splash corporation

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May 16, 2011

SECURITIES AND EXCHANGE COMMISSION
SEC Bldg., EDSA
Greenhills, Mandaluyong City

Attention : **Atty. JUSTINA CALLANGAN**
Director, Corporation Finance Department

Subject : **Quarterly Report for the period ended March 31, 2011**

Dear Atty. Callangan:

Attached is the quarterly report pursuant to Section 17 of Securities Regulation Code and SRC Rule 17(2) (b).

Thank you very much.

Very truly yours,

VMTomas

VENERANDA M. TOMAS
COMPLIANCE OFFICER

HEAD OFFICE: 3F HBC Corporate Centre, 548 Mindanao Avenue, Quezon City, Philippines 1116 Tel. No.: +63(2) 984-5555 Fax No.: +63(2) 456-0141
PLANT: 17 F. Lazaro St., Canumay West, Valenzuela City, Philippines 1443 Tel. No.: +63(2) 292-2478 Fax No.: +63(2) 292-5142

COVER SHEET

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SEC Registration Number

SPLASH CORPORATION
(A Subsidiary of Ang.Hortaleza
Corporation) AND SUBSIDIARIES

(Company's Full Name)

HBC Corporate Centre,
548 Mindanao Avenue corner
Quirino Highway, Quezon City

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

Ms. Veneranda M. Tomas
(Contact Person)

(632) 491-7707
(Company Telephone Number)

1 2 **3 1**
Month *Day*
(Calendar Year)

1 7 - Q
(Form Type)

0 6 **1 8**
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, if applicable)

Dept. requiring this document

Total Amount of Borrowings

79
Total Number of Stockholders

845,427,823
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks : Use BLANK ink for scanning purposes

SEC Number: AS09196206
File Number: ____

SPLASH CORPORATION

(Company's Full Name)

5th Floor W-Office Building, 11th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

(Company Address)

(632) 491–7707

(Telephone Number)

March 31, 2011

(Quarter Ending)

SEC Form 17-Q Quarterly Report

(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2011**

2. SEC Identification Number: AS09196206 3. BIR Tax Identification No.: **001-096-221 VAT**

4. Exact name of issuer as specified in its charter: **SPLASH CORPORATION**

5. Province, Country or other jurisdiction of incorporation or organization: **PHILIPPINES**

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

7. Address of principal office: **5th Floor W-Office Building, 11th Avenue corner 28th Street, Bonifacio Global City, Taguig City.** Postal Code: 1634

8. Issuer's telephone number, including area code: (632) 491-7707

9. Former name, former address, and former fiscal year, if changed since last report: **HBC Corporate Centre, 548 Mindanao Avenue corner Quirino Highway, Quezon City**

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
Common Shares, P1.00 Par value	**653,800,166 shares**

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 Shares**

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 [ ]

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December 31, 2010 (Audited)

SPLASH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Ang·Hortaleza Corporation)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱1,405,267,721**	₱1,405,705,242
Receivables (Notes 5 and 9)	**657,879,485**	759,284,070
Inventories (Note 6)	**433,854,005**	379,817,899
Current portion of note receivable (Notes 9)	**72,829,731**	40,945,117
Current portion of advances to ultimate Parent Company (Notes 9)	–	33,738,738
Other current assets	**146,863,605**	108,131,723
Total Current Assets	**2,716,694,547**	2,727,622,789
Noncurrent Assets		
Note receivable - net of current portion (Notes 9)	**149,139,289**	85,370,062
Advances to ultimate Parent Company - net of current portion (Notes 9)	–	67,477,477
Property, plant and equipment	**290,489,423**	246,914,378
Intangible assets (Notes 8)	**382,020,819**	392,183,609
Available-for-sale investments	**283,370,000**	283,370,000
Land held for development	**141,956,454**	141,956,454
Deferred income tax assets - net	**55,765,373**	55,219,748
Other noncurrent assets	**63,938,308**	82,039,008
Total Noncurrent Assets	**1,366,679,666**	1,354,530,736
TOTAL ASSETS	**₱4,083,374,213**	₱4,082,153,525
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	**₱515,242,691**	₱527,772,884
Current portion of:		
Floating rate notes payable - net of current portion	**47,614,558**	46,819,411
Obligations under finance lease	**6,788,635**	6,788,635
Provisions	**13,800,000**	13,800,000
Total Current Liabilities	**583,445,884**	595,180,930
Floating rate notes payable - net of current portion	**797,813,271**	797,813,271
Obligations under finance lease - net of current portion	**13,258,209**	13,258,209
Retirement benefits liabilities	**43,056,266**	37,804,135
Accrued rent-net of current portion	–	2,442,726
Total Noncurrent Liabilities	**854,127,746**	851,318,341
Total Liabilities	**1,437,573,630**	1,446,499,271
Equity		
Attributable to equity holders of the Company:		
Capital stock	**₱746,160,357**	₱746,160,357
Additional paid-in capital	**1,635,501,454**	1,635,501,454
Unrealized valuation gain on available-for-sale investments	**51,598,100**	51,598,100
Cumulative translation adjustments	**(458,686)**	226,491
Retained earnings	**507,426,781**	496,565,423
Treasury stock	**(294,111,041)**	(294,111,041)
	2,646,116,965	2,635,940,784
Non-controlling interest	**(316,382)**	(286,530)
Total Equity	**2,645,800,583**	2,635,654,254
TOTAL LIABILITIES AND EQUITY	**₱4,083,374,213**	₱4,082,153,525

