supplies is determined using the moving average method. Net realizable value is the estimated current replacement cost of these inventories.

Residential units held for sale are carried at the lower of cost and net realizable value and include those costs incurred for the development and improvement of the properties.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	5 - 30
Leasehold improvements	5*
Machinery and equipment	10 - 25
Flight and ground equipment	5 - 10
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

** or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statements of income in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed:

Category	Number of Years
Land improvements	30
Buildings	25 - 30
Condominium units	20

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Impairment of Non-financial Assets

At each reporting date, the Group assesses whether there is any indication that its non-financial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs.

Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash- generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Noncurrent Assets Held for Sale and Discontinued Operations

Noncurrent assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Noncurrent assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Depreciable assets are no longer depreciated once they are classified as noncurrent assets held for sale and discontinued operations.

In the consolidated statements of income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes, even when the Group retains a noncontrolling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately from the consolidated statements of income.

Capital Stock

Capital stock represents the portion of the paid in capital representing the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

Group as Lessee

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Group as Lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits

The Group has a contributory defined benefit retirement plan.

The retirement cost of the Group is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The liability recognized in the consolidated balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs (see Note 24). The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited to or charged against income when the net cumulative unrecognized actuarial gains and losses at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past service costs, if any, are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs not yet recognized and less the fair value of plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Income Taxes

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the end of reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries and associates. With respect to investments in foreign subsidiaries and associates, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Current income tax and deferred income tax relating to items recognized directly in equity is also recognized in equity and not in the consolidated statements of income.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and deferred income taxes related to the same taxable entity and the same taxation authority.

Treasury Shares and Contracts on Own Shares

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statements of income on the purchase, sale, issue or cancellation of the Company's shares.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Determination of functional currency

The Group's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet (see Note 29).

Operating Lease Commitments - Group as Lessee

The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors after the lease.

Operating Lease Commitments - Group as Lessor

The Group has entered into a commercial property lease on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property and so accounts for it as an operating lease.

Financial assets not in an active market

The Group classifies financial assets by evaluating, among others, whether the asset is or not in an active market. Included in the evaluation on whether a financial asset is in an active market is the determination on whether prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment losses on loans and receivables

The Group reviews its loans and receivables at each reporting date to assess whether an impairment loss should be recorded in the consolidated statements of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Group evaluates specific accounts where the Group has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Group's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized. These reserves are re-evaluated and adjusted as additional information is received. Allowance for doubtful accounts as of December 31, 2010 and 2009 amounted to ₱604.2 million and ₱567.9 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱233.3 million and ₱271.0 million as of December 31, 2010 and 2009, respectively (see Notes 10 and 12).

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;

- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or,
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. The Group performs periodic reassessment by reference to prices from observable current market transactions in the same instrument or from other available observable market data.

Unquoted equity investments amounted to ₱544.7 million and ₱501.0 million as of December 31, 2010 and 2009, respectively (see Note 13).

Impairment of AFS equity investments

The Group recognizes impairment losses on AFS equity investments when there has been a significant or prolonged decline in the fair value of such investments below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. In determining whether the decline in value is significant, the Group considers historical volatility of share price (i.e., the higher the historical volatility, the greater the decline in fair value before it is likely to be regarded as significant) and the period of time over which the share price has been depressed (a sudden decline is less significant than a sustained fall of the same magnitutde over a long period).

AFS equity investments amounted to ₱5,375.6 million and ₱3,718.7 million as of December 31, 2010 and 2009, respectively (see Note 13).

Impairment of investments carried at equity method

Investments carried at equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years as well as the terminal value at the end of five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes. As of December 31, 2010 and 2009, allowance for decline in value of investments amounted to ₱176.1 million and ₱43.0 million, respectively. The carrying amounts of the investments, net of valuation allowance, amounted to ₱939.9 million and ₱989.7 million as of December 31, 2010 and 2009, respectively (see Note 12).

Estimation of allowance for inventory and impairment losses

The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets. As of December 31, 2010 and 2009, allowance for inventory losses amounted to ₱1.0 million and ₱0.5 million, respectively, while allowance for impairment losses amounted to ₱0.3 million as of the same dates. The carrying amount of the inventories, net of valuation allowance, amounted to ₱15.9 million and ₱14.4 million as of December 31, 2010 and 2009, respectively (see Note 11).

Estimation of useful lives of the Group's property and equipment and investment properties

The Group estimates the useful lives of property and equipment and investment properties based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets. In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

As of December 31, 2010 and 2009, the aggregate net book value of property and equipment and investment properties amounted to ₱403.7 million and ₱464.6 million, respectively (see Notes 14 and 15).

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

As of December 31, 2010 and 2009, the aggregate impairment loss on property and equipment amounted to ₱3.3 million (see Note 14).

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the "value-in-use" of the cash-generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Considering the U.S. crisis and the unemployment rate, the Group recognized an impairment provision of ₱100.0 million as of December 31, 2010 and 2009 on its investment in Cirrus. As of December 31, 2010 and 2009, goodwill amounted to ₱510.9 million and ₱503.1 million, respectively (see Note 6).

Estimation of contingent consideration
Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Where the contingent consideration meets the definition of a derivative and, thus, a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

On December 10, 2010, as part of the purchase price allocation for its acquisition of NT, the Group identified an element of contingent consideration with a fair value of ₱14.6 million which is classified under "Accounts payable and accrued expenses" in the 2010 consolidated balance sheet (see Note 6).

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets. As of December 31, 2010 and 2009, the Group recognized deferred income tax assets amounting to ₱47.6 million and ₱36.8 million, respectively (see Note 25).

Determination of pension and other retirement benefits
The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on the Group's selection of certain assumptions used by the actuaries in calculating such amounts. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that its assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in the assumptions may materially affect the Group's pension and other retirement obligations.

The expected rates of return on plan assets ranging from 7% to 8% was based on the average historical premium of the fund assets. The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of end of reporting periods. Refer to Note 24 for the details of assumptions used in the calculation.

	In Million Pesos		
	2010	2009	2008
Net benefit expense (income)	₱ **35.6**	₱ 4.3	(₱ 3.8)
Pension liability	**23.3**	12.4	8.5
Pension asset	**–**	16.8	14.5

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provision and disclosure of contingencies are discussed in the preceding notes and in Note 31.

5. Segment Information

The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered. Prior to 2008, the Group has no geographical segments (except for IQHPC's operations) as majority of the companies within the Group were incorporated and are operating within the Philippines. The Group has no inter-segment sales and transfers. The amounts disclosed were determined consistent with the measurement basis under PFRS.

Holding company segment pertains to the operations of the Company.

Nurse/Physical Therapist (PT) staffing companies segment pertains to the subsidiaries providing manpower services operating in the United States.

Amounts for the investments in associates comprise the Group's equity in net earnings of the associates.

Other operations include air transportation, hangarage, real estate holding and management, and recruitment services.

The following tables present the financial information of the business segments as of and for the years ended December 31, 2010, 2009 and 2008 (in thousands).

	Before Eliminations						
	US	Philippines					
	Nurse/PT Staffing Co.	Holding Co. (Parent)	Other Operations	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2010							
Revenues, excluding interest income	₱ 711,561	₱ 211,572	₱ 459,183	₱ –	₱ 1,382,316	(₱ 183,397)	₱ 1,198,919
Interest income	6	107,147	4,083	–	111,236	–	111,236
Investment gains	–	2,191,154	639	–	2,191,793	–	2,191,793
Interest expense	187	11,024	2,723	–	13,934	–	13,934
Income tax expense	–	3,602	8,331	–	11,933	–	11,933
Net income (loss)	(61,123)	1,967,237	152,286	115,225	2,173,625	(196,902)	1,976,723
Total assets	851,285	11,406,079	184,710	–	12,442,074	(1,011,771)	11,430,303
Investments and advances	–	2,246,514	66,453	–	2,312,967	(1,370,214)	942,753
Property and equipment	6,403	47,641	89,134	–	143,178	–	143,178
Total liabilities	702,404	307,212	291,875	–	1,301,491	(685,407)	616,084
Depreciation and amortization	7,716	14,629	29,234	–	51,579	–	51,579
Other non-cash expenses	–	187,660	1,942	–	189,602	–	189,602
Cash flows from (used in):							
Operating activities	(64,996)	200,099	(40,776)	–	94,327	(68,340)	(25,987)
Investing activities	(26,550)	2,480,638	338,131	–	2,792,219	(296,573)	2,495,646
Financing activities	47,660	(876,329)	(305,504)	–	(1,134,173)	239,535	(894,638)

	Before Eliminations						
	US	Philippines					
	Nurse/PT Staffing Co.	Holding Co. (Parent)	Other Operations	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2009							
Revenues, excluding interest income	₱ 914,118	₱ 169,183	₱ 221,653	₱ –	₱ 1,304,954	(₱ 12,375)	₱ 1,292,579
Interest income	2,757	110,585	6,867	–	120,209	–	120,209
Investment gains	–	321,528	1,907	–	323,435	–	323,435
Interest expense	5,161	3,309	2,323	–	10,793	–	10,793
Income tax expense	–	(19,589)	4,427	–	(15,162)	–	(15,162)
Net income (loss)	(61,829)	384,836	24,735	78,247	425,989	(143,411)	282,578
Total assets	818,987	8,338,168	825,558	–	9,982,713	(1,628,005)	8,354,708
Investments and advances	–	2,352,772	712,014	–	3,064,786	(2,024,052)	1,040,734
Property and equipment	7,501	56,258	136,734	–	200,493	–	200,493
Total liabilities	159,356	646,846	990,448	–	1,796,650	(931,741)	864,909
Depreciation and amortization	6,597	16,765	30,315	–	53,677	–	53,677
Other non-cash expenses	–	77,882	11,374	–	89,256	–	89,256
Cash flows from (used in):							
Operating activities	9,852	288,148	26,668	–	324,668	(55,447)	269,221
Investing activities	(5,159)	(745,411)	(127,995)	–	(878,565)	47,790	(830,775)
Financing activities	(546)	(101,611)	66,550	–	(35,607)	(48,981)	(84,588)

	Before Eliminations							
	US	Philippines						
	Nurse/PT Staffing Co.	Holding Co. (Parent)	Other Operations	Wire Manufacturing (Note 7)	Investments in Associates	Total	Eliminations	Consolidated
As of and for the year ended December 31, 2008								
Revenues, excluding interest income	₱ 1,227,557	₱ 220,945	₱ 464,998	₱ 2,790,956	₱ –	₱ 4,704,456	(₱ 3,063,655)	₱ 1,640,801
Interest income	1,120	99,223	5,321	1,307	–	106,971	–	106,971
Investment gains	–	770,450	16,944	–	–	787,394	(261,017)	526,377
Interest expense	2,389	17,772	987	2,932	–	24,080	–	24,080
Income tax expense	1,458	64,850	20,184	1,214	–	87,706	–	87,706
Net income	28,843	857,472	190,188	193,994	99,259	1,369,756	(517,080)	852,676
Total assets	828,981	6,782,064	897,713	2,808,082	–	11,316,840	(4,389,313)	6,927,527
Investments and advances	–	2,398,298	96,276	–	–	2,494,574	(1,501,042)	993,532
Property and equipment	7,883	66,288	76,537	227,027	–	377,735	(234,976)	142,759
Total liabilities	162,196	662,276	802,146	1,215,170	–	2,841,788	(1,977,858)	863,930
Depreciation and amortization	3,521	17,064	28,678	52,044	–	101,307	(52,044)	49,263
Other non-cash expenses	–	211,748	4,704	–	–	216,452	–	216,452
Cash flows from (used in):								
Operating activities	51,275	546,235	240,460	(201,851)	_	636,119	1,263,187	1,899,306
Investing activities	(751,411)	(113,268)	(386,848)	(71,613)	_	(1,323,140)	572,072	(751,068)
Financing activities	749,550	(450,406)	126,184	134,574	–	559,902	(2,326,248)	(1,766,346)

6. Business Combinations

a. On January 19, 2008, the Company through its subsidiary, Cirrus acquired 100% of the outstanding equity interests in Cirrus Holdings USA, LLC (Cirrus LLC) and its affiliate, Cirrus Medical Staffing, LLC. Both companies are engaged in the contract and temporary staffing and permanent placement of nurses and allied healthcare professionals in the U.S.A. Subsequently, new shares were issued to another shareholder representing 6% of total outstanding shares of Cirrus.

The fair values of the identifiable assets and liabilities of Cirrus LLC as at the date of acquisition were:

		Fair Value Recognized on Acquisition (in millions)
Cash	₱	3.4
Receivables - net		105.2
Property and equipment		2.6
Other assets		4.7
Total assets		115.9
Accounts payable and accrued expenses		17.5
Net assets		98.4
Goodwill arising from the acquisition		**488.3**
Total consideration	₱	586.7

The cost of the combination was ₱586.7 million broken down as follows (in millions):

Cash consideration	₱	564.0
Costs associated with the acquisition		**22.7**
Total consideration	₱	586.7

b. On July 18, 2008, Cirrus purchased 100% of MDI Medical, LLC (now, Cirrus Allied, LLC) to complement Cirrus LLC's nurse traveler operations. It provides physical, occupational and speech language therapists to medical facilities across the U.S.A.

The fair values of the identifiable assets and liabilities of MDI Medical as at the date of acquisition were:

		Fair Value Recognized on Acquisition (in millions)
Cash	₱	0.4
Receivables - net		50.9
Other assets		2.0
Total assets		53.3
Accounts payable and accrued expenses		6.7
Net assets		46.6
Goodwill arising from the acquisition		**52.9**
Total consideration	₱	99.5

The total cost of the combination was ₱99.5 million broken down as follows (in millions):

Cash consideration	₱	92.0
Costs associated with the acquisition		**7.5**
Total consideration	₱	99.5

c. On December 10, 2010, Cirrus completed the acquisition of all of the outstanding membership units of NT to complement the operations of Cirrus LLC and MDI Medical. As part of the purchase price allocation for its acquisition of NT the Group identified an element of contingent consideration subject to revenue and earnings targets.

The fair value of the contingent consideration at the acquisition date using the discount rate of 5% amounted to $332,868 or ₱14.6 million (included under "Other payables", see Note 18).

The purchase price was allocated to assets acquired and liabilities assumed based on a provisional assessment of fair values since valuation of the intangible assets acquired has not yet been determined as of the date of acquisition. Adjustments to the provisional amounts will be determined within one year from the date of acquisition.

The fair values of the assets and liabilities of NT at the date of acquisition were:

		Fair Value Recognized on Acquisition (in millions)
Cash	₱	0.2
Receivables - net		0.3
Total assets		0.5
Accounts payables and accrued expenses		0.4
Net assets		0.1
Goodwill arising from the acquisition		**38.4**
Total consideration	₱	38.5

From the date of acquisition, Cirrus LLC, MDI Medical and NT have contributed losses amounting to ₱43.4 million, ₱58.3 million and ₱24.4 million to the Group's consolidated income from continuing operations for 2010, 2009 and 2008, respectively (excluding expenses of Cirrus).

The goodwill of ₱539.5 million, before exchange differences amounting to ₱63.6 million as of December 31, 2009, comprises the value of the acquired companies' customer and staff base and existing market share in the healthcare staffing industry. There are no specific values assigned to the customer and staff base. These are not separate and quantifiable and therefore, do not meet the criteria for recognition as an intangible asset under PAS 38, Intangible Assets. The goodwill from Cirrus was reduced by ₱30.6 million due to foreign exchange differences in 2010 and by ₱1.7 million collections from the previous creditors of Cirrus in 2009.

Impairment testing of goodwill

a. The recoverable amount of the investments in Cirrus LLC and MDI Medical has been determined based on the value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a ten year period. The pre-tax discount rate applied to cash flow projections is 11% in 2010 and 2009. In 2010, the cash flows beyond the ten-year period are extrapolated using a growth rate that is consistent with the expected average growth rate for the industry.

Key assumptions used in value-in-use calculations
The consolidated value-in-use of both companies is most sensitive to the following assumptions:

Cash flow projection
Cash flow projections are based on Cirrus and MDI's contracts, which are long term in nature that renew in perpetuity.

Discount rate
Discount rate is consistent with the risk-free industry interest rate.

Growth rate
Growth rate assumptions for the ten year cash flow projections are supported by the different initiatives of Cirrus and MDI which started in 2009.

Sensitivity to changes in assumptions

Management accepts that changes in key assumptions would cause the carrying value of the unit to exceed its recoverable amount. The estimated recoverable amount of investments in subsidiaries exceeds their carrying amount by about ₱129.3 million. The implications of the key assumptions to the recoverable amount are discussed below:

- Growth rate assumptions
  Management has used the average industry growth rate for the forecast. Although the current economic downturn is impacting the temporary healthcare staffing industry, the long-term growth of the healthcare staffing industry is underpinned by the increasing shortage of qualified healthcare professionals, notably registered nurses, and the growing demand fueled by an aging population.

- Terminal value
  Management has used the most recent healthcare staffing transaction price earnings multiple in determining the terminal value.

The significant economic downturn in the U.S. could adversely affect the average terminal value for similar sale of assets in the same industry in future years. Accordingly, management had set up an impairment loss of ₱100.0 million as of December 31, 2010 and 2009.

b. Goodwill from the Company's investment in IQMAN, through Sutton, amounting to ₱37.0 million, was fully impaired as of December 31, 2010 and 2009. The Company, through Sutton, assessed that there will be delays in the recovery of the investment cost in IQMAN because IQMAN's operations has been restricted due to the delayed processing of EB-3 immigrant visas for nurses destined for employment in the U.S.

7. Deconsolidated Subsidiary

On June 30, 2008, the Company entered into a Deed of Assignment for the sale to General Cable Company of Canada of its 1,081,900 shares of stock (representing 18.34% share of total outstanding shares) in PDIPI for a total selling price of ₱641.5 million. Gain on sale of shares in PDIPI amounted to ₱312.3 million. As a result, the Company's ownership of PDIPI has been reduced to 40% and it therefore deconsolidated PDIPI starting July 1, 2008. The Company's investment in PDIPI is accounted for under the equity method effective July 1, 2008.

PDP Energy, PDIPI's subsidiary, produces bare wires and insulated wires and is a separate reportable operating segment in 2008 (see Note 5).

