May 19, 2008

The Philippine Stock Exchange, Inc.
PSE Centre, Exchange Road,
Ortigas Centre, Pasig City

Attention : Atty. Pete M. Malabanan
Head, Disclosure Department

Subject :**Quarterly report for period ended March 31, 2008**

Gentlemen:

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

Very truly yours,

EMMANUEL P. MANUCOM
Senior Vice-President / Chief Financial Officer
Corporate Information Officer

CC: Atty. Justina F. Callangan
Director, Corporation Finance Department

Galing ng Pinoy!
Mula sa SPLASH

COVER SHEET

AS091962O6

SEC Registration Number

SPLASH CORPORATION (A Wholly Owned Subsidiary of Splash Holdings, Inc.)

(Company's Full Name)

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

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

Mr. Emmanuel P. Manucom	**984-5555 loc 316**
(Contact Person)	(Company Telephone Number)

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Month	*Day*	(Form Type)	*Month*	*Day*
(Fiscal Year)			(Annual Meeting)	

(Secondary License Type, if applicable)

Dept. requiring this document

Total Amount of Borrowings

Total Number of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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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, 2008**

2. SEC Identification number: **AS09196206**

3. BIR Tax Identification No: **001-096-221-000 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 issuer's principal office: **HBC Corporate Center, 548 Mindanao Avenue corner Quirino Highway, Novaliches, Quezon City** Postal Code: **1100**

8. Issuer's telephone number, including area code: **(632) 984-5555**

9. Former name, former address and former fiscal year: **Not Applicable**

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 Stock, P 1 par value	**557,312,250 shares**

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

Yes [X] No [ ]

12. Indicate by check mark whether the registrant:

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

Yes [ ] No [**X**] **This is the first filing since public listing on November 15, 2007.**

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

Yes [ ] No [**X**] **This is the first filing since public listing on November 15, 2007.**

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I. Management's Discussion and Analysis of Financial Condition and Results of Operations for the Three Months period then ended

Personal care and health and wellness company Splash Corporation posted a net income after tax of PHP 44.6 million for the three months ended March 31, 2008, 14% higher than its net profit for the same period last year.

Revenues

Net sales went up by 7% or PHP39.9 million year-on-year (YoY) to PHP627.7 million from PHP587.8 million of the same period last year..

Sales during the first three months of 2008 were driven by new product introductions. These new products are the following:

- Extract Face Cream
- Extraderm Age-defy face cream
- Maxi-Peel Soap
- Maxi-peel Face cream
- SkinWhite Lotion
- Skin White Soap
- Skin White Face Cream
- Biolink Tea Tree Oil Fem Spray
- Biolink Tea Tree Oil Fem Wash

Extraderm's decline was due to the recall of its *"Oil and Shine"* liquid soap variant which did not fare well in the market. Without the returns, sales of Extraderm would have been flat.

Marketing and sales programs are being done for Hiyas and Tricks.

In terms of market share, the company's core brands have maintained market leadership as shown by the following tables:

Anti-Aging Topline Report - Table

Total Philippines - VOLUME % SHARE | Period Ended March 2008 | Share of Anti Aging

	JAN 2008	Feb 2008	Mar 2008
ANTI AGING	100	100	100
Olay Anti Aging	24	29	30
Extraderm Anti Aging	49	41	42
Ponds Anti Aging	19	20	19
Nivea Anti Aging	5	5	5
L'oreal Anti Aging	2	4	3
Others Anti Aging		1	1

Source: ACNielsen Philippines Retail Index

Splash's **Extraderm** made great strides and, in August, was able to seize market leadership from the more advertised brands.

Exfoliants Topline Report - Table
Total Philippines - VOLUME % SHARE | Period Ended March 2008

	Jan 2008	Feb 2008	Mar 2008
EXFOLIANT	100	100	100
RDL Exfoliant	18	17	19
Extraderm Exfoliant	4	3	3
Maxipeel Exfoliant	78	79	77

Source: ACNielsen Philippines Retail Index

Exit shares in September shows that Splash with its **Extraderm** and **Maxipeel Exfoliants** continue to won the exfoliant category with a dominant 83% market share.