SPLASH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Ang·Hortaleza Corporation)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2011 (Unaudited)	2010 (Unaudited)
NET SALES		
Sale of goods	**₱685,194,375**	₱607,272,671
Sale of services	**1,288,429**	357,779
	686,482,804	607,630,450
COST OF GOODS SOLD AND SERVICES		
Cost of goods	**(281,803,560)**	(253,613,649)
Cost of services	**(609,883)**	(366,957)
	(282,413,443)	(253,980,606)
GROSS PROFIT	**404,069,361**	353,649,844
SELLING EXPENSES	**(291,503,917)**	(235,458,982)
GENERAL AND ADMINISTRATIVE EXPENSES	**(102,457,851)**	(102,893,859)
INTEREST INCOME	**11,384,538**	10,109,949
INTEREST EXPENSE	**(8,221,779)**	(13,284,919)
OTHER CHARGES	**(1,355,663)**	(2,663,839)
INCOME BEFORE INCOME TAX	**11,914,688**	9,458,194
PROVISION FOR INCOME TAX		
Current	**1,077,858**	1,534,626
Deferred	**–**	–
	1,077,858	1,534,626
NET INCOME FOR THE YEAR	**₱10,836,830**	₱7,923,568
OTHER COMPREHENSIVE LOSS		
Exchange differences on translation of foreign subsidiaries	**(690,501)**	–
TOTAL COMPREHENSIVE INCOME	**₱10,146,329**	₱7,923,568
Net income attributable to:		
Equity holders of the Company	**₱10,861,358**	₱7,922,928
Non-controlling interest	**(24,528)**	640
	₱10,836,830	₱7,923,568
Total comprehensive income attributable to:		
Equity holders of the Company	**₱10,176,181**	₱7,922,928
Non-controlling interest	**(29,852)**	640
	10,146,329	₱7,923,568
Basic/Diluted Earnings Per Share	**₱0.016**	₱0.011

SPLASH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Ang·Hortaleza Corporation)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31	
	2011 (Unaudited)	2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱11,914,688**	₱7,923,568
Adjustments for:		
Depreciation and amortization	**19,950,533**	14,319,612
Interest income	**(11,384,538)**	(10,109,949)
Interest expense	**8,221,779**	13,284,919
Movement in net retirement benefits liabilities	**5,252,131**	4,427,706
Unrealized foreign exchange loss (gain) - net	**1,764,393**	2,233,283
Dividend income	**(25,000)**	–
Gain on sale of property and equipment, net of loss on write-off	**(126,000)**	(1,056,168)
Operating income before working capital changes	**35,567,986**	31,022,971
Decrease (increase) in:		
Receivables	**103,423,491**	46,289,929
Inventories	**(54,036,106)**	(72,494,415)
Other current assets	**(29,887,508)**	(43,181,028)
Decrease in accounts payable and accrued expenses	**(18,296,324)**	(27,454,149)
Cash generated from (used in) operations	**36,771,539**	(65,816,692)
Interest received	**9,365,632**	10,109,949
Income taxes paid	**(1,077,858)**	(1,534,626)
Net cash flows from (used in) operating activities	**45,059,313**	(57,241,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	–	(10,593,391)
Additions to property and equipment	**(53,362,788)**	30,166
Collections of note receivable	–	44,926
Collections of cash advances to ultimate Parent Company	–	11,224,495
Proceeds from sale of property and equipment	**126,000**	–
Dividends received	**25,000**	
Increase in other noncurrent assets	**14,273,075**	25,684,807
Net cash flows from (used in) investing activities	**(38,938,713)**	26,391,003
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest	**(4,103,227)**	(13,284,919)
Bank loan	–	624,715
Net cash flows used in financing activities	**(4,103,227)**	(12,660,204)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,454,894)	–
NET DECREASE IN CASH AND CASH EQUIVALENTS	(437,521)	(43,510,571)
CASH AND CASH EQUIVALENTS AT JANUARY 1	1,405,705,242	1,468,402,000
CASH AND CASH EQUIVALENTS AT MARCH 31	**₱1,405,267,721**	₱1,424,891,429