The results of PDIPI and subsidiaries for the six-month period ended June 30, 2008 are presented below (in millions):

		June 30, 2008 (Six Months)
Net sales	₱	2,788.1
Cost of goods sold		2,413.9
Gross profit		374.2
Expenses		75.7
Income before income tax		298.5
Provision for income tax		104.5
Net income from a deconsolidated subsidiary	₱	194.0
Earnings per share - basic/diluted, for net income attributable to equity holdings of the parent from a deconsolidated subsidiary (see Note 26)	₱	0.08

The net cash flows from (used in) the activities of PDIPI and subsidiaries for the six-month period ended June 30, 2008 are as follows (in millions):

	June 30, 2008 (Six Months)
Operating	₱ 197.5
Investing	(47.1)
Financing	(133.0)
Net cash inflow	₱ 17.4

8. Cash and Cash Equivalents

	2010	2009
Cash on hand and with banks	₱ 242,394,492	₱ 240,814,508
Short-term investments	1,945,729,097	353,712,691
	₱ 2,188,123,589	₱ 594,527,199

Cash with banks earn interest at the respective bank deposit rates ranging from 0.25% to 0.725% in 2010 and 2009 (see Note 23). Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company.

9. Fair Value Through Profit or Loss (FVPL) Investments

	2010	2009
Bonds	₱ 542,716,767	₱ 477,505,188
Funds and equities	204,790,484	178,471,233
Others	70,149,420	77,809,185
	₱ 817,656,671	₱ 733,785,606

This account consists of investments that are designated as at FVPL and held-for-trading investments. Designated FVPL investments consist of foreign currency-denominated fixed income securities with embedded derivatives (e.g., call and put options) that significantly modify the security's cash flow. These investments are classified under others and bonds. Held-for-trading investments include foreign currency-denominated mutual/ hedge funds, and equity investments that are managed together on a fair value basis. These investments are classified under funds and equities.

Net gain (loss) on increase (decrease) in market value of FVPL investments as of December 31 (in millions) are as follows:

	Unrealized valuation gains (losses) in market values as of December 31		Gain on increase in market value of FVPL investments in 2010
	2010	2009	
Bonds	(₱ 13.7)	(₱ 21.9)	₱ 8.2
Funds and equities	(8.6)	(36.0)	27.4
Others	3.5	(25.1)	28.6
Total	(₱ 18.8)	(₱ 83.0)	₱ 64.2
Add realized gain on sale of FVPL investments			35.7
Net gain on increase in market value of FVPL investments			₱ 99.9

	Unrealized valuation gains (losses) in market values as of December 31		Gain on increase in market value of FVPL investments
	2009	2008	in 2009
Bonds	(₱ 21.9)	(₱ 171.6)	₱ 149.7
Funds and equities	(36.0)	(101.3)	65.3
Others	(25.1)	(35.5)	10.4
Total	(₱ 83.0)	(₱ 308.4)	225.4
Less realized loss on sale of FVPL investments			(88.6)
Net gain on increase in market value of FVPL investments			₱ 136.8

	Unrealized valuation gains (losses) in market values as of December 31		Loss on increase in market value of FVPL investments
	2008	2007	in 2008
Bonds	(₱ 171.6)	₱ 25.7	(₱ 197.3)
Funds and equities	(101.3)	(14.9)	(86.4)
Others	(35.5)	93.8	(129.3)
Total	(₱ 308.4)	₱ 104.6	(413.0)
Add realized loss on sale of FVPL investments			(52.6)
Net loss on decrease in market value of FVPL investments			(₱ 465.6)

In 2010, the Company entered into non-deliverable currency forward contracts to manage foreign currency risk. These contracts were all settled during the year and resulted to a realized gain of ₱64.1 million. There was no outstanding forward transaction as of December 31, 2009.

10. Receivables

	2010	2009
Trade (Note 30)	₱ 175,813,610	₱ 141,392,543
Interest receivable	24,115,479	28,468,859
Tax credits/refunds	24,146,722	16,671,582
Advances to officers and employees	3,983,920	2,420,719
Others	34,504,614	65,941,551
	262,564,345	254,895,254
Less allowance for doubtful accounts	32,116,950	34,874,749
	₱ 230,447,395	₱ 220,020,505

Interest receivable pertains to accrued interest income from cash and cash equivalents, FVPL and AFS investments in debt instruments.

Other receivables in 2009 include receivables related to the proceeds from sale of AFS investments amounting to ₱33.3 million from ATR-KIM Eng Securities, Inc. which were subsequently collected in 2010.

Movement in the allowance for doubtful trade and other receivable accounts are as follows:

		2010		2009
At January 1	₱	34,874,749	₱	30,260,814
Provision for the year (Note 23)		1,077,971		4,925,709
Written off during the year		–		(311,774)
Recoveries		(3,835,770)		–
At December 31	₱	32,116,950	₱	34,874,749

11. Inventories

		2010		2009
At cost:				
Materials and supplies in transit	₱	1,006,684	₱	89,083
Aircraft spare parts and supplies - net of allowance for inventory losses of ₱1.0 million in 2010 and ₱0.5 million in 2009		14,618,537		14,053,152
		15,625,221		14,142,235
At net realizable value:				
Residential units held for sale - net of allowance for impairment losses of ₱0.3 million in 2010 and 2009		284,089		284,089
	₱	15,909,310	₱	14,426,324

Aircraft parts in transit are purchased from suppliers abroad under Freight on Board Shipping Point. These items are in the custody of either the Bureau of Customs or freight forwarder as of December 31, 2010 and 2009.

In 2008, a subsidiary sold one residential unit and reversed the corresponding allowance for impairment of ₱0.8 million. Gain on sale of residential units amounted to ₱1.0 million in 2008. No similar sale took place in 2010 and 2009.

12. Investments and Advances

		2010		2009
Investments at equity - net	₱	939,936,843	₱	989,726,116
Advances - net of allowance for doubtful accounts of ₱572.1 million in 2010 and ₱533.0 million in 2009		2,816,048		51,007,449
	₱	942,752,891	₱	1,040,733,565

Investments at equity consist of:

		2010		2009
Acquisition cost:				
Common shares	₱	412,600,120	₱	412,600,120
Preferred shares		90,390,853		90,390,853
		502,990,973		502,990,973
Accumulated equity in net earnings (losses):				
Balances at beginning of year		529,779,626		493,132,716
Equity in net earnings for the year		115,224,619		78,246,910
Dividend received		(32,000,000)		(41,600,000)
Balances at end of year		613,004,245		529,779,626
Valuation allowance		(176,058,375)		(43,044,483)
	₱	939,936,843	₱	989,726,116

Significant details of the balance sheets and statements of income of SSRLI and PDP Energy are enumerated below (in millions):

PDP Energy

		2010		2009
Balance Sheets:				
Current assets	₱	2,116.4	₱	1,418.0
Noncurrent assets		344.5		305.0
Current liabilities		832.8		242.4
Noncurrent liabilities		0.6		1.0
Statements of Income:				
Net sales		5,039.4		3,490.3
Net income		228.0		144.9

SSRLI

		2010		2009
Balance Sheets:				
Current assets	₱	354.8	₱	479.9
Noncurrent assets		626.2		526.5
Current liabilities		243.9		299.6
Noncurrent liabilities		102.1		127.6
Statements of Income:				
Gross revenues		487.5		458.5
Net income		54.8		42.3

In addition to those discussed in Notes 6 and 7, the significant transactions involving the Group's investments in subsidiaries and associates for 2010, 2009 and 2008 follow:

PDIPI and subsidiaries

a. In May 2007, PDP Energy established PDEIC, a PEZA-registered company engaged in manufacturing wires, mainly for export. PDEIC started commercial operations in January 2009.

b. In March 2010, October 2009 and February 2008, PDIPI (parent company of PDP Energy) declared cash dividends to its stockholders. Cash dividends received by the Company amounted to ₱32.0 million at ₱13.56 per share in 2010, ₱41.6 million at ₱17.63 per share in 2009 and ₱58.3 million at ₱16.95 per share in 2008.

SSRLI

a. On January 9, 2007, SSRLI and the Philippine Economic Zone Authority (PEZA) signed a Registration Agreement declaring SSRLI as an Ecozone Developer/Operator, entitling SSRLI to establish, develop, construct, administer and manage the villas and to operate the Ecozone. SSRLI is entitled to four-year income tax holiday and tax-free importation on PEZA-covered items under the Registration Agreement.

   On December 18, 2009, SSRLI's resort operations have been registered with PEZA to engage in the renovation and expansion of Amanpulo Resort at the Pamalican Island Tourism Ecozone. SSRLI's resort operations is entitled to 5% gross income tax on revenues generated from foreign clients and ordinary income tax on non-foreign clients under the Registration Agreement.

b. In December 2008, SSRLI entered into deeds for sale of seven of the Phase 2 [Villa Development Project] villas. The Company's share in the gain on sale of the villas amounted to ₱77.5 million.

c. In March 2008, the Company received ₱35.8 million from SSRLI representing proceeds from SSRLI's redemption of the preferred shares held by the Company.

d. On February 18, 2011, the BOD of the Company approved the Company's acquisition of additional shares from the minority shareholders of SSRLI. The acquisition will increase the present ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is $5.89 million (₱255.8 million). The purchase price allocation and determination of goodwill, if any, are still being finalized.

Others

On June 4, 2008, the Company sold all its shares in Toledo Mining and Industrial Corporation (TMIC) and ASC Mining and Industrial Corporation (ASCMIC) for a total selling price of ₱9.5 million. TMIC and ASCMIC were fully provided with allowance at the time of sale. Accordingly, TMIC and ASCMIC had been excluded in the consolidated financial statements. Gain on sale of shares in TMIC and ASCMIC amounted to ₱9.5 million.

Advances

Net advances consist of receivables from the following associates:

		2010		2009
MTI (net of allowance for doubtful accounts of ₱555.7 in 2010 million and ₱530.7 million in 2009)	₱	–	₱	25,000,000
Newco (net of allowance of ₱14.1 million, Note 30)		–		14,798,148
AFC		1,500,000		–
SSRLI		481,651		8,281,703
Others (net of allowance for doubtful accounts of ₱2.3 million in 2010 and 2009)		834,397		2,927,598
	₱	2,816,048	₱	51,007,449

In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into VHI's (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

13. Available for Sale (AFS) Investments

	2010	2009
Quoted equity shares	₱ 4,725,844,025	₱ 2,987,342,446
Unquoted equity shares	544,747,290	500,971,672
Bonds	619,398,470	839,512,777
Funds and equities	229,604,987	279,946,411
Proprietary shares	93,937,800	75,218,250
	₱ 6,213,532,572	₱ 4,682,991,556

Quoted equity shares consist of marketable equity securities that are listed and traded on the Philippine Stock Exchange (PSE). The fair market values of these listed shares are based on their closing market prices as of December 31, 2010 and 2009.

In 2008, the Company sold its shares in eTelecare resulting in a gain of ₱740.4 million.

AFS investments in bonds represent foreign currency-denominated bond securities with fixed coupon interest rate per annum ranging from 3.58% to 11.13% in 2010, 4.56% to 10.75% in 2009 and 6.25% to 11.75% in 2008. Maturity dates range from April 1, 2011 to April 18, 2028 in 2010 and July 9, 2010 to October 25, 2017 in 2009. Effective interest rates range from 5.74% to 12.01%, 4.91% to 10.15% and 5.67% to 10.96% for foreign currency-denominated AFS investments in 2010, 2009 and 2008, respectively.

Investments in bonds, funds and equities' market prices or rates are calculated and/or confirmed by the respective fund managers. Unquoted equity shares are carried at cost, subject to impairment.

In 2010, 2009 and 2008, gain (loss) on sale of AFS investments amounted to ₱2,091.9 million, ₱186.3 million and (₱73.4 million), respectively.

Unquoted equity shares include the following:

a. Prople, Inc.

In December 2007, the Company entered into a subscription agreement with Prople, Inc. (Prople; formerly Gralce Holdings, Inc.) for the acquisition of 6,665 shares of stock of the latter (equivalent to 20% of the outstanding shares).

Prople is a domestic corporation that owns Prople-bpo, Inc. (formerly, Sommersault, Inc.), Prople-kpo, Inc. and Prople-contents, Inc. (the Prople Group). The Prople Group is into business process outsourcing, specializing in finance and accounting, human resource administration and industry-focused transaction processing services. The total cost of the investment in Prople amounted to ₱33.4 million. In 2010 and 2009, the Company made additional investment in Prople amounting to ₱1.5 million and ₱3.0 million, respectively. These additional investments enabled the Company to maintain its 20% equity share in Prople. As of December 31, 2010 and 2009, the total cost of the investment in Prople amounted to ₱37.8 million and ₱36.4 million, respectively. Investment in Prople is accounted for as AFS because management believes that the Company does not have the ability to exercise significant influence on Prople.

Furthermore, the Company does not have any involvement in the operations of Prople. The investment is measured at cost less impairment rather than at fair value as the shares of stock of Prople are not publicly-traded, such that there is no reliable basis of fair value.

b. Enderun College, Inc. (Enderun)

In 2008, the Group entered into a subscription agreement for the acquisition of 16,216,217 new shares of stock equivalent to 20% equity stake in Enderun, a college that offers a full range of bachelor's degree and non-degree courses in the fields of hotel administration, culinary arts and business administration. The total cost of the investment in Enderun amounted to ₱286.2 million. Investment in Enderun is classified as AFS at cost because the Company does not exercise significant influence and its holding in Enderun is not sufficient to carry major business decisions.

c. Alphion Corporation (Alphion)

In March 2009, the Company invested US$900,000 (₱43.7 million) for 387,297 Series E Preference shares of Alphion. Alphion is a fiber optic network company based in New Jersey, with sales, marketing, procurement and R&D offices in India. Alphion develops, manufactures and markets high-speed fiber optic access and switching systems that enable "triple play" services, or voice, video, and data transmission in a single line.

d. KSA Realty Corporation

In 2010, 2009 and 2008, the Company received cash dividends amounting to ₱5.7 million, ₱22.8 million and ₱31.4 million, respectively.

e. ATR Holdings, Inc. (ATR Holdings)

On July 26, 2010, the BOD authorized the parent company to purchase 38,830,244 common shares of stock of ATR Kim Eng Financial Corporation (ATRKE) for a total purchase price of ₱115.7 million to be paid as follows:

- Exchange of the Company's 5,000,000 common shares of stock of ATR Holdings which constitute 8.85% of the total outstanding capital of ATR Holdings and with aggregate book value of ₱96.8 million; and,
- Cash consideration for ₱18.7 million.

On November 2, 2010, the parent company exchanged its 5,000,000 common shares in ATR Holdings with 41,936,663 shares in ATRKE. The resulting gain from the transaction amounting to ₱27.0 million is included under gain on sale of AFS investments.

Below is the rollforward of the unrealized valuation gains (losses) on AFS investments recognized in equity:

	2010	2009
Beginning balance	₱ 656,731,126	(₱ 612,661,838)
Gain recognized directly in equity - net of tax	4,055,483,591	1,405,882,101
Amount removed from equity and recognized in profit and loss - net of tax	(2,061,267,791)	(136,489,137)
Ending balance	₱ 2,650,946,926	₱ 656,731,126

The Group recognized impairment loss, included in the valuation allowances, amounting to ₱20.0 million for its unquoted equity investments in 2010. In 2009, impairment loss amounted to ₱19.7 million on its AFS equities and funds and quoted equity shares and ₱64.0 million on its bond securities (see Note 23). The amount recognized in the consolidated statements of income represents the cumulative loss that was initially recognized in equity. In 2008, the Group recognized impairment loss on equity securities amounting to ₱8.3 million and ₱227.7 million for equities and funds and quoted equity shares, respectively.

14. Property and Equipment

	2010				
	Buildings and Improvements	Flight and Ground Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost					
January 1	₱ 148,779,904	₱ 270,926,209	₱ 55,120,252	₱ 29,283,165	₱ 504,109,530
Additions	4,121,053	7,364,017	3,275,999	958,468	15,719,537
Reclassifications	–	(58,570,660)	–	–	(58,570,660)
Disposals	–	–	–	(730,000)	(730,000)
Foreign exchange adjustment	(40,953)	–	(1,134,489)	–	(1,175,442)
December 31	152,860,004	219,719,566	57,261,762	29,511,633	459,352,965
Accumulated Depreciation and Amortization:					
January 1	94,470,666	139,007,939	42,723,076	24,122,375	300,324,056
Depreciation and amortization	9,157,433	25,255,215	4,233,858	2,059,438	40,705,944
Reclassifications	–	(27,517,712)	–	–	(27,517,712)
Disposals	–	–	–	(389,335)	(389,335)
Foreign exchange adjustment	(19,922)	–	(220,943)	–	(240,865)
December 31	103,608,177	136,745,442	46,735,991	25,792,478	312,882,088
Impairment Loss	–	3,292,953	–	–	3,292,953
Net Book Value	₱ 49,251,827	₱ 79,681,171	₱ 10,525,771	₱ 3,719,155	₱ 143,177,924

	2009				
	Buildings and Improvements	Flight and Ground Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost					
January 1	₱ 148,086,461	₱ 173,410,449	₱ 57,483,443	₱ 27,178,435	₱ 406,158,788
Additions	636,986	97,612,782	405,900	2,449,805	101,105,473
Disposals	–	(97,022)	(2,769,091)	(47,750)	(2,913,863)
Foreign exchange adjustment	56,457	–	–	(297,325)	(240,868)
December 31	148,779,904	270,926,209	55,120,252	29,283,165	504,109,530
Accumulated Depreciation and Amortization:					
January 1	85,907,853	112,682,605	42,410,763	19,105,627	260,106,848
Depreciation and amortization	8,547,661	26,325,334	3,081,402	4,872,298	42,826,695
Disposals	16,887	–	(2,769,089)	(19,929)	(2,772,131)
Foreign exchange adjustment	(1,735)	–	–	164,379	162,644
December 31	94,470,666	139,007,939	42,723,076	24,122,375	300,324,056
Impairment Loss	–	3,292,953	–	–	3,292,953
Net Book Value	₱ 54,309,238	₱ 128,625,317	₱ 12,397,176	₱ 5,160,790	₱ 200,492,521

In October 2009, one of IAI's aircraft had to undergo major repairs and maintenance, which prompted IAI to purchase a new aircraft amounting to ₱62.2 million. The cost of these major repairs and maintenance is capitalized.

Depreciation charged to operations amounted to ₱40.71 million, ₱42.8 million and ₱43.5 million in 2010, 2009 and 2008, respectively.

15. Investment Properties

	2010		
	Land	Buildings	Total
Cost			
January 1	₱ 185,742,977	₱ 145,073,170	₱ 330,816,147
Additions	2,203,739	–	2,203,739
December 31	187,946,716	145,073,170	333,019,886
Accumulated Depreciation:			
January 1	–	66,733,658	66,733,658
Depreciation for the year	–	5,802,926	5,802,926
December 31	–	72,536,584	72,536,584
Net Book Value	₱ 187,946,716	₱ 72,536,586	₱ 260,483,302

	2009		
	Land	Buildings	Total
Cost			
January 1	₱ 181,302,172	₱ 145,073,170	₱ 326,375,342
Additions	4,440,805	–	4,440,805
December 31	185,742,977	145,073,170	330,816,147
Accumulated Depreciation:			
January 1	–	60,930,732	60,930,732
Depreciation for the year	–	5,802,926	5,802,926
December 31	–	66,733,658	66,733,658
Net Book Value	₱ 185,742,977	₱ 78,339,512	₱ 264,082,489

Investment properties include 874.6 hectares of land in Palawan and Cebu as of December 31, 2010 and 2009.