SPLASH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Ang·Hortaleza Corporation)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company								
	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain(Loss) on AFS	Cumulative Translation Adjustment	Retained Earnings	Treasury Stock	Total	Non-Controlling Interest	Total
(Unaudited)									
BALANCES AT JANUARY 1, 2011	₱746,160,357	₱1,635,501,454	₱51,598,100	₱226,491	₱496,565,423	(₱294,111,041)	₱2,635,940,784	(₱286,530)	₱2,635,654,254
Total comprehensive income for the quarter	–	–	–	(685,176)	10,861,358	–	10,176,182	(29,852)	10,146,330
BALANCES AT MARCH 31, 2011	₱746,160,357	₱1,635,501,454	₱51,598,100	(₱458,685)	₱507,426,781	(₱294,111,041)	₱2,646,116,966	(₱316,382)	₱2,645,800,584
(Unaudited)									
BALANCES AT JANUARY 1, 2010	₱746,160,357	₱1,635,776,027	₱4,553,100	(₱674,798)	₱344,483,482	(₱130,289,577)	₱2,600,008,591	₱111,171	₱2,600,119,762
Total comprehensive income for the quarter	–	–	–	2,606,000	(1,989,924)	–	616,076	(157,675)	458,401
BALANCES AT MARCH 31, 2010	₱746,160,357	₱1,635,776,027	₱4,553,100	₱1,931,202	₱342,493,558	(₱130,289,577)	₱2,600,624,667	(₱46,504)	₱2,600,578,163

SPLASH CORPORATION AND SUBSIDIARIES
(A Subsidiary of Ang.Hortaleza Corporation)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

Splash Corporation (the Parent Company or the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 30, 1991 primarily to develop, manufacture, bottle, pack and market cosmetics and other beauty products, and pharmaceutical products in the Philippines and abroad. On March 4, 2009, the SEC approved the Company's amendment of the primary purpose of the Articles of Incorporation to include the development or acquisition of technology to manufacture and sell personal care, pharmaceuticals, food, health, home, household care and other ancillary products in the Philippines and abroad.

The Company's registered office address is HBC Corporate Centre, 548 Mindanao Avenue corner Quirino Highway, Quezon City. The Board of Directors (BOD) in its meeting on November 12, 2010 approved the transfer of the Head office of Splash Corporation from Quezon City to Taguig City.

This condensed consolidated interim financial information was approved by the BOD for issue on May 6, 2011.

2. Basis of preparation

The condensed consolidated interim financial statements for the three months ended March 31, 2011 has been prepared in accordance with PAS 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2010, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The preparation of the financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated interim financial statements and accompanying notes. The estimates and assumptions used in the accompanying condensed consolidated interim financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the condensed consolidated interim financial statements. Actual results could differ from such estimates.

The condensed consolidated interim financial statements include the accounts of the Parent Company and its wholly owned subsidiaries Acceleron Distribution Corp. (ADC), P.T. Splash Cahaya (PTSC) and Splash H&B Sdn. Bhd (SHSB), Splash H&B Limited (SHL) and Splash Global Pte. Ltd. (SGPL), collectively referred to as "the Group". The condensed consolidated interim financial statements are presented in Philippine Peso (Peso), which is the parent Company's functional and presentation currency. All amounts are rounded to the nearest peso, except when otherwise indicated.

3. Changes in Accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements as of March 31,2011 are consistent with those followed in the preparation of the consolidated financial statements for the year ended December 31, 2010, except for the adoption of the following new and amended PFRS and Philippine Interpretations International Financial Reporting Interpretation Committee (IFRIC) interpretations and amendments to existing Philippine Accounting Standards (PAS).

Adoption of the following standards and interpretations did not have significant effect on the condensed consolidated interim financial statements.

- PAS 24 (Amended), *Related Party Disclosures*
  The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified 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 14 (Amendment), *Prepayments of a Minimum Funding Requirement*
  The amendment to Philippine Interpretation IFRIC 14 is effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment 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 is deemed to have no impact on the condensed consolidated interim financial statements of the Group.

Improvements to PFRS
Improvements to PFRS are an omnibus of amendments to PFRS. The amendments have not been adopted as they become effective for annual periods on or after either July 1, 2010 or January 1, 2011. The amendments listed below, are considered to have no impact on the Group's condensed consolidated interim financial statements.

- Revised PFRS 3, *Business Combinations*

  Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revision, clarifies that the amendments to PFRS 7, *Financial Instruments: Disclosures*, PAS 32, *Financial Instruments: Presentation* and PAS 39, *Financial Instruments: Recognition and Measurement*, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede application of PFRS 3 (as revised in 2008).

  Measurement of non-controlling interests: Limits the scope of the measurement choices that only the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, shall be measured either: (i) at fair value or (ii) at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by another PFRS, e.g., PFRS 2.

Un-replaced and voluntarily replaced share-based payment awards: Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognized as post-combination expenses.

The amendment also specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested - they are part of non-controlling interest and measured at their marked-based measure; if unvested - they are measured at market based value as if granted at acquisition date, and allocated between non-controlling interest and post-combination expense.

- Amendment to PFRS 7, *Financial Instruments: Disclosures*, emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The improvement also amended certain quantitative and credit risk disclosures.

- Amendment to PAS 1, *Presentation of Financial Statements*, clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements.

- Amendment to PAS 27, *Consolidated and Separate Financial Statements*, clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates* and PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2010 or earlier when PAS 27 is applied earlier.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*, clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.