In 2010 and 2009, Malikhain and APHI purchased additional land in Poblacion, San Vicente, Palawan amounting to ₱2.2 million and ₱4.4 million, respectively.

As of December 31, 2010, the Company intends to sell the Corporation's unit at the 34th Floor of the Enterprise Center with an area of 1,238.4 square meters.

Fair values of the investment properties amounted to ₱547.9 million as of December 31, 2010 and 2009, respectively. The fair values were determined based on valuations performed by independent appraisers using the Sales Comparison approach.

16. Other Noncurrent Assets

Other noncurrent assets also include deferred nurse costs of IQHPC amounting to ₱29.3 million and ₱32.0 million as of December 31, 2010 and 2009 (see Note 30).

17. Notes Payable

Notes payable represent unsecured, short-term, interest-bearing Peso-denominated liabilities of the following companies in the Group to various local banks:

Bank loans availed by:		2010		2009
IAI	₱	55,238,400	₱	66,102,880
Cirrus		9,155,452		–
A. Soriano Corporation		–		278,450,856
	₱	64,393,852	₱	344,553,736

The loans bear annual interest rates ranging from 2.5% to 2.8% in 2010 and 6.2% to 10% in 2009. In 2010, the Company availed additional loans amounting ₱150.0 million and fully settled the total outstanding balance of the notes payable by the end of 2010. As of December 31, 2010 and 2009, the Group's unavailed loan credit line from banks amounted to ₱600.0 million and ₱400.0 million, respectively.

Cirrus has a $1.5 million and $3.0 million line-of-credit as of December 31, 2010 and 2009, respectively with Fifth Third Bank with interest payable monthly at the bank's prime rate and is secured by accounts receivables. Loans payable availed by Cirrus as of December 31, 2010 amounted to $208,838.

18. Accounts Payable and Accrued Expenses

		2010		2009
Trade payables	₱	61,184,578	₱	51,191,690
Accrued expenses		98,171,955		121,546,493
Due to affiliates (Note 30)		53,678,220		53,496,443
Other payables (Note 6)		44,405,948		10,198,709
	₱	257,440,701	₱	236,433,335

Trade payables are noninterest-bearing and are normally settled on 30 to 90 days' terms.

Accrued expenses include unpaid operating costs of the foreign subsidiaries which were subsequently paid in January 2011.

19. Long-term Debt

Long-term debt pertains to the following:

		2010		2009
Long-term debt availed by IAI	₱	21,920,000	₱	34,650,000
Less current portion		10,960,000		14,437,500
	₱	10,960,000	₱	20,212,500

Loan payable of IAI represents a US$1.0 million loan obtained in October 2006 from a local bank to finance the purchase of its second aircraft. The debt has a two-year grace period and is payable in sixteen quarterly installments starting January 2009 up to October 2012. The loan bears interest at 8.87% per annum. The loan is collateralized by chattel mortgages on IAI's two aircraft with a carrying value of ₱21.5 million and ₱66.4 million as of December 31, 2010 and 2009, respectively.

Annual interest rates charged in 2010, 2009 and 2008 ranged from 6.5% to 9.1%, 6.2% to 10% and 7.7% to 9.8%, respectively (see Note 23).

20. Equity

Equity holdings of the parent

Capital stock consists of the following common shares:

	Number of Shares	Amount
Authorized	3,464,310,958	₱ 3,464,310,958
Issued	2,500,000,000	₱ 2,500,000,000

Outstanding shares, net of shares held by a subsidiary, as of December 31, 2010 and 2009 totaled 1,301,620,907 and 1,441,819,922, respectively. The Company's number of equity holders as of December 31, 2010 and 2009 is 11,768 and 11,883, respectively.

In 2010, 2009 and 2008, the Company declared the following cash dividends:

	2010	**2010**	2009	2008
Cash dividends per share	**₱ 0.12**	**₱ 0.10**	₱ 0.06	₱ 0.12
Month of declaration	**October**	**March**	April	February
Stockholders of record	**November 4**	**March 25**	May 8	March 11
Total cash dividends	**₱300 million**	**₱250 million**	₱150 million	₱300 million
Share of a subsidiary	**₱143.8 million**	**₱106.0 million**	₱63.4 million	₱115.2 million

In addition to the above, the BOD approved special declaration of cash dividends of ₱0.10 per share in September 2008 for stockholders of record as of January 15, 2009 totaling ₱250.0 million. Share of a subsidiary on these cash dividends amounted to ₱105.7 million.

The special cash dividends in 2008 arose from the gain on the sale of eTelecare shares (see Note 13). No special cash dividends were declared in 2009.

As of December 31, 2010 and 2009, the Company had dividends payable amounting to ₱134.9 million and ₱121.7 million, respectively. Dividends payable represent mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2010 and 2009 due to problematic addresses of some of the Company's stockholders.

Shares held by a subsidiary

As of December 31, 2010 and 2009, a subsidiary held 1,198,379,093 shares and 1,058,180,078 shares, respectively, of the Company. Cost of shares of the Company purchased by the subsidiary in 2010, 2009 and 2008 amounted to ₱309.8 million, ₱2.8 million and ₱311.3 million, respectively.

Proceeds from the sale of shares held by a subsidiary in 2007 amounted to ₱37.0 million with the excess over cost of purchase amounting to ₱23.4 million credited to "Additional paid-in capital".

On February 11, 2011, a subsidiary purchased additional 65,000 shares of the Company at the average price of ₱3.1 per share.

21. Costs of Services Rendered and Operating Expenses

Costs of services rendered consist of:

	2010	2009	2008
Salaries, wages and employee benefits (Note 22)	₱ 463,371,068	₱ 604,818,050	₱ 789,631,541
Recruitment services	52,083,265	67,633,583	64,424,330
Insurance	36,898,414	47,446,679	26,743,245
Dues and subscriptions	32,781,618	18,594,170	18,720,182
Housing cost	31,857,749	50,894,508	65,551,379
Fuel cost	27,321,574	18,887,205	33,374,873
Depreciation and amortization (Notes 14 and 15)	24,794,121	26,159,563	26,109,813
Repairs and maintenance	21,854,014	24,632,524	19,781,714
Transportation and travel	6,554,801	7,339,403	19,482,884
Variable nurse costs (Note 30)	2,458,871	3,067,894	1,660,195
Outside services	2,360,656	2,664,191	6,326,947
Technical assistance fees (Note 30)	66,550	70,458	77,445
Nurse deployment expenses (Note 30)	–	10,866,860	16,458,773
Cost of residential units sold	–	–	2,777,186
Others	11,698,799	9,621,934	6,204,131
	₱ 714,101,500	₱ 892,697,022	₱ 1,097,324,638

Operating expenses consist of:

	2010	2009	2008
Salaries, wages and employee benefits (Note 22)	₱ 225,029,028	₱ 190,667,958	₱ 192,773,588
Professional fees	52,427,831	66,980,578	87,118,208
Depreciation and amortization (Notes 14 and 15)	26,785,135	27,517,845	26,493,049
Rental (Note 30)	22,350,065	21,951,673	17,740,501
Transportation and travel	14,398,146	12,349,455	15,123,998
Advertising	11,824,481	13,037,999	10,489,430
Commissions	11,311,051	12,807,095	35,001,584
Taxes and licenses	8,648,448	8,260,406	7,455,730
Communications	7,778,406	12,329,852	9,439,681
Utilities	7,469,905	5,957,347	6,659,426
Insurance	6,491,328	14,048,135	9,874,961
Entertainment, amusement and recreation	6,219,240	7,727,978	4,725,426
Security services	6,124,222	5,946,411	5,304,745
Association dues	5,760,540	3,719,227	4,124,495
Office supplies	3,194,676	4,672,396	3,548,806
Meetings and conferences	3,150,116	2,187,250	2,270,764
Repairs and maintenance	1,874,005	2,529,541	1,934,057
Shipping and delivery expenses	772,768	1,691,390	1,836,171
Others	23,849,875	21,747,413	26,161,481
	₱ 445,459,266	₱ 436,129,949	₱ 468,076,101

Project-related expenses pertain to expenses incurred by the Company and a subsidiary in pursuit of several acquisition targets.

22. Personnel Expenses

	2010	2009	2008
Salaries and wages	₱ 642,765,270	₱ 783,708,695	₱ 966,406,555
Pension costs (Note 24)	35,654,077	4,287,622	3,147,158
Social security premiums, meals and other employees' benefits	9,980,749	7,489,691	12,851,416
	₱ 688,400,096	₱ 795,486,008	₱ 982,405,129

In view of the substantial income generated by the Company in 2008 for the sale of its investments (see Note 13), the Company declared a special and nonrecurring bonus to its executive officers in the amount of ₱25.0 million, as approved by the BOD and the Compensation Committee in December 2008. There was no special and nonrecurring bonus declared in 2009. In March and December 2010, the Company declared and paid bonuses to its executive officers amounting to ₱9.1 million and ₱29.5 million, respectively.

23. Interest Income, Interest Expense and Valuation Allowances

Interest income consists of:

	2010	2009	2008
Debt instruments	₱ 93,835,609	₱ 106,980,373	₱ 88,151,036
Cash equivalents (Note 1)	14,550,246	8,541,376	12,203,199
Funds and equities	1,821,353	4,190,172	3,932,126
Others	1,029,149	497,190	2,684,748
	₱ 111,236,357	₱ 120,209,111	₱ 106,971,109

Interest income on debt instruments is net of bond premium amortization amounting to ₱3.3 million in 2010, ₱3.7 million in 2009, ₱0.3 million in 2008.

Interest expense consists of:

	2010	2009	2008
Notes payable (Note 17)	₱ 12,212,278	₱ 8,470,272	₱ 20,810,517
Long-term debt (Note 19)	1,010,895	2,221,638	3,189,144
Others	711,239	101,492	79,850
	₱ 13,934,412	₱ 10,793,402	₱ 24,079,511

Valuation allowances consist of:

	2010	2009	2008
Valuation allowances on:			
Investments and advances (Note 12)	₱ 172,072,396	₱ –	₱ 2,263,724
AFS investments (Note 13)	20,000,000	83,673,558	236,046,300
Receivables (Note 10)	1,077,971	4,925,709	2,399,104
Other current and noncurrent assets	863,689	657,213	821,171
Recovery of allowances for:			
Advances to an associate (Note 12)	–	–	(25,000,000)
Impairment losses (Notes 10, 11 and 14)	(8,248,014)	–	(78,192)
	₱ 185,766,042	₱ 89,256,480	₱ 216,452,107

24. Pension and Other Post-employment Benefit Plans

The Group has funded defined benefit pension plans covering substantially all of its officers and employees. On November 30, 2010, the BOD approved the improvement to the Company's retirement plan which resulted to the recognition of past service cost. Accordingly, in 2010, the Company recognized as expense the vested benefits and the amortization of the nonvested past service cost totalling ₱26.1 million.

The following tables summarize the components of net benefit expense (income) recognized in the consolidated statements of income and the funded status and amounts recognized in the consolidated balance sheets.

	2010	2009	2008
Pension income:			
Current service cost	₱ –	₱ –	₱ 3,864,948
Interest cost on benefit obligation	–	–	6,242,134
Expected return on plan assets	–	–	(15,331,538)
Net actuarial gains recognized	–	–	(1,737,125)
	–	–	(6,961,581)
Retirement benefit expense:			
Current service cost	9,898,219	5,150,909	2,324,501
Interest cost on benefit obligation	10,199,093	8,221,741	812,890
Amortization of transition liability	–	135,702	–
Expected return on plan assets	(9,662,453)	(8,634,780)	(84,883)
Net actuarial losses (gain) recognized	(898,250)	(585,950)	94,650
Past service cost - nonvested benefits	224,089	–	–
Past service cost - vested benefits	25,893,379	–	–
	35,654,077	4,287,622	3,147,158
Net benefit expense (income)	₱ 35,654,077	₱ 4,287,622	(₱ 3,814,423)
Actual return (loss) on plan assets	₱ 29,436,317	₱ 18,065,740	(₱ 17,482,326)

Parent Company

Computation of pension asset:

	2010	2009
Defined benefit obligation	₱ 190,665,382	₱ 97,960,362
Fair value of plan assets	168,564,969	134,090,660
	22,100,413	(36,130,298)
Unrecognized net actuarial gains (losses)	(9,195,700)	19,298,615
Unrecognized past service cost	(1,120,444)	–
Pension liability (asset)	₱ 11,784,269	(₱ 16,831,683)

Pension asset is included under "Other noncurrent assets" in the consolidated balance sheets.

Subsidiaries

Computation of pension liability:

		2010		2009
Defined benefit obligation	₱	12,607,228	₱	7,841,532
Fair value of plan assets		1,378,677		1,194,728
		11,228,551		6,646,804
Unrecognized net actuarial gain		3,196,085		5,741,913
Less reversal of retirement benefit cost of an officer		(2,865,416)		–
Pension liability	₱	11,559,220	₱	12,388,717

Pension liability is included under "Noncurrent liabilities" in the consolidated balance sheets.

As of December 31, 2010, the retirement obligation of an officer was already included in the retirement plan of the Company, and as a result, the retirement obligation in the retirement plan of the subsidiary attributed to the officer was reversed.

Changes in the present value of the defined benefit obligations are as follows:

		2010		2009
Opening defined benefit obligation	₱	105,801,894	₱	84,598,603
Interest cost		10,199,093		8,221,741
Current service cost		9,898,219		5,150,909
Past service cost - vested benefits		25,893,379		–
Past service cost - non vested benefits		1,344,533		–
Benefits paid		(165,375)		(1,565,635)
Actuarial loss		50,300,867		9,396,276
Closing defined benefit obligation	₱	203,272,610	₱	105,801,894

Changes in the fair value of plan assets are as follows:

		2010		2009
Opening fair value of plan assets	₱	135,285,388	₱	113,464,303
Expected return		9,662,453		8,634,780
Contributions		5,308,347		5,318,343
Benefits paid		(165,375)		(1,565,635)
Actuarial gain		19,852,833		9,433,597
Closing fair value of plan assets	₱	169,943,646	₱	135,285,388

The Group expects to make the same contributions to its defined benefit pension plans in 2010.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2010	2009
Bonds	60%	53%
Stocks	36%	26%
Others	4%	21%

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2010	2009
Discount rate	8%-11%	10%-11%
Expected rate of return on plan assets	7%-8%	7%-8%
Future salary increases	5%-10%	5%-10%

Amounts for 2010, 2009, 2008, 2007 and 2006 are as follows:

	2010	2009	2008	2007	2006
Defined benefit obligation	₱ 203,272,610	₱ 105,801,894	₱ 84,598,603	₱ 123,230,889	₱ 109,739,506
Plan assets	169,943,646	135,285,388	113,464,303	147,469,620	122,250,842
Surplus (deficiency)	(33,328,964)	29,483,494	28,865,700	24,238,731	12,511,336
Experience adjustments on plan liabilities	26,110,757	2,786,272	11,811,516	6,239,288	13,069,399
Experience adjustments on plan assets	19,894,449	9,433,597	32,898,747	509,298	24,664,655

25. Income Taxes

The provision for (benefit from) income tax consists of:

	2010	2009	2008
Current	₱ 11,152,859	₱ 6,998,848	₱ 8,613,306
Deferred	779,678	(22,160,802)	79,092,990
	₱ 11,932,537	(₱ 15,161,954)	₱ 87,706,296

The components of the net deferred income tax assets and liabilities are as follows:

Parent Company

	2010	2009
Net deferred income tax assets:		
Recognized directly in the consolidated statements of income:		
Deferred income tax assets:		
Unrealized foreign exchange losses	₱ 15,650,973	₱ 8,988,639
Pension liability	3,535,281	–
Allowances for impairment loss	1,898,652	15,851,787
Unamortized past service cost	–	1,243,982
	21,084,906	26,084,408
Deferred income tax liabilities:		
Uncollected management fees	(3,686,971)	(2,816,572)
Pension asset	–	(5,049,505)
	(3,686,971)	(7,866,077)
	17,397,935	18,218,331
Recognized directly in equity - unrealized valuation gains on AFS investments	(17,397,935)	(18,218,331)
	₱ –	₱ –

Subsidiaries

	2010	2009
Net deferred income tax liabilities:		
Recognized directly in the consolidated statements of income:		
Deferred income tax assets:		
NOLCO	₱ 5,796,408	₱ 4,386,907
Others	7,751,398	6,293,147
	13,547,806	10,680,054
Deferred income tax liabilities:		
Goodwill amortization	(15,106,520)	(14,891,369)
Others	(6,779,188)	(4,085,869)
	(21,885,708)	(18,977,238)
	(8,337,902)	(8,297,184)
Recognized directly in equity - unrealized valuation gains on AFS investments	110,381	–
	(₱ 8,227,521)	(₱ 8,297,184)

There are deductible temporary differences for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not certain. These deductible temporary differences are as follows:

	2010	2009
Allowances for:		
Doubtful accounts	₱ 793,729,173	₱ 785,941,362
Impairment losses	326,062,348	14,683,652
Inventory losses	950,147	761,255
Market adjustments on FVPL investments	22,564,993	57,864,384
Market adjustments on AFS investments	28,879,825	33,371,736
NOLCO	258,800,940	216,328,441
MCIT	10,230,445	15,069,242
Accrued pension benefits and others	11,223,991	14,419,945

The Company and other subsidiaries domiciled in the Philippines are subjected to the Philippine statutory tax rate of 30% in 2010, 2009 and 35% in 2008 while a foreign subsidiary is subject to U.S. federal tax rate of 34% in 2009 and 2008.

The reconciliation of provision for income tax computed at the statutory tax rates to provision for (benefit from) income tax is as follows:

	2010	2009	2008
Provision for income tax at statutory tax rates	₱ 602,279,908	₱ 84,847,062	₱ 248,124,545
Additions to (reductions from) income taxes resulting from:			
Movement in unrecognized deferred income tax assets	87,154,764	13,454,957	328,616,472
Nondeductible expenses	5,459,178	4,696,804	855,422
Nondeductible interest expense	1,371,524	303,761	617,736
Nontaxable income	(8,584,786)	–	–
Interest income already subjected to final tax	(1,138,220)	(540,955)	(1,436,066)
(Forward)			

	2010	2009	2008
Equity in net earnings of associates not subject to income tax	(₱ 34,567,386)	(₱ 23,474,073)	(₱ 34,740,798)
Dividend income not subject to income tax	(42,237,201)	(29,455,051)	(42,861,214)
Gain on sale of AFS investments, marketable equity securities and other investments subjected to final tax	(589,586,269)	(65,125,964)	(443,128,705)
Effects of change in tax rates	–	–	14,070,110
Others	(8,218,975)	131,505	17,588,794
	₱ 11,932,537	(₱ 15,161,954)	₱ 87,706,296

The Group has available NOLCO and MCIT which can be claimed as credit against income tax due and payable as follows:

NOLCO

The following table summarizes the NOLCO as of December 31, 2010 of the Company and its subsidiaries domiciled in the Philippines.

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2007	2008-2010	₱ 21,269,252	₱ –	(₱ 21,269,252)	₱ –
2008	2009-2011	151,475,416	(1,305,046)	–	150,170,370
2009	2010-2012	62,121,143	–	–	62,121,143
2010	2011-2013	13,559,542	(2,214,583)	–	11,344,959
		₱ 248,425,353	(₱ 3,519,629)	(₱ 21,269,252)	₱ 223,636,472

As of December 31, 2010, a foreign subsidiary has NOLCO for federal and income tax purposes of approximately US$4.6 million (₱201.7 million), portion of which will begin to expire in the year 2027.

MCIT

Period of Recognition	Availment period	Amount	Applied	Expired	Balance
2007	2008-2010	₱ 7,751,929	₱ –	(₱ 7,751,929)	₱ –
2008	2009-2011	3,715,519	(228,504)	–	3,487,015
2009	2010-2012	3,601,794	–	–	3,601,794
2010	2011-2013	3,141,636	–	–	3,141,636
		₱ 18,210,878	(₱ 228,504)	(₱ 7,751,929)	₱ 10,230,445

In 2009, the deductible temporary differences above include the parent company's NOLCO and MCIT amounting to ₱7.0 million and ₱6.7 million, respectively, that will expire in 2010.

Republic Act (RA) No. 9337

Under RA No. 9337, the Expanded Value-Added Tax (E-VAT) or the E-VAT Act (The Act) of 2005, the applicable regular corporate income tax rate is 35% in 2008 and 30% starting January 1, 2009 and thereafter. The act also changed the nondeductible interest expense rate from 42% in 2008 to 33% beginning January 1, 2009 and thereafter.

Republic Act (RA) No. 9504

On July 7, 2008, RA No. 9504, which amended the provisions of the 1997 Tax Code, became effective. It includes provisions relating to the availment of the optional standard deduction (OSD). Corporations, except for nonresident foreign corporations, may now elect to claim standard deduction in an amount not exceeding 40% of their gross income.

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

		2010		2009		2008
Net income attributable to equity holdings of the parent from:						
Continuing operations	₱	1,975,357,978	₱	289,644,550	₱	662,860,843
Deconsolidated subsidiary		–		–		113,175,919
	₱	1,975,357,978	₱	289,644,550	₱	776,036,762
Weighted average number of shares (Note 20)		1,351,589,662		1,442,579,922		1,502,294,797
Earnings per share from:						
Continuing operations	₱	1.46	P	0.20	₱	0.44
Deconsolidated subsidiary (Note 7)		–		–		0.08
	₱	1.46	P	0.20	₱	0.52

The Company does not have potentially dilutive common stock equivalents.

27. Related Party Transactions

In the normal course of business and in addition to those disclosed in Notes 12 and 30, the Group grants/ receives interest and noninterest-bearing cash advances to/from its associates and affiliates.

Compensation of key management personnel (in millions):

		2010		2009		2008
Short-term employee benefits (Notes 13 and 22)	₱	80.6	₱	40.7	₱	87.6
Post-employment benefits		4.4		4.4		4.4
Total compensation of key management personnel	₱	85.0	₱	45.1	₱	92.0

28. 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. The table below shows the gross maximum exposure to on- and off-balance sheet credit risk exposures of the Group without considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:

	2010	2009
Cash in banks	₱ 242,394,492	₱ 240,814,508
Short-term investments	1,945,729,097	353,712,691
FVPL investments (bonds)	542,716,767	477,505,188
AFS investments (bonds)	619,398,470	839,512,777
Loans and receivables:		
Trade	175,813,610	141,392,543
Interest receivable	24,115,479	28,468,859
Advances to officers and employees	3,983,920	2,420,719
Others	34,504,614	65,941,551
	238,417,623	238,223,672
Less allowance for doubtful accounts	32,116,950	34,874,749
	206,300,673	203,348,923
	₱ 3,556,539,499	₱ 2,114,894,087

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 table below shows the credit quality by class of financial asset based on the Group's credit rating system:

2010	Financial Assets that are Neither Past Due nor Impaired				
	High Grade	Standard Grade	Substandard Grade	Past Due or Impaired	Total
Cash in banks	₱ 242,394,492	₱ –	₱ –	₱ –	₱ 242,394,492
Short-term investments	1,945,729,097	–	–	–	1,945,729,097
FVPL investments -					
Bonds*	11,223,925	512,214,641	17,086,201	2,192,000	542,716,767
AFS investments -					
Bonds*	90,177,495	529,220,975	–	–	619,398,470
Receivables:					
Trade	–	111,595,293	13,764,327	50,453,990	175,813,610
Interest receivable	–	24,115,479	–	–	24,115,479
Advances to officers and employees	–	3,983,920	–	–	3,983,920
Others	20,529,717	8,174,631	3,271,697	2,528,569	34,504,614
Total	₱ 2,310,054,726	₱ 1,189,304,939	₱ 34,122,225	₱ 55,174,559	₱3,588,656,449

** Substandard grade includes instruments which are not rated.*

2009	Financial Assets that are Neither Past Due nor Impaired				
	High Grade	Standard Grade	Substandard Grade	Past Due or Impaired	Total
Cash in banks	₱ 240,814,508	₱ –	₱ –	₱ –	₱ 240,814,508
Short-term investments	353,712,691	–	–	–	353,712,691
FVPL investments -					
Bonds*	132,007,260	268,873,054	76,624,874	–	477,505,188
AFS investments -					
Bonds*	149,533,223	611,926,875	21,267,354	56,785,325	839,512,777
Receivables:					
Trade	–	89,746,990	7,726,811	43,918,742	141,392,543
Interest receivable	–	28,468,859	–	–	28,468,859
Advances to officers and employees	–	2,420,719	–	–	2,420,719
Others	35,534,531	12,381,926	12,045,068	5,980,026	65,941,551
Total	₱ 911,602,213	₱ 1,013,818,423	₱ 117,664,107	₱ 106,684,093	₱2,149,768,836

** Substandard grade includes instruments which are not rated.*

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.

Financial assets that are past due but not impaired

The table below shows the aging analysis of past due but not impaired loans/receivables per class that the Group held. Under PFRS 7, a financial asset is past due when a counterparty has failed to make a payment when contractually due.

December 31, 2010	Financial Assets that are Past Due but Not Impaired				
	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Trade	₱ 10,878,296	₱ 2,995,821	₱ 3,519,446	₱ 1,954,905	₱ 19,348,468
Others	338,453	360,478	150,637	667,573	1,517,141
Total	₱ 11,216,749	₱ 3,356,299	₱ 3,670,083	₱ 2,622,478	₱ 20,865,609

	Financial Assets that are Past Due but Not Impaired				
December 31, 2009	Less than 30 days	31 to 60 days	61 to 90 days	More than 91 days	Total
Trade	₱ 4,526,777	₱ 2,987,538	₱ 1,922,758	₱ 1,267,370	₱ 10,704,443
Others	834,957	637,403	2,184,505	662,710	4,319,575
Total	₱ 5,361,734	₱ 3,624,941	₱ 4,107,263	₱ 1,930,080	₱ 15,024,018

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.

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

December 31, 2010	Within 6 months	6 to 12 months	1 to 5 years	Total
Notes payable	₱ 64,393,852	₱ –	₱ –	₱ 64,393,852
Accounts payable and accrued expenses*	129,844,651	–	–	129,844,651
Long-term debt		10,960,000	10,960,000	21,920,000
Dividends payable	134,856,337	–	–	134,856,337
Interest payable	1,208,397	1,497,910	1,759,723	4,466,030
	₱ 330,303,237	₱ 12,457,910	₱ 12,719,723	₱ 355,480,870

**Excluding other nonfinancial liabilities amounting to ₱129.8 million.*

December 31, 2009	Within 6 months	6 to 12 months	1 to 5 years	Total
Notes payable	₱ 344,553,736	₱ –	₱ –	₱ 344,553,736
Accounts payable and accrued expenses*	62,214,188	–	–	62,214,188
Long-term debt	–	14,437,500	20,212,500	34,650,000
Dividends payable	121,684,225	–	–	121,684,225
Interest payable	1,296,614	976,462	1,568,743	3,841,819
	₱ 529,748,763	₱ 15,413,962	₱ 21,781,243	₱ 566,943,968

**Excluding other nonfinancial liabilities amounting to ₱169.8 million.*

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

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.

The following table demonstrates management's best estimate of the sensitivity to reasonably possible change in interest rates, with all other variables held constant:

2010	Change in interest rates (in bps*)		Effect on income before tax Increase (decrease)
Floating debt investments	+150	₱	1,500,889
	-150		(1,500,889)

2009	Change in interest rates (in bps*)		Effect on income before tax Increase (decrease)
Floating debt investments	+150	₱	2,975,947
	-150		(2,975,947)

*basis points

The sensitivity analysis shows the effect on the consolidated statements of income of assumed changes in interest rates on the net interest income for one year, based on the floating rate of financial assets held at December 31, 2010 and 2009. There is no other impact on equity other than those affecting profit and loss.

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.

The basic sensitivity analysis assumes that the bond's standard deviation on its historical yield for the past one year provides the basis for the range of reasonably possible change in bond prices. In establishing the relative range of bond yields based on historical standard deviation, the Group assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future bond yields using a sensitivity approach. Items affecting profit and loss are bonds classified as FVPL and items affecting equity account are bonds classified as AFS.

		Increase (Decrease)			
2010	Change in relative average yield		Effect on income before tax		Effect on equity
AFS investments	+0.23% to + 86.78%	₱	–	₱	6,591,344
	-0.23% to – 86.78%		–		(6,030,483)
FVPL investments	+2.70% to + 21.76%		1,511,724		–
	-2.70% to – 21.76%		(1,474,444)		–

2009	Change in relative average yield	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+12.91% to + 108.77%	₱ –	(₱ 144,098,559)
	-12.91% to – 108.77%	–	96,173,840
FVPL investments	+1.40% to + 106.77%	(101,440,489)	–
	-1.40% to – 106.77%	44,794,560	–

The annual standard deviation of the changes in the bond's historical yield ranges from 0.23% to 86.78% and 1.40% to 108.77% in 2010 and 2009, respectively. With 99% confidence level, the returns could range between 0.32% to 602.89% and 3.26% to 326.80% of the average yield in 2010 and 2009, respectively.

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.

The basic sensitivity analysis assumes that the stocks' standard deviation on its historical yield for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment yields based on historical standard deviation, the Group assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future yield of the stock investments using a sensitivity approach.

2010	Change in PSEi average returns	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	**+65.46%**	**₱ –**	**₱ 2,393,972,674**
	-65.46%	**–**	**(2,393,972,674)**

2009	Change in PSEi average returns	Increase (Decrease) Effect on income before tax	Effect on equity
AFS investments	+70.70%	₱ –	₱ 1,207,087,129
	-70.70%	–	(1,207,087,129)

The annual standard deviation of the PSEi is approximately 28.14% and 33.56%, and with 99% confidence level, the returns could be +/- 65.46% and +/- 70.70% from the average returns in 2010 and 2009, respectively. There are no outstanding stock investments listed in PSE that are classified as FVPL as of December 31, 2010 and 2009.

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.

The basic sensitivity analysis assumes that the related market indices' standard deviation on its historical yield for the past one year provides the basis for reasonably possible change in prices of the investments in mutual funds. In establishing the relative range of the market indices' yields based on historical standard deviation, the Group assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future yield of the related market indices of the mutual funds using a sensitivity approach. The effect on income before tax pertains to the changes in the fair value of mutual funds at FVPL, while effect on equity arises from changes in the fair value of mutual funds classified as AFS.

		Increase (Decrease)	
2010	**Change in relative average returns**	**Effect on income before tax**	**Effect on equity**
Mutual funds	**+0.69% to +51.21%**	**₱ 20,427,864**	**₱ 44,888,415**
	-0.69% to -51.21%	**(20,427,864)**	**(44,888,415)**

		Increase (Decrease)	
2009	**Change in relative average returns**	**Effect on income before tax**	**Effect on equity**
Mutual funds	+17.5% to +109.83%	₱ 123,169,660	₱ 169,019,587
	-17.5% to -109.83%	(123,169,660)	(169,019,587)

The annual standard deviation of the yield of related indices ranges from 0.69% to 51.21% and 17.5% to 109.83% in 2010 and 2009, respectively. With 99% confidence level, the returns could range between 1.60% to 119.14% and 40.7% to 255.5% from the average returns in 2010 and 2009, respectively.

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.

The table below indicates the currencies to which the Group had significant exposure as of December 31, 2010 and 2009.

The analysis discloses management's best estimates of the effect of reasonably possible movement of the currency rate against the Philippine peso. It assumes that all other variables remain constant. A negative amount in the table reflects a potential reduction in income or equity, while a positive amount reflects a net potential increase.

		Increase (Decrease)	
2010	**Change in currency rate**	**Effect on income before tax**	**Effect on equity**
US dollar	**+6.563%**	**₱ 6,299,327**	**₱ 5,308,434**
	-6.563%	**(6,299,327)**	**(5,308,434)**
Euro	**+5.733%**	**6,297,958**	**20,129**
	-5.733%	**(6,297,958)**	**(20,129)**

		Increase (Decrease)	
2009	**Change in currency rate**	**Effect on income before tax**	**Effect on equity**
US dollar	+1.717%	₱ 29,594,215	₱ 3,395,394
	-1.717%	(29,594,215)	(3,395,394)
Euro	+14.355%	39,041,313	75,128
	-14.355%	(39,041,313)	(75,128)

The effect on equity arises from revaluation of foreign securities classified as AFS.

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 years ended December 31, 2010 and 2009.

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.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2010	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱ 2,188,123,589	₱ –	₱ –	₱ 2,188,123,589
FVPL investments	–	817,656,671	–	817,656,671
AFS investments	–	–	6,213,532,572	6,213,532,572
Receivables	230,447,395	–	–	230,447,395
	₱ 2,418,570,984	₱ 817,656,671	₱ 6,213,532,572	₱ 9,449,760,227

December 31, 2009	Loans and Receivables	Financial Assets at FVPL	AFS Investments	Total
Cash and cash equivalents	₱ 594,527,199	₱ –	₱ –	₱ 594,527,199
FVPL investments	–	733,785,606	–	733,785,606
AFS investments	–	–	4,682,991,556	4,682,991,556
Receivables	220,020,505	–	–	220,020,505
	₱ 814,547,704	₱ 733,785,606	₱ 4,682,991,556	₱ 6,231,324,866

Other Financial Liabilities	2010	2009
Notes payable	₱ 64,393,852	₱ 344,553,736
Accounts payable and accrued expenses*	129,844,651	62,214,188
Long-term debt	21,920,000	34,650,000
Dividends payable	134,856,337	121,684,225
	₱ 351,014,840	₱ 563,102,149

* *Excluding other nonfinancial liabilities amounting to ₱138.8 million and ₱169.8 million in 2010 and 2009, respectively.*

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

AFS and FVPL investments are stated at their fair values. The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of December 31, 2010, all of the Group's assets measured at fair value are quoted and are classified as level 1.

	2010	2009
FVPL investments:		
Bonds	₱ 542,716,767	₱ 477,505,188
Funds and equities	204,790,484	178,471,233
Others	70,149,420	77,809,185
AFS investments:		
Bonds	619,398,470	839,512,777
Quoted equity shares	4,725,844,025	2,987,342,446
Funds and equities	229,604,987	279,946,411
Proprietary shares	93,937,800	75,218,250
	₱ 6,486,441,953	₱ 4,915,805,490

For the year ended December 31, 2010, there were no transfers from Level 1, Level 2 and Level 3 fair value measurements.

30. Contracts and Agreements

Parent Company

The Company leases out its investment property to a third party. The term of the lease is for two years and 10 months, with the lease term starting on February 1, 2007 and is renewable upon mutual agreement of the parties. The lease is subject to an agreed amount of escalation in the 1second and third years. The lease agreement was not renewed in 2009.

Total rent income recognized in 2010, 2009 and 2008 amounted to ₱0.4 million, ₱14.5 million and ₱14.7 million, respectively, and are shown as part of "Other expenses - net" in the consolidated statements of income.

Sutton

a. On February 26, 2009, IQMAN's BOD ratified the new Service Agreement with IQHPC with a revised fee equivalent to 3% of all billed expenses effective January 1, 2009.

b. In the ordinary course of business, IQHPC enters into Service Agreements with U.S. hospitals and/or staffing agencies to provide services in relation to the placement of qualified Filipino nurses for full time employment in the U.S. The Service Agreement sets forth the rights, responsibilities, terms and conditions governing IQHPC's services, which include among others, training and procedural assistance in obtaining all required licensure examinations, obtaining U.S. permanent residence status and eventual placement of the nurses to the U.S. hospitals and/or agency.

As of December 31, 2010, IQHPC has outstanding Service Agreements with different U.S. hospitals and one with a staffing agency. Service income recognized in 2010, 2009 and 2008 amounted to ₱17.2 million and ₱21.5 million and ₱34.1 million, respectively.

c. As of December 2010, IQHPC has an outstanding commission agreement with an independent consulting firm.

d. IQMAN entered into a non-cancellable operating lease covering certain offices. The lease has terms ranging up to three years, with renewal options and includes annual escalation rates of 5% to 10%. Upon its maturity on July 31, 2010 the lease was renewed for a one year term ending July 31, 2011. The future minimum rentals payable under the non-cancellable operating lease within one year from the balance sheet date amounted to ₱1.2 million and ₱1.1 million as of December 31, 2010 and 2009, respectively.

Rent expense in 2010, 2009 and 2008 amounted to ₱2.3 million, ₱2.4 million and ₱3.1 million, respectively.

e. In December 2010, advances to IQMAN amounting to ₱18.7 million was assigned to Sutton in exchange for its 1,240 preferred shares.

Cirrus

a. Cirrus Holdings USA, LLC and Cirrus Allied, LLC have various staffing contracts with their US clients concerning certain rates and conditions, among others. Service income amounted to ₱711.6 million, ₱917.0 million and ₱1,220.0 million in 2010, 2009 and 2008, respectively.

b. Cirrus has entered into a third party non-cancelable operating lease agreements for the rental of office space and equipment. The leases include options to renew, as well as rent escalation clauses and in certain cases, incentives from the landlord for rent-free months and allowances for tenant improvements. The rent escalations and incentives have been reflected in the following table.