4. Seasonality of Operations

Higher revenues and operating profits are usually expected towards the second quarter and fourth quarter of the year in relation to the number of holidays and events in these periods.

5. Receivables

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Trade	**₱ 659,977,593**	₱758,254,752
Non-trade:		
Advances to officers and employees	**18,240,613**	16,847,599
Due from related parties	**6,238,655**	4,753,985
Receivable from insurance companies	**–**	7,565,676
Interest receivable	**4,187,133**	2,168,227
Other receivables	**8,976,967**	9,435,307
	37,643,368	40,770,794
	697,620,961	799,025,546
Less allowance for doubtful accounts	**39,741,476**	39,741,476
	₱ 657,879,485	₱759,284,070

Aging analysis of trade receivables as of March 31, 2011 is as follows:

	Amount on Php000s	% to Total
Domestic		
0 days/current	398,420	72.3%
1-30 days	18,366	3.3%
Over 30 days	67,483	12.3%
Over 60 days	22,568	4.1%
Over 90 days	8,575	1.6%
Over 120 days	15,531	2.8%
Over 360 days	19,765	3.6%
Total Domestic	**550,708**	100%
International		
0 days/current	19,369	18%
1-30 days	3,821	3%
Over 30 days	359	0%
Over 60 days	6,945	6%
Over 90 days	19,048	17%
Over 120 days	21,850	20%
Over 360 days	37,877	35%
Total International	**109,269**	100%

All accounts over ninety days overdue were reviewed individually to assess its collectability. The assessment showed all accounts which were not provided with allowance for doubtful accounts have payment plans and are therefore still collectible pending resolution of related issues or customer concerns. The management believes that the existing allowance for doubtful accounts amounting to ₱39,741,476 is adequate to cover possible uncollected accounts in the future.

6. Inventories

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Finished goods	**₱ 222,454,039**	₱238,157,026
Work in process	**11,819,526**	12,164,970
Raw materials	**216,951,792**	187,403,734
Raw materials in transit	**–**	1,775,701
	451,225,357	439,501,431
Less allowance for inventory obsolescence	**(17,371,352)**	(59,683,532)
	₱ 433,854,005	₱379,817,899

The inventories written-off during the first quarter of 2011 amounting to ₱42,312,180 was fully provided for as of December 31, 2010. No significant change during the period in the NRV.

7. Other Current Assets

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Tax credit certificates	**₱47,469,548**	₱47,469,548
Advances to suppliers	**13,037,984**	15,651,463
Creditable withholding taxes	**15,310,820**	15,298,111
Supplies inventory	**12,708,528**	14,774,940
Prepaid insurance	**6,089,397**	3,757,683
Input VAT	**2,923,037**	1,471,740
Deferred input VAT	**437,743**	314,824
Other prepaid expenses	**48,886,548**	9,393,414
	₱146,863,605	₱108,131,723

Increase in other prepaid expenses include payments on constructions/advance rentals in relation to transfer of new office in Taguig, talent fees of certain endorsers, HBC rent, real property taxes, and other services.

8. Intangible Assets

There was no movement in the Group's intangible assets, which consist of the patents, trade mark and software costs, except for the amortizations for the first quarter amounting to ₱10 million.

9. Related Party Transactions

The Group has the following transactions with related parties:

For the three months ended March 31, 2011(Unaudited):

	Sales	Service Income	Rent Expense	Donation	Interest Income
Ultimate Parent Company-AHC	**₱–**	**₱–**	**₱–**	**₱–**	**₱793,130**
Fellow subsidiaries through AHC:					
HBC, Inc.	**24,916,021**	**1,288,429**	**4,401,950**	–	–
PTSI	–	–	–	–	**1,136,589**
WPB	–	–	–	–	**4,818,438**
Related company – Ang. Hortaleza Foundation (AHF)	–	–	–	**2,250,000**	–
Close family members:					
Hantrade Phils.	**953,386**	–	–	–	–
Individuals	**469,435**	–	–	–	–
Stockholder	–	–	–	–	–
	₱26,338,842	**₱1,288,429**	**₱4,401,950**	**₱2,250,000**	**₱6,748,157**

For the year ended December 31, 2010 (Audited):

	Sales	Service Income	Purchases	Rent Expense	Donation	Interest Income	Purchase of Patents
Fellow subsidiaries through AHC:							
HBC, Inc.	₱73,760,734	₱2,155,676	₱–	₱15,451,799	₱–	₱–	₱–
PTSI	8,297,999	–	5,744,405	–	–	17,703,824	–
WPB	–	–	–	–	–	17,634,166	–
Related company – Ang. Hortaleza Foundation (AHF)	–	–	–	–	7,283,276	–	–
Close family members:							
Hantrade Phils.	2,938,549	–	–	–	–	–	–
Individuals	4,468,830	–	–	–	–	–	
Stockholder	–	–	–	–	–	–	300,000,000
	₱89,466,112	₱2,155,676	₱5,744,405	₱15,451,799	₱7,283,276	₱35,337,990	₱300,000,000

The Group has the following account balances with related parties:

As of March 31, 2011 (Unaudited):

	Cash and Cash Equivalents	Trade Receivables	Due from Related Parties	Interest Receivable	Note Receivable	Advances to Ultimate Parent Co	Payable to a Fellow Subsidiary
Ultimate Parent Company-							
AHC	₱–	₱–	₱–	₱793,130	₱95,653,841	₱-	₱–
Fellow subsidiaries through AHC:							
WPB	546,138,414	–	–	764,141	–	–	–
HBC, Inc.	–	33,794,056	–	–	–	–	–
HBC Global	–	31,976,793	–	–	–	–	–
PTSI	–	8,346,141	2,136,082	1,136,589	126,315,179	–	–
SII	–	–	1,162,006	–	–	–	164,919
WPFC	–	–	2,940,567	–	–	–	–
Close family members -						–	–
Individuals	–	476,081	–	–	–	–	–
	₱546,138,414	₱74,593,071	₱6,238,655	₱2,693,860	₱221,969,020	₱-	₱164,919

As of December 31, 2010 (Audited):

	Cash and Cash Equivalents	Trade Receivables	Due from Related Parties	Interest Receivable	Note Receivable	Advances to Ultimate Parent	Trade Payable to a Fellow Subsidiary
Ultimate Parent Company-							
AHC	₱–	₱–	₱–	₱–	₱–	₱101,216,215	₱–
Fellow subsidiaries through AHC:							
WPB	502,622,305	–	–	785,657	–	–	–
HBC, Inc.	–	37,572,164	–	–	–	–	–
HBC Global	–	34,565,034	–	–	–	–	–
PTSI	–	8,787,415	2,334,596	429,970	126,315,179	–	–
SII	–	–	1,145,385	–	–	–	164,919
WPFC	–	–	1,274,004	–	–	–	–
Close family members -						–	–
Individuals	–	19,732	–	–	–	–	–
	₱502,622,305	₱80,944,345	₱4,753,985	₱1,215,627	₱126,315,179	₱101,216,215	₱164,919

The Group has the following transactions with related parties:

a. The restructuring of the advances to AHC from noninterest-bearing to interest-bearing advances with interest rate similar to the Company's FRNs and are payable quarterly for a period of three years became effective on January 1, 2011 as approved by the BOD on April 13, 2010.
b. Entered into lease agreements with HBC, Inc. for the lease of the Company's office space. The lease will be pre-terminated in May 2011 due to transfer of corporate office to Taguig City.
c. Donates to AHF to support AHF's various outreach programs.

10. Segment Reporting

The Group's reportable segments are as follows:

Philippine Operations - sells and markets personal, health and beauty products through distributors located within the Philippines. These also include toll manufacturing services to a related party and payday sale operations.

International Operations - sells and markets personal, health and beauty products through foreign distributors located outside the Philippines and through local consolidators located within the Philippines. The foreign distributors include its foreign subsidiaries.

Direct Selling Business – sells and markets personal, health and beauty products through a network of dealers business partners. The direct selling business started in 2009.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on Net sales and Operating results. Operating results is obtained by deducting operating expenses from gross profit. Finance costs, finance income and income taxes are managed at the Group level. Segment assets only include receivables and inventories. All other assets are not allocated to the segments as part of information provided to CODM. Segment liabilities are not reported to the CODM.

The Group's segment information is as follows (in thousands):

	For Three Months Ended March 31, 2011			
	Philippine Operations	International Operations	Direct Selling Business	Total
Net sales (Notes a and b)	₱547,538	₱100,826	₱36,831	₱685,195
Service income (Notes a and b)	1,288	–	–	1,288
Total	548,826	100,826	36,831	686,483
Costs of goods sold and services (Note b)	234,649	37,930	9,834	282,413
Gross profit	314,177	62,896	26,997	404,070
Operating expenses	330,744	37,030	26,188	393,962
Operating profit (loss) (Note c)	(₱16,567)	₱25,866	₱809	₱10,108
Segment Assets (Note d):				
Trade receivables (Notes a and b)	₱498,844	₱109,270	₱51,864	₱659,978
Inventories (Notes b and e)	352,379	27,074	71,772	451,225
Total	₱851,223	₱136,344	₱123,636	₱1,111,203

	For Three Months Ended March 31, 2010			
	Philippine Operations	International Operations	Direct Selling Business	Total
Net sales (Notes a and b)	₱507,947	₱94,981	₱4,344	₱607,272
Service income (Notes a and b)	358	–	–	358
Total	508,305	94,981	4,344	607,630
Costs of goods sold and services (Note b)	216,776	36,010	1,194	253,980
Gross profit	291,529	58,971	3,150	353,650
Operating expenses	315,664	15,812	6,877	338,353
Operating profit (loss) (Note c)	(₱24,135)	₱43,159	(₱3,727)	₱15,297
Segment Assets (Note d):				
Trade receivables (Notes a and b)	₱830,275	₱112,282	₱86,254	₱1,028,811
Inventories (Notes b and e)	332,236	25,557	68,151	425,944
Total	₱ 1,162,511	₱137,839	₱154,405	₱1,454,755

a. Segment revenues and related receivables for the Philippine operations, international operations and direct selling business are recognized when the goods are delivered to distributors/local consolidators/dealers (for sale of goods) and by reference to the stage of completion (for service income) which are the same revenue recognition being followed and reflected in the consolidated financial statements.