Future minimum lease payments, as of December 31, 2010 and 2009, associated with these agreements with terms of one year or more are as follows:

		2010		2009
Within one year	₱	8,753,094	₱	5,583,316
After one year but not more than five years		34,154,078		2,079,139
	₱	42,907,172	₱	7,662,455

Rent expense in 2010, 2009 and 2008 amounted to ₱10.1 million, ₱9.8 million and ₱6.25 million, respectively.

c. As discussed in Note 6, on December 10, 2010, Cirrus acquired NT, a company maintaining web domains for nurses and physical therapist, and agreed to pay a maximum total consideration amounting to $1.06 million for the net assets of NT as of purchase date. Of the amount, $0.51 million will be paid by Cirrus provided certain revenue and earnings target are met. To facilitate the transaction, the Company made advances to AI in the amount of $840,000 (₱37.09 million).

IAI

On August 23, 2006, IAI entered into a Maintenance Service Plan (MSP) with Honeywell effective for five years for the latter to service IAI's additional aircraft engine acquired in 2007. Under the terms of the programs, IAI agrees to pay a fee computed at a rate of engine's actual operating hours or the minimum operating hours, subject to annual escalation. The engine shall be shipped to the United States to undergo repairs and maintenance as necessary, by a Honeywell authorized service center.

SSRLI

a. Since 1995, the Company charges SSRLI a monthly fee amounting to US$4,000 on its Peso equivalent for the Company's general, administrative and legal services rendered to SSRLI. In addition, the Company also made advances to SSRLI for the latter's operating expense. Due from SSRLI amounted to ₱0.5 million and ₱8.3 million as of December 31, 2010 and 2009, respectively (see Note 10).

b. SSRLI executed an Operating and Management Agreement (OMA) with Amanresorts Management, B.V. (the Operator of Amanresorts), a company based in Amsterdam, the Nertherlands, for a fee of 5% of SSRLI's gross operating profits, as defined in the OMA. The OMA provides for, among others, the reimbursements by SSRLI to Amanresorts of all costs and expenses incurred by the latter in connection with the management and operation of SSRLI and a reserve cash funding equivalent to 4% of gross revenues which will be used to cover the cost of replacements, renewals, and additions to furniture, fixtures and equipment. Operating and management fee amounted to ₱14.6 million, ₱13.8 million and ₱14.7 million, in 2010, 2009 and 2008, respectively.

Likewise, marketing services and license contracts with Amanresorts, were entered into by SSRLI, providing marketing fee of 3% of SSRLI's hotel revenues and US$1,000 monthly fee, respectively.

c. SSRLI has an agreement with IAI for the latter to provide regular air service. IAI shall charge SSRLI a fixed round trip rate per passenger, subject to an annual review by both parties, with a guarantee that all of IAI's operating costs will be covered. The original agreement had duration of no less than two years and was renewed in February 2008. As of December 31, 2010, the agreement is subject to renewal.

Revenues earned by IAI from these flights amounted to ₱82.1 million, ₱86.3 million and ₱84.7 million in 2010, 2009 and 2008, respectively, and is shown as part of "Services" in the consolidated statements of income.

In line with the above agreement, SSRLI made several advances to IAI, which IAI expects to pay through application against future services to be rendered by IAI to SSRLI. Advances from SSRLI amounted to ₱19.4 million as of December 31, 2010 and 2009. These are included in "Accounts payable and accrued expenses" in the consolidated balance sheets.

d. The latest renewal of the lease agreement between SSRLI and IAI covers the two-year period from September 2009 to August 2011. The agreement provides that SSRLI is not allowed to sublease any part of the premises or facilities that it leases. Rent relating to the lease amounted to ₱1.6 million in 2010 and ₱1.3 million in both in 2009 and 2008.

e. On November 20, 2009, SSRLI granted loans to IAI amounting to $1.3 million or ₱58.2 million and ₱7.9 million payable at maturity in March 2010, with interest payable quarterly at base interest rate or three months LIBOR plus spread of 2% and 6.5% per annum.

IAI paid $1.0 million or ₱46.8 million in 2010 and the remaining balance of $0.3 million or ₱11.4 million is to be covered by a renewal of the loan agreement, which remains outstanding as of December 31, 2010.

f. In January 2007, APHI and SSRLI entered into a consultancy agreement whereby APHI will provide project management, general and specific administration and supervision over pre-construction and post-construction stages of SSRLI's Amanpulo Phase 2 and other capital expenditure projects for a certain fee agreed by the two parties. As of December 31, 2010, the management contract is still in effect.

PDIPI and Subsidiaries

a. The Company has a management contract with PDP Energy which provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fees (VAT exclusive). Due from PDP Energy amounted to ₱13.8 million and ₱10.5 million as of December 31, 2010 and 2009, respectively (see Note 10). Management fees amounted to ₱34.0 million and ₱25.4 million and ₱40.2 million in 2010, 2009 and 2008, respectively.

b. Beginning January 2004, PDP Energy entered into a new technical assistance contract with Phelps Dodge International Corporation which provides an annual payment of technical fees amounting to a certain percentage of audited income before tax (VAT inclusive). Technical fees amounted to ₱34.0 million, ₱25.4 million and ₱34.9 million in 2010, 2009 and 2008, respectively. These are included in "Management fee" in the Group's consolidated statements of income.

31. Other Matters

a. ASAC is a founding member of the Federation of Aviation Organization of the Philippines (FEDAVOR) since 1986. In 2005, FEDAVOR won a Supreme Court case against MIAA involving its imposition of higher rates for rental and other services without a public hearing. ASAC accrued its share in FEDAVOR's legal expenses in 2006. In 2010, MIAA has filed a motion for reconsideration with the Court of Appeals which is still pending as of February 18, 2011. Also, ASAC is planning to enter into a new lease contract with MIAA, with IAI being the lessor and ASAC as sublessor.

b. ASAC is a defendant in labor lawsuits and claims. As of December 31, 2010 and 2009, management has recognized provisions for losses amounting to ₱5.7 million that may be incurred from these lawsuits.

Board of Directors

Andres Soriano III
Chairman of the Board/
Chief Executive Officer/President

Eduardo J. Soriano
Vice Chairman/
Treasurer

Ernest K. Cuyegkeng

John L. Gokongwei, Jr.

Oscar J. Hilado

Jose C. Ibazeta

Roberto R. Romulo

Officers and Corporate Directory

OFFICERS

Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer
Narcisa M. Villaflor	Vice President & Comptroller
Lorna P. Kapunan	Corporate Secretary
Joshua L. Castro	Executive Assistant & Assistant Corporate Secretary

SUBSIDIARIES

A. Soriano Air Corporation
Anscor Consolidated Corporation
Anscor International, Inc.
Anscor Property Holdings, Inc.
Cirrus Allied, LLC
Cirrus Global, Inc.
(formerly International Quality Manpower Services, Inc.)
Cirrus Holdings USA, LLC
Cirrus Medical Staffing, Inc.
IQ Healthcare Investments Limited
IQ Healthcare Professional Connection, LLC
Island Aviation, Inc.
NurseTogether, LLC
Pamalican Island Holdings, Inc.
Sutton Place Holdings, Inc.

AFFILIATES

Anscor-Casto Travel Corporation
Columbus Technologies, Inc.
DirectWithHotels, Inc.
Enderun Colleges, Inc.
KSA Realty Corporation
Minuet Realty Corporation
Multi-media Telephony, Inc.
New Co, Inc.
PD Energy International Corporation
Phelps Dodge International Philippines, Inc.
Phelps Dodge Philippines Energy Products Corporation
Prople, Inc.
Seven Seas Resorts and Leisure, Inc.
Vesper Industrial and Development Corporation
Vicinetum Holdings, Inc.

Office Address	7th Floor Pacific Star Building, Makati Ave. cor Gil Puyat Ave. Ext., 1209 Makati City, Philippines
Post Office Box	1304 Makati Central Post Office, 1252 Makati City, Philippines
Website	http://www.anscor.com.ph
Telephone Numbers	819-02-51 to 70
Facsimile Number	811-50-68
External Auditors	SyCip Gorres Velayo & Co.
Stock Transfer Agent	Stock Transfer Services, Inc. 34th Floor, Unit D, Rufino Pacific Tower 6784 Ayala Avenue, Makati City
Legal Counsels	Kapunan Lotilla Garcia & Castillo Picazo Buyco Tan Fider & Santos Tan Acut Lopez & Pison

7th Floor Pacific Star Building, Makati Avenue cor Gil Puyat Avenue Ext., 1209 Makati City, Philippines

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COVER SHEET

P W 2

SEC Registration Number

A SORIANO CORPORATION

(Company's Full Name)

7/F PACIFIC STAR BLDG.
COR. MAKATI AVE. & G. PUYAT AVE.
MAKATI CITY

(Business Address: No. Street City/Town/Province)

MS. NARCISA M. VILLAFLOR
(Contact Person)

819-0251
(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Fiscal Year)

S E C 17 Q
(Form Type)

THIRD WEDNESDAY

0 4
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

8190251
8. Issuer's telephone number, including area code

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

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

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

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

SEC Form 17Q
May 14, 2010

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

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.) NARCISA M. VILLAFLOR
Signature and Title VP - COMPTROLLER

Date: May 14, 2010

SECForm17-Q
May 14, 2010

SEC FORM 17 – Q

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	2010	2009
	March 31	December 31
ASSETS		
Current Assets		
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
Total Current Assets	**1,799,774**	1,602,896
Noncurrent Assets		
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
Total Noncurrent Assets	**7,549,085**	6,751,812
TOTAL ASSETS	**9,348,859**	8,354,708
LIABILITIES AND EQUITY		
Current Liabilities		
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
Total Current Liabilities	**1,000,924**	730,156
Noncurrent Liabilities		
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
Total Noncurrent Liabilities	**132,278**	134,753
Total Liabilities	**1,133,201**	864,909

	2010	2009
	March 31	December 31
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,574,104**	1,574,104
Unrealized valuation gains on AFS investments	**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
	9,698,513	8,971,037
Less cost of shares held by a subsidiary	**1,520,143**	1,517,163
	8,178,370	7,453,873
Minority Interest	**37,288**	35,926
Total Equity	**8,215,658**	7,489,799
TOTAL LIABILITIES AND EQUITY	**9,348,859**	8,354,708

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos Except Earnings Per Share)

	March 31	
	2010	2009
REVENUES		
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
	304,212	428,395
INVESTMENT GAINS		
Gain (loss) on sale of AFS investments	**361,756**	(5,755)
Gain on increase in market values of FVPL investments	**20,489**	14,506
	382,245	8,750
	686,457	437,145
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
	(339,457)	(348,486)
INCOME BEFORE INCOME TAX	**346,999**	88,659
PROVISION FOR (BENEFIT FROM) INCOME TAX - net	**(5,670)**	19,844
NET INCOME	**352,669**	68,815
Attributable to:		
Equity holdings of the parent	**349,843**	68,546
Minority interest	**2,826**	269
	352,669	68,815
EARNINGS PER SHARE - basic, for net income attributable to equity holdings of the parent	**0.24**	0.05

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
NET INCOME FOR THE PERIOD	**352,669**	68,815
OTHER COMPREHENSIVE INCOME		
Gain on increase in market value of AFS investments	**545,743**	75,475
Cumulative translation adjustment	**(13,674)**	(12,865)
Income tax effect	**(10,388)**	5,920
OTHER COMPREHENSIVE INCOME	**521,680**	68,530
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**874,349**	137,345
Attributable to:		
Equity holdings of the parent	**871,523**	137,076
Minority interest	2,826	269
	874,349	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
Balance at 12/31/2008	**2,500,000**	**1,574,104**	**(26,357)**	**(612,662)**	**3,429**	**4,094,476**	**(1,514,380)**	**44,987**	**6,063,597**
Valuation gain taken to equity	-	-	-	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)
Balance at 03/31/2009	**2,500,000**	**1,574,104**	**(26,357)**	**(542,988)**	**2,285**	**4,163,022**	**(1,514,380)**	**39,339**	**6,195,025**
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**
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)
Balance at 03/31/2010	**2,500,000**	**1,574,104**	**(26,357)**	**1,192,086**	**(44,649)**	**4,503,328**	**(1,520,143)**	**37,288**	**8,215,658**

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	For the Period Ended March 31	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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)

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

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	2010	2009
	March 31	December 31
ASSETS		
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
TOTAL ASSETS	**9,374,838**	8,338,169
LIABILITIES AND EQUITY		
Liabilities		
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
Total Liabilities	**1,016,324**	636,847
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	**1,169,968**	634,073
Retained Earnings	**3,098,746**	2,977,450
Total Equity	**8,358,513**	7,701,322
TOTAL LIABILITIES AND EQUITY	**9,374,838**	8,338,169

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

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

* 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
NET INCOME FOR THE PERIOD	**371,296**	71,401
OTHER COMPREHENSIVE INCOME		
Gain on increase in market value (AFS) investments	**546,493**	95,637
Income tax effect	**(10,598)**	(254)
OTHER COMPREHENSIVE INCOME	**535,895**	95,383
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**907,191**	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
Balance at 12/31/2008	**2,500,000**	**1,589,800**	**(629,714)**	**2,742,615**	**6,202,700**
Valuation gain taken to equity	-	-	95,383	-	95,383
Net income for the year	-	-	-	71,401	71,401
Balance at 03/31/2009	**2,500,000**	**1,589,800**	**(534,331)**	**2,814,016**	**6,369,484**
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)
Valuation gain taken to equity	-	-	535,895	-	535,895
Net income for the year	-	-	-	371,296	371,296
Balance at 03/31/2010	**2,500,000**	**1,589,800**	**1,169,968**	**3,098,746**	**8,358,513**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	For the Period Ended March 31	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
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
CASH FLOWS FROM INVESTING ACTIVITIES		
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)

	For the Period Ended March 31	
	2010	2009
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (payment of) notes payable	**133,920**	(11,570)
Payment of cash dividends	**-**	(144,305)
Decrease in due to affiliates	**(2,877)**	(2,356)
Net cash flows from (used in) financing activities	**131,043**	(158,231)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(15,741)**	5,652
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**111,439**	(290,795)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**474,116**	1,016,969
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**585,555**	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	Holding Co. (Note 1) (Parent)	Total	Eliminations	**Consolidated**
MARCH 31, 2010						
REVENUES	177,160	160,437	417,265	754,862	(68,405)	**686,457**
NET INCOME	(11,268)	94,995	334,496	418,223	(65,554)	**352,669**
TOTAL ASSETS	760,079	922,360	9,338,038	11,020,477	(1,671,617)	**9,348,859**
INVESTMENT PORTFOLIO *	-	511,647	8,409,696	8,921,342	(1,462,939)	**7,458,403**
PROPERTY, PLANT & EQUIPMENT	7,718	128,868	53,971	190,557	-	**190,557**
TOTAL LIABILITIES	154,955	887,448	1,016,324	2,058,728	(925,526)	**1,133,201**
DEPRECIATION AND AMORTIZATION	1,835	10,673	3,813	16,321	-	**16,321**

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

* ***Inclusive of FVPL investments, AFS 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 ₱236.0 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 1st 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 cyclicality 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***
Revenues	*1,156,863*	*871,568*
Marginal Income	*142,977*	*17,963*
Net Income (loss)	*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 2nd quarter of 2010.

COVER SHEET

P W 2

SEC Registration Number

A SORIANO CORPORATION

(Company's Full Name)

7/F PACIFIC STAR BLDG.
COR. MAKATI AVE. & G. PUYAT AVE.
MAKATI CITY

(Business Address: No. Street City/Town/Province)

MS. NARCISA M. VILLAFLOR
(Contact Person)

819-0251
(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Fiscal Year)

S E C 17 Q
(Form Type)

THIRD WEDNESDAY

0 4
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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, 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/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

8190251
8. Issuer's telephone number, including area code

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

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

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

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

SEC Form 17Q
August 16, 2010

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

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 16, 2010

Principal Financial/Accounting Officer/Controller: (Sgd.) ERNEST K. CUYEGKENG
Signature and Title EVP – Chief Financial Officer

Date: August 16, 2010

SECForm17-Q
August 16, 2010

SEC FORM 17 – Q

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	2010	2009
	June 30	December 31
ASSETS		
Current Assets		
Cash and cash equivalents	**641,422**	594,527
Fair value through profit and loss (FVPL) investments	**614,147**	733,786
Receivables	**212,746**	220,021
Inventories	**16,762**	14,426
Prepayments and other current assets	**67,311**	40,137
Total Current Assets	**1,552,388**	1,602,896
Noncurrent Assets		
Investments and advances	**1,062,066**	1,040,734
Available for sale (AFS) investments	**6,210,663**	4,682,992
Investment properties	**263,385**	264,082
Property, plant and equipment	**182,714**	200,493
Goodwill	**504,547**	503,111
Other noncurrent assets	**61,239**	60,401
Total Noncurrent Assets	**8,284,614**	6,751,812
TOTAL ASSETS	**9,837,003**	8,354,708

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**208,426**	344,554
Accounts payable and accrued expenses	**247,148**	248,822
Dividends payable	**121,684**	121,684
Income tax payable	**8,042**	659
Current portion of long-term debt	**10,694**	14,438
Total Current Liabilities	**595,995**	730,156
Noncurrent Liabilities		
Advances from customer	**22,406**	21,787
Deferred revenues	**84,658**	84,457
Long-term debt	**20,287**	20,213
Deferred income tax	**7,987**	8,297
Total Noncurrent Liabilities	**135,338**	134,753
Total Liabilities	**731,333**	864,909

	2010	2009
	June 30	December 31
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,574,104**	1,574,104
Unrealized valuation gains on AFS investments	**1,959,199**	656,731
Cumulative translation adjustment	**(28,716)**	(30,974)
Equity reserve on acquisition of minority interest	**(26,357)**	(26,357)
Retained earnings	**4,910,913**	4,297,532
	10,889,144	8,971,037
Less cost of shares held by a subsidiary	**1,822,999**	1,517,163
	9,066,144	7,453,873
Minority Interest	**39,525**	35,926
Total Equity	**9,105,669**	7,489,799
TOTAL LIABILITIES AND EQUITY	**9,837,003**	8,354,708

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
REVENUES				
Services	**433,640**	624,003	**204,754**	283,428
Dividend income	**89,156**	97,571	**87,249**	50,844
Equity in net earnings of associates	**65,236**	42,632	**27,675**	33,734
Interest income	**51,185**	56,195	**24,326**	26,565
Management fees	**17,019**	12,427	**8,021**	9,863
	656,236	832,829	**352,024**	404,434
INVESTMENT GAINS				
Gain on sale of AFS investments	**712,477**	1,197	**350,721**	6,952
Gain (Loss) on increase (decrease) in market values of FVPL investments	**3,588**	77,988	**(16,901)**	63,482
	716,065	79,185	**333,820**	70,434
	1,372,301	912,014	**685,845**	474,868
Cost of services rendered	**(340,462)**	(508,259)	**(158,873)**	(224,654)
Operating expenses	**(199,154)**	(196,405)	**(83,522)**	(95,563)
Valuation allowances - net	**-**	(103,357)	**(12,097)**	(103,180)
Foreign exchange gain (loss)	**(40,352)**	19,724	**17,572**	(8,238)
Interest expense	**(10,727)**	(2,214)	**(5,166)**	452
Other income	**3,568**	(2,797)	**(5,584)**	(13,639)
	(587,128)	(793,308)	**(247,670)**	(444,821)
INCOME BEFORE INCOME TAX	**785,174**	118,706	**438,174**	30,047
PROVISION FOR INCOME TAX - net	**24,152**	43,753	**29,821**	23,909
NET INCOME	**761,022**	74,953	**408,353**	6,138
Attributable to:				
Equity holdings of the parent	**757,429**	75,837	**407,586**	7,291
Minority interest	**3,593**	(885)	**767**	(1,154)
	761,022	74,953	**408,353**	6,138
EARNINGS PER SHARE - basic, for net income attributable to equity holdings of the parent	**0.58**	0.05	**0.31**	0.01

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
NET INCOME FOR THE PERIOD	**761,022**	74,953	408,353	6,138
OTHER COMPREHENSIVE INCOME				
Gain on increase in market value of AFS investments	**1,286,232**	562,235	740,489	486,760
Cumulative translation adjustments	**2,258**	(6,337)	15,933	6,528
Income tax effect	**16,236**	(50,348)	26,624	(56,268)
OTHER COMPREHENSIVE INCOME	**1,304,726**	505,550	783,046	437,020
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,065,749**	580,503	1,191,399	443,158

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
Balance at 12/31/2008	**2,500,000**	**1,574,104**	**(26,357)**	**(612,662)**	**3,429**	**4,094,476**	**(1,514,380)**	**44,987**	**6,063,597**
Valuation gain taken to equity	-	-	-	511,887	-	-	-	-	511,887
Foreign exchange loss taken to equity	-	-	-	-	(6,337)	-	-	-	(6,337)
Net income for the year	-	-	-	-	-	75,837	-	(885)	74,953
Cash dividends	-	-	-	-	-	(86,588)	-	-	(86,588)
Movement in minority interest	-	-	-	-	-	-	-	(4,436)	- (4,436)
Balance at 06/30/2009	**2,500,000**	**1,574,104**	**(26,357)**	**(100,775)**	**(2,908)**	**4,083,725**	**(1,514,380)**	**39,666**	**6,553,076**
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**
Cash dividends	-	-	-	-	-	(144,048)	-	-	(144,048)
Valuation gain taken to equity	-	-	-	1,302,468	-	-	-	-	1,302,468
Foreign exchange loss taken to equity	-	-	-	-	2,258	-	-	-	2,258
Net income for the year	-	-	-	-	-	757,429	-	3,593	761,022
Share repurchased - January to June 2010	-	-	-	-	-	-	(305,836)	-	(305,836)
Movement in minority interest	-	-	-	-	-	-	-	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**

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

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**785,174**	118,706	**438,174**	30,047
Adjustment for:				
Foreign exchange loss (gain)	**40,352**	(19,724)	**(17,572)**	8,238
Depreciation and amortization	**26,874**	24,828	**10,552**	16,624
Interest expense	**10,727**	2,214	**5,166**	(452)
Gain on sale of AFS	**(712,477)**	(1,197)	**(350,721)**	(6,952)
Dividend income	**(89,156)**	(97,571)	**(87,249)**	(50,844)
Valuation allowances - net	**-**	103,357	**12,097**	103,180
Equity in net earnings of associates	**(65,236)**	(42,632)	**(27,675)**	(33,734)
Interest income	**(51,185)**	(56,195)	**(24,326)**	(26,565)
Gain on increase in market values of FVPL investment	**(3,588)**	(77,988)	**16,901**	(63,482)
Operating loss before working capital changes	**(58,515)**	(46,202)	**(24,652)**	(23,941)
Decrease (increase) in:				
FVPL investments	**108,142**	84,490	**20,156**	51,456
Receivables	**7,274**	77,833	**193,091**	60,837
Inventories	**(2,335)**	(1,482)	**(1,864)**	(2,241)
Increase (decrease) in:				
Accounts payable and accrued expenses	**(1,674)**	(5,576)	**(2,197)**	(18,545)
Advances from customers	**619**	(474)	**392**	(3,343)
Net cash generated from operations	**53,511**	108,588	**184,926**	64,224
Dividend received	**121,156**	97,571	**119,249**	50,844
Interest received	**50,107**	54,427	**23,687**	24,796
Interest paid	**(10,727)**	(2,214)	**(5,166)**	452
Income taxes paid	**(1,030)**	(3,121)	**(714)**	(860)
Net cash flows from operating activities	**213,017**	255,251	**321,982**	139,456
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**2,052,664**	713,519	**1,089,330**	495,998
Addition to:				
AFS investments	**(1,583,184)**	(1,010,504)	**(723,639)**	(540,836)
Long-term investments	**-**	(350)	**-**	(350)
Property and equipment	**(6,194)**	(41,180)	**(1,259)**	(29,828)
Investments properties	**(2,204)**	(4,441)	**-**	(724)
Decrease (increase) in:				
Other assets	**(28,013)**	10,471	**(16,110)**	29,318
Advances to affiliates	**11,904**	2,317	**5,411**	(12,029)
Net cash flows from (used in) investing activities	**444,974**	(330,168)	**353,732**	(58,451)

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of notes payable	**(136,128)**	(58,682)	**(260,859)**	(35,232)
Payment of:				
Long-term debt	**(3,669)**	(5,251)	**(73)**	(3,123)
Dividends	**(144,048)**	(230,893)	**(144,048)**	(86,588)
Company shares purchased by a subsidiary	**(305,836)**	-	**(302,857)**	-
Increase (decrease) in:				
Deferred revenue	**201**	(1,489)	**2,084**	(1,445)
Minority interest	**6**	(4,436)	**1,471**	1,481
Net cash flows used in financing activities	**(589,473)**	(300,750)	**(704,283)**	(124,907)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(21,623)**	(4,943)	**(7,235)**	(856)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**46,894**	(380,610)	**(35,803)**	(44,758)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**594,527**	1,218,631	**677,225**	882,779
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**641,422**	838,021	**641,422**	838,021

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	2010	2009
	June 30	December 31
ASSETS		
Cash and Cash Equivalents	**570,579**	474,116
Fair Value through Profit and Loss (FVPL) Investments	**606,827**	726,544
Available for Sale (AFS) Investments	**6,040,856**	4,533,013
Receivables - net	**77,345**	98,710
Investments and Advances- net	**2,454,488**	2,352,772
Investment Property - net	**75,438**	78,340
Property and Equipment - net	**51,807**	56,258
Other Assets	**18,547**	18,416
TOTAL ASSETS	**9,895,889**	8,338,169
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	**150,000**	278,451
Dividends Payable	**121,684**	121,684
Accounts Payable and Accrued Expenses	**98,284**	96,432
Due to Affiliates	**13,658**	140,280
Total Liabilities	**383,626**	636,847
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	**1,931,671**	634,073
Retained Earnings	**3,490,791**	2,977,450
Total Equity	**9,512,262**	7,701,322
TOTAL LIABILITIES AND EQUITY	**9,895,889**	8,338,169

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
REVENUES				
Dividend income	**121,156**	97,571	**82,449**	50,844
Interest Income	**49,348**	52,273	**23,419**	24,312
Management fees	**15,097**	11,182	**7,062**	9,574
	185,601	161,025	**112,930**	84,731
INVESTMENT GAINS				
Gain on sale of AFS investments	**711,702**	1,069	**350,721**	6,824
Gains (losses) on increase (decrease) in market values of FVPL investments	**3,526**	77,988	**(16,887)**	63,482
	715,228	79,057	**333,835**	70,307
	900,830	240,083	**446,765**	155,038
Operating expenses	**(73,102)**	(59,248)	**(30,533)**	(29,544)
Foreign exchange gain (loss)	**(39,330)**	22,615	**18,970**	(6,311)
Interest expense	**(9,393)**	(985)	**(4,655)**	(501)
Provision for valuation allowances - net	**-**	(103,031)	**-**	(103,031)
Others	**282**	9,670	**(12,185)**	5,451
	(121,543)	(130,978)	**(28,402)**	(133,937)
INCOME BEFORE INCOME TAX	**779,287**	109,105	**418,362**	21,101
PROVISION FOR INCOME TAX – NET	**15,946**	37,366	**26,317**	20,763
NET INCOME	**763,341**	71,739	**392,045**	338
Earnings Per Share*	**0.31**	0.03	**0.16**	0

* 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 June 30		Quarters Ended June 20	
	2010	2009	**2010**	2009
NET INCOME FOR THE PERIOD	**763,341**	71,739	**392,045**	338
OTHER COMPREHENSIVE INCOME				
Gain on increase in market value (AFS) investments	**1,281,880**	573,595	**735,387**	477,958
Income tax effect	**15,719**	(53,820)	**26,317**	(53,565)
OTHER COMPREHENSIVE INCOME	**1,297,599**	519,775	**761,703**	424,392
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,060,940**	591,513	**1,153,749**	424,730

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 12/31/2008	**2,500,000**	**1,589,800**	**(629,714)**	**2,742,615**	**6,202,700**
Cash dividends	-	-	-	(150,000)	(150,000)
Valuation gain taken to equity	-	-	519,775	-	519,775
Net income for the year	-	-	-	71,739	71,739
Balance at 06/30/2009	**2,500,000**	**1,589,800**	**(109,939)**	**2,664,353**	**6,644,214**
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)
Valuation gain taken to equity	-	-	1,297,599	-	1,297,599
Net income for the year	-	-	-	763,341	763,341
Balance at 06/30/2010	**2,500,000**	**1,589,800**	**1,931,671**	**3,490,791**	**9,512,262**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**779,287**	109,105	**418,362**	21,101
Adjustment for:				
Net foreign exchange loss (gain)	**39,330**	(22,615)	**(18,970)**	6,311
Interest expense	**9,393**	985	**4,655**	501
Depreciation and amortization	**7,427**	8,530	**3,614**	5,220
Gain on sale of AFS investments	**(711,702)**	(1,069)	**(350,721)**	(6,824)
Dividend income	**(121,156)**	(97,571)	**(82,449)**	(50,844)
Provision for valuation allowances - net	**-**	103,031	**12,263**	103,031
Interest income	**(49,348)**	(52,273)	**(23,419)**	(24,312)
Gain on increase in market values of FVPL investment	**(3,526)**	(77,988)	**16,887**	(63,482)
Operating loss before working capital changes	**(50,295)**	(29,866)	**(19,778)**	(9,299)
Decrease in receivables	**21,364**	13,126	**192,947**	8,485
Decrease in FVPL investments	**108,159**	84,490	**20,317**	51,456
Increase in accounts payable and accrued expenses	**1,853**	(10,409)	**3,418**	(15,516)
Net cash generated operations	**81,081**	57,341	**196,904**	35,126
Dividend received	**121,156**	97,571	**119,249**	50,844
Interest received	**48,270**	50,504	**22,780**	24,206
Interest paid	**(9,393)**	(985)	**(4,655)**	(501)
Income tax paid	**(227)**	(1,894)	**-**	(1,288)
Net cash flows from operating activities	**240,887**	202,538	**334,277**	108,386
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**2,036,676**	713,391	**1,081,259**	495,871
Additions to:				
AFS investments	**(1,552,130)**	(957,899)	**(692,585)**	(510,358)
Long-term investments	**-**	(350)	**-**	(350)
Property and equipment	**(75)**	(774)	**-**	(250)
Increase in:				
Advances to affiliates	**(101,716)**	(12,393)	**(12,393)**	(10,745)
Other assets	**(131)**	(262)	**(22)**	(87)
Net cash flows from (used in) investing activities	**382,625**	(258,287)	**293,098**	(25,919)

	Periods Ended June 30		Quarters Ended June 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from notes payable	**(128,451)**	(46,802)	**(262,371)**	(35,232)
Payment of cash dividends	**(250,000)**	(294,305)	**(250,000)**	(150,000)
Increase (decrease) in due to affiliates	**(126,622)**	63,412	**(123,745)**	65,768
Net cash flows used in financing activities	**(505,073)**	(277,695)	**(636,116)**	(119,464)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(21,976)**	5,171	**(6,235)**	(480)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**96,463**	(328,273)	**(14,976)**	(37,478)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**474,116**	1,016,969	**585,555**	726,174
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**570,579**	688,696	**570,579**	688,696

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	Holding Co. (Note 1) (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	3,784	15,663	4,526	23,972	-	**23,972**

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

* ***Inclusive of FVPL investments, AFS investments, 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 June 30, 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 June 30, 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 P430.3 million and cash dividend received of P121.2 million. Proceeds from sale of AFS investments amounted to P2.1 billion offset by addition to AFS investments, property & equipment and investment properties of about P1.6 billion. Cash balance was further reduced by the loan payment made by the group, payment of dividends and purchased of Company shares by a subsidiary totaled P589.5 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 P119.5 million. . Also, foreign exchange loss of P3.7 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 P3.6 million vs. December 31, 2009 market values.

Receivables

The decrease in receivables was due to collection of receivables related to the proceeds from sale of AFS investments, 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 P16.8 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 P65.2 million partially offset by cash dividend received and payment of advances.

Available for Sale (AFS) Investments

Change in the account can be attributed mainly to the P1.3 billion 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 P243.0 million. Foreign exchange loss from translation of foreign currency-denominated AFS investments of about P16.2 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 P2.9 million.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to P24.0 million. Additions to property and equipment amounted to P6.2 million.

Goodwill

The goodwill from January 1 to June 30 2010 increased by P1.4 million due to foreign exchange gain of the peso equivalent of the dollar investment in the US-based staffing business.

Notes Payable

The Parent Company made an additional loan of P136.1 million to finance its operating activities.

Income Tax Payable

Movement in the account was attributable to income taxes for the 2nd 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 decreased 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 June 30, 2010.

Unrealized valuation gains on AFS investments (equity portion)
Available for sale (AFS) investments are carried at fair value as of June 30, 2010. The increase in market values from December 31, 2009 to June 30, 2010 is about P1.3 billion, 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 June 30, 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 June 30	
	2010	***2009***
Revenues (excluding investment gains or losses)	*185,601*	*161,025*
Investment Gains	*715,228*	*79,057*
Net Income	*763,341*	*71,739*
Earnings Per Share	*0.31*	*0.03*
Market Price Per Share (PSE)	*2.32*	*2.36*

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

Revenues

This year's consolidated gross revenues of P1.4 billion was 57% higher than last year's revenue of P912.0 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 P527.8 million to P335.2 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 recovery in market values of some AFS investments in as of June 30, 2010, no additional provision was setup for 2010.

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 semester was slightly lower than last's year's value.

Provision for (benefit from) Income Tax

For this semester, 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 June 30, 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 cyclicality 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 138.6 million Anscor shares amounting P305.7 million during the first semester of 2010 and todate owns 1,196,779,093 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.

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 June 30	
	2010	*2009*
Volume sold (MT)		
Domestic	**4,781**	4,668
Export	**524**	27
Total	**5,305**	4,695
Revenues	**2,437,263**	1,763,334
Marginal Income	**287,766**	188,872
Operating Income	**160,870**	97,211
Net Income	**114,177**	63,208

Phelps Dodge's sales volume for the first six months of 2010 increased by 13% as compared to the same period in 2009. The main reason for the volume increase is due to the higher levels of exports to General Cable Australia by PD Energy International the PDP subsidiary that was registered with the Philippine Export Zone Authority. Consequently revenues have increased by 38.2% as a result of the combination of higher export volume and better average selling prices due to the higher copper prices as compared to the first six months of 2009.

Phelps Dodge recorded a net income of P114.2 million that was 80.6% higher than the P63.2 million net profit recorded in the prior year. During the period Phelps Dodge declared and paid dividends to shareholders in the total amount of P80.0 million.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 50.93% for this period, lower than the 2009 average occupancy rate of 53.39%. Average room rate was higher at US$978.57, compared to last year's average US$892.69. Total hotel revenues amounted to P279.7 million, higher than last year's revenues of P262.4 million. Likewise, gross operating profit (GOP) of P108.8 million, reported a minimal decrease versus 2009's GOP.

Seven Seas reported a net income of P42.5 million, higher from last year's net profit of P37.7 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.' consolidated year to date June revenue in 2010 was US$7.3 million, a 34% decline from the $11.0 million revenue earned in year to date June 2009. The decline was primarily due to the continued weak demand for the Company's contract nursing services caused by the high US unemployment rate and uncertainty created by the reform of the US healthcare system. The Therapy business was stable. The Company has taken steps to reduce its administrative costs and simplify its business strategy. It also acquired a significant new customer that is expected to contribute meaningfully in the second half of the year.

Cirrus Global, Inc. (formerly IQMan) registered consolidated revenue of P3.3 million for the first semester of 2010, a decrease from last year's consolidated revenues of P6 million. The U.S. State Department's continuing ban on the issuance of immigrant visas prevented it from deploying nurses to the US. The Company has outstanding orders from 9 US customers and has maintained the infrastructure to deploy those nurses. Increased unemployment in the United States contributed to the continuing 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. 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.