b. There are no inter-segment sales or transactions. Consequently, the sum of the Philippine operations, international operations and direct selling business segment accounts agrees with the amounts reflected in the consolidated statements of income.
c. Operating profit (loss) is obtained by deducting operating expenses from gross profit. Other revenue and expenses to arrive at net income such as finance costs, finance income and income taxes are managed at the Group level.
d. Total segment assets include receivables and inventories. All other assets such as cash and cash equivalents, other financial instruments and property, plant and equipment are not allocated to the segments.
e. Inventories are presented at cost; thus, allowance for inventory obsolescence is not deducted from the amounts reported.

11. Other Explanatory Notes

Unusual Items - During the current interim period, there are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

Changes in estimates or amounts reported in prior periods - There are no changes in estimates or amounts reported in prior interim periods or prior financial years that would have a material effect in the current interim period

Material events - Material events, if any, subsequent to the end of the prior interim period are reflected in the financial statements for the current interim period.

Changes in composition of Company - There were no changes in the composition of the Company, business combinations, acquisitions or disposals during the interim period. Last March 11, 2011, however, the Board of Directors approved the establishment of a subsidiary in Uganda up to a maximum investment of $400,000.

Earnings per Share (EPS) - EPS is determined by dividing net income by the weighted average number of shares issued and outstanding, after giving retroactive adjustments for any stock split and stock dividends or reverse stock splits during the year. The Company does not have dilutive potential common shares.

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Net income (loss)	**₱10,861,358**	₱7,922,928
Weighted average number of shares	**653,800,166**	710,290,326
Earnings per share	**₱0.017**	₱0.011

12. Other events subsequent to March 31, 2011

a. On April 18, 2011, Ang Hortaleza Corporation purchased from the stock market additional 370,834 shares of stock of Splash Corporation, amounting to ₱927,085, at ₱ 2.50 per share.

b. On April 15, 2011, the Board of Directors declared cash dividends of ₱0.11 per share, with record date of May 8, 2011 and payment date of May 16, 2011.

c. Pursuant to Board approval on March 11, 2011, the Company completed the acquisition from Probity International Marketing Corporation of Bio Cafe Instant Coffee Mix on April 11, 2011. The acquisition includes technology, processes, technical information, technical know-how, procedures and techniques, and all of the goodwill, trademarks, trade names, product registration, patent rights, copyright and other intellectual property rights relating to or used in connection with Bio Cafe coffee products.

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PART I – FINANCIAL INFORMATION

Splash Corporation
(A Subsidiary of Ang·Hortaleza Corporation) and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations March 31, 2011

Item 2. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations

The MD&A should be read in conjunction with our unaudited financial statements and the accompanying notes. All financial information is reported in Philippine Pesos (₱) unless otherwise stated.

Additional information about the Company can be found on our corporate website www.splash.com.ph.

FINANCIAL CONDITION

As of March 31, 2011, the Group's total assets slightly grew compared to December 31, 2010. Cash and cash equivalents was maintained at ₱1.4 billion accounting for 52% of the total current assets and represents 34% of the Group's total assets.

The other significant movements in the Group's Balance Sheet line items include:

- Continuing improvement in the collection of accounts receivables (12.6%)
- Conversion of the advances of the parent company to Notes Receivable in January 2011
- Increase in prices and stocking level of major raw materials and packaging materials inventory in preparation for the expected surge in sales in the next quarter and new product introductions.
- Increase in pre-payments and other current assets such as rental for new office, new endorsers' fees, display allowances and real property taxes.
- Capital expenditures for Plant facility improvements and capacity expansion

The current ratio as of March 31, 2011 at 4.66 and the debt to equity ratio at 0.54, continue to be better than the requirements set in our FRN Facility Agreement which mandates a current ratio of at least 2.0 and debt-to-equity ratio of not more than 1.5 until the Notes are fully settled. The FRN Facility Agreement has been fully disclosed in our 2010 Audited Financial Statements.

KEY PERFORMANCE INDICATORS(KPI)

The Group uses the following key performance indicators to track performance and achievement of standards set year on year.

KPI	CALCULATION	PERFORMANCE ACHIEVEMENT (in millions)	
		Q1 2011	Q1 2010
CONSOLIDATED NET SALES	Includes sales of the Company and its subsidiaries net of applicable discounts and valid returns from customers.	**686.0**	607.6
NEW PRODUCT SALES	Sales of new products launched during the period under review.	**70**	39
EBITDA	Computed as Operating Income plus Amortization and Depreciation in order to provide an immediate indication of the Company's ability to generate cash flows from operations, incur and service debt, finance capital expenditures (CAPEX) and working capital changes.	**30.1**	29.6
NET INCOME AFTER TAX	Income before tax minus provision for Income Tax	**10.8**	7.9
MARKET SHARES OF CORE BRANDS	Market share of the Company's Core brands (from which about 80% of sales are generated). It is based on the Retail Audit of AC Nielsen at specific cut-off dates. Provides indication of the relative market strength of the Company's core brands vis-a vis competition.		
Maxi peel Exfoliant		**81%**	84%
Skin White Lotion		**25%**	26%
Skin White Whitening Specific		**30%**	47%
Vitress Cuticle Coat		**60%**	59.%
Kolours Premium Hair Dye		**48%**	46%

NET SALES

Net Sales this year through March was ₱686 million or ₱79.0 million (13.0%) higher than that of the same period in 2010.

NEW PRODUCT SALES

New products introduced during the period are as follows:

- SkinWhite Bathe Soap Papaya Milk 135g
- Luster by Kolours
- Shades New Variants
- Maxi-Peel Exfoliant Solution No.
- Women's Apparel for Direct Selling

MARKET SHARES OF CORE BRANDS

Presented below is the market share of our top product category:

Product Category	Total Philippines – Volume % Share
Exfoliant Solution	Maxi-Peel retained its leading and dominant market position in the exfoliating solution segment with over 80% share.
Exfoliant Soap	Maxi-Peel soap line also retained its number 1 and dominant market position at 71%, its highest ever share registered.
Exfoliant Creams	Maxi-Peel's exfoliating cream meanwhile remains stable at 2.48%.
Total Whitening Lotion	Skin White Lotion maintains its number 1 position in the Whitening Lotion segment with 25% share of the segment.
Whitening Soap	Skin White soap also retained its number 1 position in the Scientific Whitening Soap segment with 30% share, despite the entry of newer and more affordable competitors who spent heavily on TV advertising.
Premium Hairdye	Kolours Hair Dye was able to maintain its number 1 position despite the slight dip in share now at 48% from last quarter's 49%. The brand is still recovering from heavy stock out issues due to supplier problems experienced in late 2010.
Cuticle Coat	Vitress continues to be the leading cuticle coat with 60% share despite steep competitor discount promos like buy-1-take-1 offers.

EBITDA

	In Thousand Pesos		Increase (Decrease)	
	Q1 2011	Q1 2010	Amount	%
Net operating income	10,108	15,297	(5,189)	-34%
Depreciation	19,951	14,320	5,631	39%
EBITDA	30,059	29,617	442	2%

Changes in net operating income and depreciation are also discussed below.

NET INCOME AFTER TAX

Net income after tax increased to ₱10.8 million from ₱7.9 million. The 13% increase in sales and the corresponding 14.3 % increase in gross profit was negated by the increase in selling and marketing expenses. The decline in interest expense by ₱5 million mainly contributed to the 36.8% increase in net income after tax.

Interest expense for the three months ended March 31, 2011 decreased by 38.1% compared to same period last year mainly due to payment of the annual installment of the Floating Rate Notes (FRN) amounting to ₱50 million in August 2010.

Non-cash operating expenses consist of:

	In Thousand Pesos		Increase (Decrease)	
	Q1 2011	**Q1 2010**	**Amount**	**%**
Depreciation and amortization	19,951	14,320	5,631	39%

Depreciation and amortization increased by 75% mainly due to the amortization of intangible assets.

OTHER MATTERS

Any known trends, demands, commitments, events or uncertainties that will have a material effect on the issuer's liquidity increasing or decreasing in any material way

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

Event(s) that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation

The Notes Facility provides, among other terms and conditions, that for as long as the FRNs remain outstanding, the Company is subject to negative covenants requiring prior written approval from the majority of the Note Holders for specified acts which include:

- Amendment of Articles of Incorporation and other organization documents, e.g., materially changing the nature of its present business;
- Entering into merger or consolidation;
- Granting of loans or advances to or investment in which its directors, officers, stockholders, other related persons except those made in the ordinary course of business;
- Creation of lien with respect to any of its properties;
- Sale or lease of assets;
- Guaranteeing indebtedness;
- Prepaying long-term indebtedness except for those provided in Section 2.07 of the Notes Facility;
- Entering into additional loans;
- Entering into any new management contracts;
- Declaration or payment of dividends in excess of fifty percent (50%) of the Company's net income for the most recent fiscal year;
- Purchase, redeem, retire or otherwise acquire for value it's capital stock; declare or pay management bonuses or profit sharing; and
- Execute any act which shall have a material adverse effect

In addition, the Notes facility provides that the Company has to maintain a ratio of current assets to current liabilities of at least 2.0 times and its debt to equity ratio should not be more than 1.5 times until final payment date.

As of March 31, 2011, the Group continues to be compliant with the above requirements.

Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company within consolidated entities or other persons created during the reporting period

There were no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and or other relationships of the Company within consolidated entities or other persons created during the reporting period.