COVER SHEET

P W 2

SEC Registration Number

A SORIANO CORPORATION

(Company's Full Name)

7/F PACIFIC STAR BLDG.
COR. MAKATI AVE. & G. PUYAT AVE.
MAKATI CITY

(Business Address: No. Street City/Town/Province)

MS. NARCISA M. VILLAFLOR
(Contact Person)

819-0251
(Company Telephone Number)

1 2 | 3 1
Month *Day*
(Fiscal Year)

S E C 17 Q
(Form Type)

THIRD WEDNESDAY

0 4
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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 September 30, 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/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office Postal Code

8190251
8. Issuer's telephone number, including area code

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

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

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

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

SEC Form 17Q
November 15, 2010

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

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: November 15, 2010

Principal Financial/Accounting Officer/Controller: (Sgd.) ERNEST K. CUYEGKENG
Signature and Title EVP – Chief Financial Officer

Date: November 15, 2010

SECForm17-Q
November 15, 2010

SEC FORM 17 – Q

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	2010	2009
	September 30	December 31
ASSETS		
Current Assets		
Cash and cash equivalents	**694,481**	594,527
Fair value through profit and loss (FVPL) investments	**864,702**	733,786
Receivables	**1,142,542**	220,021
Inventories	**18,596**	14,426
Prepayments and other current assets	**59,815**	40,137
Total Current Assets	**2,780,135**	1,602,896
Noncurrent Assets		
Investments and advances	**1,088,706**	1,040,734
Available for sale (AFS) investments	**5,698,663**	4,682,992
Investment properties	**261,934**	264,082
Property, plant and equipment	**176,584**	200,493
Goodwill	**473,034**	503,111
Other noncurrent assets	**62,029**	60,401
Total Noncurrent Assets	**7,760,950**	6,751,812
TOTAL ASSETS	**10,541,085**	8,354,708
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**59,289**	344,554
Accounts payable and accrued expenses	**240,678**	248,822
Dividends payable	**121,684**	121,684
Income tax payable	**3,168**	659
Current portion of long-term debt	**5,485**	14,438
Total Current Liabilities	**430,303**	730,156
Noncurrent Liabilities		
Advances from customer	**19,386**	21,787
Deferred revenues	**80,245**	84,457
Long-term debt	**19,198**	20,213
Deferred income tax	**7,933**	8,297
Total Noncurrent Liabilities	**126,762**	134,753
Total Liabilities	**557,065**	864,909

	2010	2009
	September 30	December 31
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,574,104**	1,574,104
Unrealized valuation gains on AFS investments	**2,161,109**	656,731
Cumulative translation adjustment	**(65,470)**	(30,974)
Equity reserve on acquisition of minority interest	**(26,357)**	(26,357)
Retained earnings	**5,626,181**	4,297,532
	11,769,568	8,971,037
Less cost of shares held by a subsidiary	**1,826,754**	1,517,163
	9,942,814	7,453,873
Minority Interest	**41,207**	35,926
Total Equity	**9,984,021**	7,489,799
TOTAL LIABILITIES AND EQUITY	**10,541,085**	8,354,708

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In Thousand Pesos Except Earnings Per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
REVENUES				
Services	**633,896**	857,642	**200,256**	283,428
Dividend income	**106,033**	103,608	**16,877**	50,844
Equity in net earnings of associates	**90,270**	61,258	**25,034**	33,734
Interest income	**76,277**	86,855	**25,092**	26,565
Management fee	**26,056**	20,632	**9,037**	9,863
	932,533	1,129,995	**276,296**	404,434
INVESTMENT GAINS				
Gain (Loss) on sale of AFS investments	**1,385,490**	(19,857)	**673,013**	6,952
Gain on increase in market values of FVPL investments	**26,597**	110,572	**23,009**	63,482
	1,412,087	90,715	**696,022**	70,434
	2,344,620	1,220,710	**972,318**	474,868
Cost of services rendered	**(505,353)**	(709,598)	**(164,891)**	(224,654)
Operating expenses	**(280,217)**	(298,433)	**(81,063)**	(95,563)
Foreign exchange gain (loss)	**(70,417)**	9,268	**(30,064)**	(8,238)
Interest expense	**(12,948)**	(3,089)	**(2,221)**	452
Valuation allowances - net	**(392)**	(72,963)	**(392)**	(103,180)
Other income (expense)	**2,839**	5,818	**(729)**	(13,639)
	(866,487)	(1,068,996)	**(279,360)**	(444,821)
INCOME BEFORE INCOME TAX	**1,478,133**	151,714	**692,959**	30,047
Provision for (benefit from) income tax - net	**494**	6,795	**(23,658)**	23,909
NET INCOME	**1,477,639**	144,918	**716,617**	6,138
Attributable to:				
Equity holdings of the parent	**1,472,698**	151,030	**715,268**	7,291
Minority interest	**4,941**	(6,112)	**1,348**	(1,154)
	1,477,639	144,918	**716,617**	6,138
EARNINGS PER SHARE - basic, for net income attributable to equity holdings of the parent	**1.13**	0.10	**0.55**	0.01

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
NET INCOME FOR THE PERIOD	**1,477,639**	144,918	**716,617**	69,966
OTHER COMPREHENSIVE INCOME				
Gain on increase in market value of AFS investments	**1,510,380**	1,074,478	**224,149**	512,243
Cumulative translation adjustments	**(34,496)**	(14,325)	**(36,754)**	(7,988)
Income tax effect	**(6,002)**	(81,407)	**(22,238)**	(31,059)
OTHER COMPREHENSIVE INCOME	**1,469,882**	978,746	**165,156**	473,196
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,947,521**	1,123,664	**881,772**	543,162

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
Balance at 12/31/2008	**2,500,000**	**1,574,104**	**(26,357)**	**(612,662)**	**3,429**	**4,094,476**	**(1,514,380)**	**44,987**	**6,063,597**
Valuation gain taken to equity	-	-	-	993,071	-	-	-	-	993,071
Foreign exchange loss taken to equity	-	-	-	-	(14,325)	-	-	-	(14,325)
Net income (loss) for the year	-	-	-	-	-	151,030	-	(6,112)	144,918
Cash dividends -net	-	-	-	-	-	(86,588)	-	-	(86,588)
Share repurchased – January to September 2009	-	-	-	-	-	-	(2,877)	-	(2,877)
Movement in minority interest	-	-	-	-	-	-	-	(5,116)	(5,116)
Balance at 09/30/2009	**2,500,000**	**1,574,104**	**(26,357)**	**380,409**	**(10,896)**	**4,158,918**	**(1,517,257)**	**33,760**	**7,092,682**
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**
Cash dividends	-	-	-	-	-	(144,048)	-	-	(144,048)
Valuation gain taken to equity	-	-	-	1,504,378	-	-	-	-	1,504,378
Foreign exchange loss taken to equity	-	-	-	-	(34,496)	-	-	-	(34,496)
Net income for the year	-	-	-	-	-	1,472,698	-	4,941	1,477,639
Share repurchased – January to September 2010	-	-	-	-	-	-	(309,591)	-	(309,591)
Movement in minority interest	-	-	-	-	-	-	-	340	340
Balance at 09/30/2010	**2,500,000**	**1,574,104**	**(26,357)**	**2,161,109**	**(65,470)**	**5,626,181**	**(1,826,754)**	**41,207**	**9,984,021**

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

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,478,133**	151,714	**692,959**	33,008
Adjustment for:				
Foreign exchange loss (gain) - net	**70,417**	(9,268)	**30,064**	10,456
Depreciation and amortization	**40,585**	40,281	**13,712**	15,453
Interest expense	**12,948**	3,089	**2,221**	875
Provisions (recoveries) for market decline	**392**	72,963	**392**	(30,395)
Gain on sale of AFS	**(1,385,490)**	19,857	**(673,013)**	21,054
Dividend income	**(106,033)**	(103,608)	**(16,877)**	(6,037)
Equity in net earnings of associates	**(90,270)**	(61,258)	**(25,034)**	(18,626)
Interest income	**(76,277)**	(86,855)	**(25,092)**	(30,660)
Gain on increase in market values of FVPL investment	**(26,597)**	(110,572)	**(23,009)**	(32,584)
Operating loss before working capital changes	**(82,193)**	(83,658)	**(23,678)**	(37,456)
Decrease (increase) in:				
FVPL investments	**(50,382)**	29,189	**(158,524)**	(55,302)
Receivables	**(922,913)**	94,665	**(930,187)**	16,832
Inventories	**(4,169)**	(2,802)	**(1,834)**	(1,320)
Increase (decrease) in:				
Accounts payable & accrued expenses	**(8,145)**	58,954	**(6,471)**	64,530
Advances from customers	**(2,400)**	(13,745)	**(3,019)**	(13,271)
Net cash generated from (used in) operations	**(1,070,202)**	82,602	**(1,123,714)**	(25,986)
Dividend received	**138,033**	103,608	**16,877**	6,037
Interest received	**73,595**	84,022	**23,488**	29,595
Interest paid	**(12,948)**	(3,089)	**(2,221)**	(875)
Income taxes paid	**(4,352)**	(7,112)	**(3,321)**	(3,991)
Net cash flows from (used in) operating activities	**(875,874)**	260,031	**(1,088,891)**	4,780
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**4,199,614**	1,135,251	**2,146,950**	421,732
Addition to:				
AFS investments	**(2,373,663)**	(1,714,304)	**(790,479)**	(703,800)
Long-term investments		(350)		-
Property and equipment	**(12,325)**	(41,168)	**(6,131)**	12
Investments properties	**(2,204)**	(4,441)	**-**	-
Decrease (increase) in:				
Other assets	**(21,306)**	5,224	**6,707**	(4,007)
Advances to affiliates	**10,297**	19,249	**(1,607)**	15,692
Net cash flows from (used in) investing activities	**1,800,414**	(600,538)	**1,355,440**	(270,371)

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of notes payable	**(285,265)**	(46,909)	**(149,137)**	11,773
Payment of:				
Long-term debt	**(9,968)**	(8,852)	**(6,299)**	(3,601)
Dividends	**(144,048)**	(230,700)	**0**	193
Company shares purchased by a subsidiary	**(309,591)**	(2,877)	**(3,755)**	(2,877)
Increase (decrease) in:				
Deferred revenue	**(4,212)**	(2,798)	**(4,413)**	(1,309)
Minority interest	**340**	(5,116)	**334**	(680)
Net cash flows from (used in) financing activities	**(752,744)**	(297,250)	**(163,270)**	3,500
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(71,842)**	(10,796)	**(50,219)**	(5,853)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**99,954**	(648,554)	**53,059**	(267,944)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**594,527**	1,218,631	**641,422**	838,021
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**694,481**	570,077	**694,481**	570,077

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	2010	2009
	September 30	December 31
ASSETS		
Cash and Cash Equivalents	**627,102**	474,116
Fair Value through Profit and Loss (FVPL) Investments	**857,808**	726,544
Available for Sale (AFS) Investments	**5,529,552**	4,533,013
Receivables - net	**1,022,823**	98,710
Investments and Advances- net	**2,449,590**	2,352,772
Investment Property - net	**73,987**	78,340
Property and Equipment - net	**49,660**	56,258
Other Assets	**18,636**	18,416
TOTAL ASSETS	**10,629,158**	8,338,169
LIABILITIES AND EQUITY		
Liabilities		
Notes Payable	**-**	278,451
Dividends Payable	**121,684**	121,684
Accounts Payable and Accrued Expenses	**93,838**	96,432
Due to Affiliates	**536**	140,280
Total Liabilities	**216,058**	636,847
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	**2,128,842**	634,073
Retained Earnings	**4,194,459**	2,977,450
Total Equity	**10,413,101**	7,701,322
TOTAL LIABILITIES AND EQUITY	**10,629,158**	8,338,169

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings Per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
REVENUES				
Dividend income	**137,891**	103,608	**16,735**	6,037
Interest Income	**73,549**	80,760	**24,201**	28,487
Management fees	**23,181**	18,810	**8,084**	7,628
	234,621	203,177	**49,020**	42,152
INVESTMENT GAINS				
Gain (loss) on sale of AFS investments	**1,384,715**	(21,020)	**673,013**	(22,089)
Gains on increase in market values of FVPL investments	**26,605**	110,572	**23,078**	32,584
	1,411,320	89,552	**696,092**	10,495
	1,645,941	292,730	**745,111**	52,647
Foreign exchange gain (loss)	**(102,587)**	(87,411)	**(29,485)**	
Operating expenses	**(102,587)**	(87,411)	**(29,485)**	(28,163)
Interest expense	**(10,901)**	(1,428)	**(1,508)**	(444)
Provision for valuation allowances (recoveries) – net	**-**	(72,485)	**-**	30,546
Others	**444**	15,021	**161**	5,351
	(184,121)	(134,605)	**(62,578)**	(3,627)
INCOME BEFOR INCOME TAX	**1,461,820**	158,124	**682,533**	49,020
PROVISION FOR INCOME TAX – NET	**(5,189)**	(5,740)	**(21,134)**	(43,106)
NET INCOME	**1,467,009**	163,864	**703,668**	92,126
Earnings Per Share*	**0.59**	0.07	**0.28**	0.04

* 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 September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
NET INCOME FOR THE PERIOD	**1,467,009**	163,864	**703,668**	92,126
OTHER COMPREHENSIVE INCOME				
Gain on increase in market value (AFS) investments	**1,501,134**	1,081,983	**219,254**	508,388
Income tax effect	**(6,364)**	(83,114)	**(22,084)**	(29,294)
OTHER COMPREHENSIVE INCOME	**1,494,769**	998,869	**197,171**	479,094
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,961,778**	1,162,733	**900,838**	571,219

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 12/31/2008	**2,500,000**	**1,589,800**	**(629,714)**	**2,742,615**	**6,202,700**
Cash dividends	-	-	-	(150,000)	(150,000)
Valuation gain taken to equity	-	-	998,869	-	998,869
Net income for the year	-	-	-	163,864	163,864
Balance at 09/30/2009	**2,500,000**	**1,589,800**	**369,155**	**2,756,479**	**7,215,433**
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)
Valuation gain taken to equity	-	-	1,494,769	-	1,494,769
Net income for the year	-	-	-	1,467,009	1,467,009
Balance at 09/30/2010	**2,500,000**	**1,589,800**	**2,128,842**	**4,194,459**	**10,413,101**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS
(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**1,461,820**	158,124	**682,533**	49,020
Adjustment for:				
Net foreign exchange loss (gain)	**71,076**	(11,698)	**31,746**	10,917
Interest expense	**10,901**	1,428	**1,508**	444
Depreciation and amortization	**11,125**	12,694	**3,698**	4,164
Loss (gain) on sale of AFS investments	**(1,384,715)**	21,020	**(673,013)**	22,089
Dividend income	**(137,891)**	(103,608)	**(16,735)**	(6,037)
Interest income	**(73,549)**	(80,760)	**(24,201)**	(28,487)
Loss (gain) on increase in market values of FVPL investment	**(26,605)**	(110,572)	**(23,078)**	(32,584)
Recoveries from market decline	**-**	72,485	**-**	(30,546)
Operating loss before working capital changes	**(67,837)**	(40,886)	**(17,543)**	(11,021)
Decrease (increase) in:				
Receivables	**(924,113)**	14,266	**(945,478)**	1,140
FVPL investments	**(50,723)**	29,189	**(158,882)**	(55,302)
Increase (decrease) in accounts payable and accrued expenses	**(2,594)**	(10,033)	**(4,447)**	377
Net cash used in operations	**(1,045,267)**	(7,465)	**(1,126,349)**	(64,806)
Dividend received	**137,891**	103,608	**16,735**	6,037
Interest received	**70,866**	77,926	**22,596**	27,422
Interest paid	**(10,901)**	(1,428)	**(1,508)**	(444)
Income tax paid	**(1,176)**	(2,493)	**(949)**	(600)
Net cash flows from (used in) operating activities	**(848,588)**	170,148	**(1,089,475)**	(32,390)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
AFS investments	**4,183,626**	1,069,321	**2,146,950**	355,929
Additions to:				
AFS investments	**(2,342,609)**	(1,657,750)	**(790,479)**	(699,851)
Long-term investments	**-**	(350)	**-**	-
Property and equipment	**(174)**	(774)	**(99)**	-
Increase(decrease) in:				
Advances to affiliates	**(109,594)**	55,001	**(7,878)**	67,394
Other assets	**(220)**	(227)	**(89)**	35
Net cash flows from (used in) investing activities	**1,731,030**	(534,780)	**1,348,405**	(276,493)

	Periods Ended September 30		Quarters Ended September 30	
	2010	2009	**2010**	2009
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from notes payable	**(278,451)**	(35,029)	**(150,000)**	11,773
Payment of cash dividends	**(250,000)**	(294,112)	**-**	193
Increase (decrease) in due to affiliates	**(126,968)**	99,925	**(346)**	36,513
Net cash flows from (used in) financing activities	**(655,419)**	(229,216)	**(150,346)**	48,479
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**(74,037)**	2,572	**(52,062)**	(2,599)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**152,986**	(591,276)	**56,523**	(263,003)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**474,116**	1,016,969	**570,579**	688,696
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**627,102**	425,693	**627,102**	425,693

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	Holding Co. (Note 1) (Parent)	Total	Eliminations	**Consolidated**
SEPTEMBER 30, 2010						
REVENUES	506,305	240,100	1,645,941	2,392,346	(47,726)	**2,344,620**
NET INCOME	(39,052)	97,352	1,467,009	1,525,309	(47,670)	**1,477,639**
TOTAL ASSETS	713,837	709,670	10,629,158	12,052,665	(1,511,580)	**10,541,085**
INVESTMENT PORTFOLIO *	-	520,867	8,910,938	9,431,805	(1,517,800)	**7,914,005**
PROPERTY, PLANT & EQUIPMENT	5,333	121,591	49,660	176,584	-	**176,584**
TOTAL LIABILITIES	152,004	851,466	216,058	1,219,528	(662,463)	**557,065**
DEPRECIATION AND AMORTIZATION	6,136	23,325	11,125	40,585	-	**40,585**

* ***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**
SEPTEMBER 30, 2009						
REVENUES	730,549	185,124	292,730	1,208,403	12,307	**1,220,710**
NET INCOME	(67,593)	52,565	163,864	148,836	(3,917)	**144,918**
TOTAL ASSETS	849,386	757,137	7,702,370	9,308,893	(1,506,737)	**7,802,156**
INVESTMENT PORTFOLIO *	-	502,167	7,144,834	7,647,001	(1,482,592)	**6,164,409**
PROPERTY, PLANT & EQUIPMENT	7,180	82,098	58,720	147,998	-	**147,998**
TOTAL LIABILITIES	167,706	880,998	486,937	1,535,641	(826,167)	**709,475**
DEPRECIATION AND AMORTIZATION	5,865	21,722	12,694	40,281	-	**40,281**

****** ***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 September 30, 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 September 30, 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 P1.8 billion reduced by cash used in operating activities, loan payment made by the group, payment of dividends and purchased of Company shares by a subsidiary.

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

Fair Value Through Profit and Loss (FVPL) Investments

The increase in the account can be attributed to the net addition for the period of about P50.4 million. Also, the market value of foreign denominated investment in bonds, stocks and funds increased by P26.6 million vs. December 31, 2009 market values.

Receivables

The increase in receivables was due to outstanding receivables as of September 30, 2010, relating to proceeds from sale of AFS investments from ATR-KIM Eng Capital Partners, Inc. which were subsequently collected.

Inventories

Minimal purchases were made in 2010 that brought up a slight increase in inventories from P14.4 million to P18.6 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 P90.3 million, partially offset by cash dividend received and payment of advances.

Available for Sale (AFS) Investments

Change in the account can be attributed mainly to the P1.5 billion 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 P533.3 million. Foreign exchange loss from translation of foreign currency-denominated AFS investments of about P65.1 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 P4.4 million.

Property, Plant and Equipment - net

Depreciation charged to operations amounted to P34.3 million. Additions to property and equipment amounted to P10.4 million.

Goodwill
The goodwill from January 1 to September 30 2010 decreased by P30.1 million due to foreign exchange gain of the peso equivalent of the dollar investment in the US-based staffing business.

Notes Payable
The decrease in the account was due to payments made by the Group of its short-term loans.

Income Tax Payable
Movement in the account was attributable to income taxes for the 3rd 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 decreased mainly by deferred tax effect of unrealized foreign exchange loss for the period ended September 30, 2010.

Unrealized valuation gains on AFS investments (equity portion)
Available for sale (AFS) investments are carried at fair value as of September 30, 2010. The increase in market values from December 31, 2009 to September 30, 2010 is about P1.5 billion, 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 September 30, 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 September 30	
	2010	***2009***
Revenues (excluding investment gains or losses)	*234,621*	*203,177*
Investment Gains	*1,411,320*	*89,552*
Net Income	*1,467,009*	*163,864*
Earnings Per Share	*0.59*	*0.07*
Market Price Per Share (PSE)	*3.12*	*3.36*

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

Revenues

This year's consolidated gross revenues of P2.3 billion was 92% higher than last year's revenue of P1.2 billion. Anscor posted higher equity earnings and investment gain from sale of locally traded shares (AFS investments) amounting P90.3 million and P1.4 billion, respectively. The increase in revenues was partially reduced by the lower service revenues of Cirrus Medical Staffing, Inc., from P703.5 million to P506.3 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 decreased slightly which is also due to decline in business activities of the nurse staffing and recruitment services

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Valuation Allowances

As a result of recovery in market values of some AFS investments in as of September 30, 2010, minimal provision was setup for 2010.

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 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 previously accrued expense by a subsidiary.

Provision for (benefit from) Income Tax
The current provision for income tax of the group was offset by benefit from income tax arose mainly from 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 September 30, 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 cyclicality 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 140.2 million Anscor shares amounting P309.5 million during the nine months of 2010 and todate owns 1,198,379,093 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. Subsequent Events

- On October 14, 2010, the Board of Directors approved a special cash dividend of Twelve Centavos (P0.12) per share payable on November 26, 2010 to all stockholders of record as of November 4, 2010.

- On November 2, 2010, Anscor sold its 5,000,000 common shares in ATR Holdings, Inc. for P97.0 million, resulting in net gain of P24.3 million. Proceeds from sale were used to buy 41,936,663 shares in ATR Kim Eng Financial Corporation (ATRKE Financial) with total purchase price of P115.7 million.

  The resulting shares of Anscor in ATRKE Financial constitute less than 10% of the latter's total outstanding shares.

  ATR Financial is a publicly-listed diversified financial services company, specializing in capital markets, insurance, real estate and other investments. Its wholly-owned subsidiary, ATR KmEng Capital Partners, Inc. is the country's largest non-bank related investment house, while its stockbrokerage arm, ATR KimEng Securities Inc. is the leading Philippine-owned securities company.

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 September 30	
	2010	*2009*
Volume sold (MT)		
Domestic	**7,345**	*6,717*
Export	**813**	*143*
Total	**8,158**	*6,860*
Revenues	**3,753,431**	*2,602,754*
Marginal Income	**443,494**	*325,174*
Operating Income	**249,902**	*175,888*
Net Income	**169,159**	*111,968*

Phelps Dodge's sales volume for the first nine months of 2010 increased by 18.9% as compared to the same period in 2009. The main reason for the volume increase was due to the higher levels of exports to General Cable Australia by PD Energy International (the PDP subsidiary that was registered with the Philippine Export Zone Authority) as well as increased demand in the domestic market.

Revenues rose by 44.2% as a result of the combination of the increase in volume and the higher average selling prices due to the increased cost of copper as compared to the first nine months of 2009.

PDP recorded a net Income of P169.2 million for the nine months ending September 30 that was 51.1% higher than the P112.0 million recorded in the same period of the prior year.

During the period PDP declared and paid dividends to shareholders in the total amount of P80.0 million.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 47.58% for this period, lower than the 2009 average occupancy rate of 48.18%. Average room rate was higher at US$902.77, compared to last year's average US$841.77. Total hotel revenues amounted to P367.1 million, higher than last year's revenues of P342.1 million. Gross operating profit (GOP) of P245.2 million, increased versus 2009's GOP by 5.55%.

Seven Seas reported a net income of P49.1 million, higher from last year's net profit of P46.1 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.' consolidated year to date September revenue in 2010 was US$11.1 million, a 25% decline from the same period in 2009. The decline was driven by a drop in nursing revenue due to the current high US unemployment rate that has driven a decrease in hospital need for temporary nursing staff. The therapy division's revenue remains flat relative to the same period last year. The Company has taken steps to reduce its administrative costs and simplify its business strategy.

Cirrus Global, Inc. (formerly IQMan) registered consolidated revenue of P3.9 million for the nine months of 2010, a decrease from last year's consolidated revenues of P6.3 million. The U.S. State Department's continuing ban on the issuance of immigrant visas prevented it from deploying nurses to the US. The Company has outstanding orders from 9 US customers and has maintained the infrastructure to deploy those nurses. Increased unemployment in the United States contributed to the continuing 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. 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. March 04, 2010
Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2 3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation

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

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
Address of issuer's principal office

1200
Postal Code

8. 8190251
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9 - Other Event

Item 9. Other Event

At the regular meeting of the Board of Directors held on March 04, 2010, the following matters were approved:

1. Date of Stockholders' Meeting - **April 21, 2010**
2. Record Date - **March 18, 2010**
3. Proxy Validation Date - **April 14, 2010**

The Stockholders' Meeting will be held at 10:00 A.M. at the Manila Peninsula Hotel, Ayala Avenue corner Makati Avenue, Makati City. The proposed agenda for the Stockholders' Meeting are:

1. Approval of the minutes of previous meeting
2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders
3. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last annual meeting
4. Election of the members of the Board of Directors
5. Appointment of external auditors
6. Such other business as may properly come before the meeting

SIGNATURE

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 hereunto duly authorized.

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

March 04, 2010

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. March 04, 2010
Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2 3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
Exact name of issuer as specified in its charter

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Former name or former address, if changed since last report

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Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9 - Other Event

Item 9. Other Event

The Board of Directors of A. Soriano Corporation (Anscor), in its regular meeting held today, March 4, 2010, approved a cash dividend of **Ten Centavos (P0.10)** per share payable on **April 21, 2010** to all stockholders of record as of **March 25, 2010**.

SIGNATURE

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 hereunto duly authorized.

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

March 04, 2010

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. April 21, 2010
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2 3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
   Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
   Province, country or other jurisdiction of incorporation

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

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   corner Makati Avenue, Makati City
   Address of issuer's principal office

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   Postal Code

8. 8190251
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item Nos. 4 and 9

Item No. 4 - Resignations, Removal or Election of Registrant's Directors and Officers

At the annual meeting of stockholders of A. Soriano Corporation held on April 21, 2010, the following were elected directors:

1. Mr. Andres Soriano III
2. Mr. Eduardo J. Soriano
3. Mr. John L. Gokongwei Jr.
4. Mr. Oscar J. Hilado
5. Mr. Roberto R. Romulo
6. Mr. Ernest K. Cuyegkeng

Messrs. Oscar J. Hilado and Roberto R. Romulo are independent directors.

At the organizational meeting of the Board of Directors also held on April 21, 2010, the following were elected executive officers:

Mr. Andres Soriano III	- Chairman and CEO; President and COO
Mr. Eduardo J. Soriano	- Vice Chairman & Treasurer
Mr. Ernest K. Cuyegkeng	- Executive Vice President & Chief Financial Officer
Ms. Narcisa M. Villaflor	- Vice President & Comptroller
Atty. Lorna Patajo-Kapunan	- Corporate Secretary
Atty. Joshua L. Castro	- Executive Assistant and Assistant Corporate Secretary

And the following were appointed members of the Audit Committee, Compensation Committee, and Executive Committee, respectively:

Audit Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Eduardo J. Soriano	Member

Compensation Committee:

Mr. Oscar J. Hilado	Chairman
Mr. Andres Soriano III	Member
Mr. Eduardo J. Soriano	Member

Executive Committee:

Mr. Andres Soriano III	Chairman
Mr. Eduardo J. Soriano	Vice Chairman
Mr. Oscar J. Hilado	Member
Mr. Ernest K. Cuyegkeng	Member

Item No. 9 - Other Event

At the stockholders meeting held on April 21 2010, Sycip Gorres Velayo & Co. was reappointed as the Corporation's External Auditor.

SIGNATURE

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 hereunto duly authorized.

A. SORIANO CORPORATION

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

April 21, 2010

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. July 26, 2010
   Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2 3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
   Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
   Province, country or other jurisdiction of incorporation

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

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave.
   corner Makati Avenue, Makati City
   Address of issuer's principal office

   1200
   Postal Code

8. 8190251
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 4

Item No. 4 - Resignations, Removal or Election of Registrant's Directors and Officers

At the regular meeting of the Board of Directors of A. Soriano Corporation held on July 26, 2010, Mr. Jose C. Ibazeta was elected Director of the Corporation and member of the Audit Committee and the Executive Committee.

SIGNATURE

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 hereunto duly authorized.

A. SORIANO CORPORATION

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

July 26, 2010

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. October 14, 2010
Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2 3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

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9. N/A
Former name or former address, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	2,500,000,000

11. Indicate the item numbers reported herein: Item No. 9 - Other Event

Item 9. Other Event

The Board of Directors of A. Soriano Corporation (Anscor), in its regular meeting held today, October 14, 2010, approved a special cash dividend of **Twelve Centavos (P0.12)** per share payable on **November 26, 2010** to all stockholders of record as of **November 4, 2010**.

SIGNATURE

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 hereunto duly authorized.

A. SORIANO CORPORATION

By:

ATTY. JOSHUA L. CASTRO
Corporate Information Officer

October 14, 2010

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(C) THEREUNDER

1. November 2, 2010
Date of Report (Date of earliest event reported)

2. SEC Identification Number: PW-2

3. BIR Tax Identification No. 000-103-216

4. A. SORIANO CORPORATION
Exact name of issuer as specified in its charter

5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation

6. (SEC Use Only)
Industry Classification Code

7. 7/F Pacific Star Bldg., Gil J. Puyat Ave.
corner Makati Avenue, Makati City
Address of issuer's principal office

1200
Postal Code

8. 8190251
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

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

11. Indicate the item numbers reported herein: Item No. 9

Item 9. Other Event (Exchange of Shares)

On November 2, 2010, A. Soriano Corporation ("Anscor") exchanged its 5,000,000 common shares in ATR Holdings, Inc. with 41,936,663 shares in ATR KimEng Financial Corporation ("ATRKE Financial").

The resulting shares of Anscor in ATRKE Financial constitute less than 10% of the latter's total outstanding shares.

For reference, please see attached disclosure of ATRKE Financial regarding the transaction.

SIGNATURE

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 hereunto duly authorized.

A. SORIANO CORPORATION

By:

JOSHUA L. CASTRO
Corporate Information Officer

November 2, 2010

COVER SHEET

P W 9 9 8

S.E.C. Registration Number

A T R K I M E N G F I N A N C I A L

C O R P O R A T I O N

(Company's Full Name)

U N I T 8 1 1 T O W E R O N E & E X C H A N G E

P L A Z A A Y A L A T R I A N G L E A Y A L A

A V E N U E M A K A T I C I T Y

(Business Address: No. Street/City/Province)

Renato L. Leveriza, Jr.	893-1150/810-0106
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-C November 2, 2010	Any day in May each year
Month	Day	FORM/TYPE	Month Day
Fiscal Year			Annual Meeting

N A

Secondary License Type, If Applicable

SEC General Accountant & C F D

Dept. Requiring this Doc.

N A

Amended Articles Number/Section

Total Amount of Borrowings)

4 3 8		
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned.

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning

SEC Form 17-C
December 2003

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **2 November 2010**
   Date of Report

2. SEC Identification Number **PW998** 3. BIR Tax Identification No. **000-410-269**

4. **ATR KIMENG FINANCIAL CORPORATION**
   Exact name of issuer as specified in its charter

5. **SEC, Mandaluyong City, Metro Manila**
   Province, country or other jurisdiction of incorporation

6. ☐ (SEC Use Only)
   Industry Classification Code:

7. **Unit 811, 8th Floor, Tower One & Exchange Plaza, Ayala Triangle, Ayala Ave., Makati City**
   Address of principal office Postal Code **1226**

8. **(632) 893-1150, 810-0106, 810-0276, 893-1145 (fax)**
   Issuer's telephone number, including area code

9. **N.A**
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Unclassified Common shares.....	Auth.: 1,300,000,000 Issued: 1,068,393,433
Preferred shares.....	Authorized: 200,000 Issued: None

11. Indicate the item numbers reported herein: **No. 9 Other Events / Developments**

Sale of shares by major shareholder and subsidiary. Please see attached.

SEC Form 17-C
December 2003

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 hereunto duly authorized.

ATR KimEng Financial Corporation
Issuer

2 November 2010
Date

.....

Renato L. Leveriza, Jr.
Director and Executive Vice President

ATR KIMENG
FINANCIAL CORPORATION

2 November 2010

SECURITIES AND EXCHANGE COMMISSION
CORPORATION FINANCE DEPARTMENT
SEC Building, EDSA,
Greenhills, Mandaluyong City

Attention: **Atty. Justina F. Callangan,** *Director-Corporation Finance Department*

PHILIPPINE STOCK EXCHANGE, INC.
DISCLOSURE DEPARTMENT
Philippine Stock Exchange Centre,
Exchange Road, Ortigas Center,
Pasig City

Attention: **Ms. Janet A. Encarnacion,** *Head- Disclosure Department*

Gentlemen/Mesdames:

Pursuant to the reportorial requirements of the Securities Regulation Code and the Revised Disclosure Rules of the Philippine Stock Exchange ("PSE"), we are pleased to announce the completion of a secondary placement of shares to several investors including certain shareholders of ATR Holdings, Inc. ("ATR Holdings"), a major shareholder of the Company. The secondary placement also includes shares acquired late last year by our investment house subsidiary, ATR KimEng Capital Partners, Inc. ("ATRKE Capital") from Harmonia Investments Pte. Ltd., a private equity fund. Funds raised by ATRKE Capital from the sale will be used for the continued expansion of its asset management business.

In its portion of the placement, ATR Holdings allowed certain of its own shareholders, such as, A. Soriano Corporation, J.G. Summit Capital Services Corporation and Mrs. Loida Nicolas-Lewis to exchange their ATR Holdings shares into shares of the listed company, allowing them to participate directly in stock right offers, dividend payments, and other benefits of direct ownership. As a result, ATR Holdings' interest in the Company has been reduced but it remains the single largest shareholder after Singapore's Kim Eng Holdings Limited.

The secondary placement and exchange of shares will increase the public ownership of the company ahead of the implementation of rules on minimum public ownership, which are anticipated to be enforced by the PSE in the future. A total of 184,227,151 out of the Company's 1,068,393,223 outstanding shares were transacted at the PSE earlier today to effect the simultaneous placement and exchange of shares.

Please find attached herewith a copy of the Press Release regarding this matter.

Unit 811 Tower One & Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City, Philippines 1226

Very truly yours,

RENATO L. LEVERIZA, JR.
Director and Executive Vice President

Cc: Mr. R.B. Arnaiz/Mr. M.N. Tordesillas/Atty. G.M. Santos

ATR KIMENG
FINANCIAL CORPORATION

PRESS RELEASE
For inquiries, please contact:
RENE LEVERIZA
ATR KimEng Financial Corp.
Tel. No. 893.1150
Fax No. 893.1145

Investors buy into ATR KimEng Financial

In a disclosure to the Philippine Stock Exchange (PSE) today, ATR KimEng Financial Corporation (ATRKE Financial) announced that, as part of its ongoing efforts to promote the liquidity of its stock while meeting the PSE's required minimum percentage of public ownership, it had completed a placement of secondary shares to several investors, including certain shareholders of its parent ATR Holdings. The placement also includes the sale of ATRKE Financial shares acquired late last year by its investment house subsidiary, ATR KimEng Capital Partners, Inc. (ATRKE Capital), from Harmonia Investments Pte. Ltd., a private equity fund. Funds raised from the placement will be used by ATRKE Capital to finance the continued expansion of its asset management business.

ATRKE Financial also reported that major shareholder ATR Holdings had allowed certain of its own shareholders, such as A. Soriano Corporation, JG Summit Capital Services Corporation and Mrs. Loida Nicolas-Lewis to exchange their shares in ATR Holdings into shares of the listed company, allowing them to participate directly in ATRKE Financial's stock rights offers, dividend payments, and other benefits of direct ownership. As a result, ATR Holdings' interest in the listed company has been reduced after the sale, but it remains the company's single largest shareholder after Kim Eng Holdings Limited of Singapore.

The placement and exchange of shares will increase the public ownership of the company, in line with PSE's required minimum percentage of public ownership, and ahead of the deadline to be imposed by the PSE on companies to comply with listing rules. A total of 184,227,151 ATRKE Financial shares were crossed yesterday at the facilities of the PSE to effect the simultaneous placement and exchange of shares.

ATR KIMENG
FINANCIAL CORPORATION

PRESS RELEASE

For inquiries, please contact:
RENE LEVERIZA
ATR KimEng Financial Corp.
Tel. No. 893.1150
Fax No. 893.1145

ATRKE Financial reported that its consolidated net income attributable to shareholders for the first half of 2010 reached P144.0 million, surpassing last year's first half net income of P 94.6 million by 52.2 percent. Earlier this year, the company also moved to further strengthen its capital base when the Securities and Exchange Commission approved its application to increase its authorized capital stock to P 1.3 Billion. Last September, the company paid an 8 percent stock dividend to its shareholders.

# # #

About ATR KimEng Financial Corporation

ATR KimEng Financial Corporation is a publicly-listed diversified financial services company, specializing in capital markets, insurance, real estate and other investments. Its wholly-owned subsidiary, ATR KimEng Capital Partners, Inc., is the country's largest non-bank related investment house, while its stockbrokerage arm, ATR KimEng Securities Inc., is the leading Philippine-owned securities company. The Group is principally involved in corporate finance and advisory services (equity IPOs and secondary offers, bond underwriting, mergers and acquisitions, debt restructuring); stockbroking and equity research; life and general insurance underwriting and distribution, and insurance broking; asset management (mutual funds and trust fund management); foreign exchange and fixed income broking; and real estate investments. Through its shareholder Kim Eng Holdings Ltd., a publicly-listed company in Singapore, the Group enjoys equity distribution access throughout Southeast Asia, Europe and North America. For more details, please visit www.atrkimengfinancial.com, www.atrkimeng.com, and www.kimeng.com.