Material commitments for capital expenditures, the general purpose of such commitment and the expected sources of funds for such expenditures

For 2011, the CAPEX budget is ₱426 million, mainly for the expansion of plant capacity, improvement of facilities and enhancement of management information systems for International and Direct Selling Operations. As approved by the Board of Directors on April 15, 2011, the expected source of funds for such expenditures will come from the IPO Proceeds and from borrowings, if necessary.

Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/income from continuing operations

The company produces and markets fast-moving consumer goods so that the most significant risk that it faces is inflation. Food items comprise about half of the basket of goods, with personal care items accounting for roughly 40% at most. With inflation, consumption will skew to the more essential items, with consumers postponing or even foregoing the purchase of non-essentials including personal care products.

In addition, inflation exerts upward pressures on product inputs as well as on operating costs. As prices are not normally automatically adjusted in line with production and operating costs, profit margins may decline.

Significant elements of income or loss that did not arise from the issuer's continuing operations

All of the Company's income/earnings are from its continuing operations.

Causes for any material change from period to period which shall include vertical and horizontal analyses of any material item.

Significant changes in the Company's financial statements are explained or disclosed in previous sections of this report and likewise in the accompanying notes to financial statements.

Seasonal aspects that had a material effect on the financial condition or results of operations

Sales in the early months of the year, particularly January, tend to be lower due to the December inventory build-up at the trade and distributor levels (for the high consumer demand during the holiday season.) However, sales begin to increase in February and peaks in May when traditional summer events (fiestas and festivals) occur. Demand normally declines during the third quarter as a result of the wet/typhoon season. This lower demand is more evident in rural or agricultural areas where farmers wait for harvest. Demand then rises in the 4th quarter with harvest and the holiday season.

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PART II – OTHER INFORMATION

Splash Corporation
(A Subsidiary of Ang·Hortaleza Corporation) and Subsidiaries

Legal, Regulatory and Corporate Developments
March 31, 2011

CASH DIVIDEND

On April 15, 2011, the Board of Directors approved the declaration of cash dividends of ₱ 0.11 per share in favour of all stockholders of record as of May 8, 2011 and payable on May 16, 2011.

MAJOR STOCKHOLDERS

As of March 31, 2011, the total number of stockholders was 76 and the stock price was ₱2.41.

LIST OF TOP 20 STOCKHOLDERS AS OF MARCH 31, 2011

Rank	Name	Number of Shares Held	Percent to Total Outstanding
1	Ang Hortaleza Corporation	435,518,054	66.61%
2	PCD Nominee Corp. (Fil)	244,321,717	37.37%
3	PCD Nominee Corp. (Non-Fil.)	7,705,300	00. 12%
4	Alfredo M. Yao	599,000	00.09%
5	William T. Enrile	320,000	00.05%
6	BNC Ingredients Corporation	200,000	00.03%
7	Joy O. Go	180,000	00.03%
8	Paul L. Gotianse	100,000	00.02%
9	Benjamin S. Geli	60,000	00.01%
10	Winston L. Duy	50,000	00.01%
11	Annika Sherryn Yao	50,000	00.01%
12	David Limqueco Kho	50,000	00.01%
13	Nilo C. Zantua	50,000	00.01%
14	Melanie Dianne T. Chua	50,000	00.01%
15	Eric Roel E. Domagas	41,000	00.01%
16	Alfonso Iñigo A. Hortaleza	40,000	00.01%
17	Benjamin Luzod Angel	29,021	00.00%
18	Margarito R. Miral	27,000	00.00%
19	Alexander Dela Paz &/or Rosanna C. Rabang	25,000	00.00%
20	Anna Karenina E. Reyes	23,000	00.00%

BOARD OF DIRECTORS AS OF MARCH 31, 2011

As of March 31, 2011, the members of the Board of Directors of Splash Corporation are as follows:

Name	Position
Rolando B. Hortaleza, M.D.	Chairman & Chief Executive Officer
Rosalinda A. Hortaleza, M.D.	Vice-Chairman
Eric Roel E. Domagas	Director, President &Chief Operating Officer
Allue Krisanne A. Hortaleza	Director
Maurice P. Ligot	Director
Rafael C. Lopa	Independent Director
Jimmy T. Yaokasin, Jr.	Independent Director

EXECUTIVE OFFICERS AS OF MARCH 31, 2011

As of March 31, 2011, the executive officers of Splash Corporation are as follows:

Name	Position
Rolando B. Hortaleza, M.D.	Chief Executive Officer
Eric Roel E. Domagas	President and Chief Operating Officer
Veneranda M. Tomas	EVP and Chief Finance Officer
Pedro G. Picornell	VP and GM, Production and Logistics
Lynneth P. Malabanan	VP, Corporate Quality and Technology Development
Ace Vincent V. Villareal	VP and GM, International Operations
Joseph C. Bautista	VP, Comptrollership
Ma. Chantelle C. Batac	VP, Human Resources and Administration
Fernando M. Manotok	VP, Management Finance and Business Development
Glenda D. Pingol	VP and GM, Direct Sales

SIGNATURE

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

Issuer **SPLASH CORPORATION**

By: VMTomas
VENERANDA M. TOMAS
Chief Finance Officer

Date: May 16, 2011