Total Whitening Lotion Topline Report - Table
Total Philippines - VOLUME % SHARE | Period Ended March 2008

	Jan 2008	Feb 2008	Mar 2008
Whitening	100	100	100
Vaseline Whitening	8	8	9
Silka Whitening	16	17	17
Nivea Whitening	7	7	7
Love Whitening	5	5	6
Block & White Whitening	16	17	16
Kissa Whitening	2	1	1
Belo Essentials Whitening	6	7	7
Extract Whitening	4	4	4
Biolink Whitening	2	1	1
Skin White Whitening	26	26	26
Others Whitening	7	7	7

Source: ACNielsen Philippines Retail Index

Total Splash shares (composed of the market shares of **SkinWhite, Biolink, and Extract**) in the skin whitening lotion is a market leading 32% as of March 2008.

Premium Topline Report - Table
Total Philippines - VOLUME % SHARE | Period Ended March 2008

	JAN 2008	FEB 2008	MAR2008
PREMIUM	100	100	100
Kolours Premium	**54**	**52**	**53**
Bigen Premium	9	9	10
L'oreal Premium (Less Garnier)	18	17	15
L'oreal Garnier Premium	6	6	5
Wella Premium	5	5	5
Revlon Premium	5	6	6
Miratone Premium	1	1	1
Others Premium	3	3	4

Source: ACNielsen <<Please type your Country Name Here >> <<Please type your Service Name Here >>
Source: ACNielsen

Splash's **Kolours Premium Home-use hair dye** continues to increase its lead in the hair dye category.

The shared services (corporate marketing, corporate planning, and business development) that were being rendered by Splash Holdings, Inc. were also transferred to Splash Corporation under the Office of the CFO, thus, eliminating the corresponding service fees.

With Splash Corporation absorbing personnel from the Splash International, Inc. and Splash Holdings, Inc., personnel costs increased by 25%. Rental costs increased, too, due to larger office space now occupied by Splash Corporation.

Overall, however, the impact on Splash Corporation is a 30% reduction YoY on cash operating expenses.

Breakdown of consolidated non-cash operating expenses are as follows:

Non-cash operating expenses	**3 Months 2008**	**3 months 2007**	**Increase (Decrease)**	**%**
Depreciation	10,176,000.00	13,985,000.00	(3,8095000.00)	-27.2%

EBITDA

Earnings before interest, taxes, depreciation and amortization (EBITDA) settled at PHP94.9 million, an improvement of PHP9.9 million or 11.7% from the 2006 figures. This was mainly due to the significant increase in operating income during the first three (3) months of 2008.

	3 Months 2008	3 Months 2007	Change	% Change
INCOME BEFORE TAX	68,699,000.00	60,428,000.00	8,271,000.00	13.7%
Interest Expense	16,004,000.00	10,548,000.00	5,456,000.00	51.7%
Depreciation	10,176,000.00	13,985,000.00	(3,809,000.00)	(27.2%)
EBITDA	**94,879,000.00**	**84,961,000.00**	**9,918,000.00**	**11.7%**

II. FINANCIAL STATEMENTS

SPLASH CORPORATION

COMPARATIVE BALANCE SHEETS

	As of March 31, 2008	As of December 31, 2007
ASSETS		
Current Assets		
Cash and cash equivalents	**2,044,494,622**	1,975,037,566
Receivables - net	**1,056,037,704**	1,024,454,563
Current portion of note receivable	**50,030,502**	50,030,502
Advances to a stockholder	**164,288,314**	137,370,246
Inventories - net	**357,519,147**	328,675,357
Prepaid expenses and other current assets	**131,856,652**	79,624,991
Total Current Assets	**3,804,226,941**	3,595,193,225
Noncurrent Assets		
Notes receivable - net of current portion	**205,628,264**	200,122,007
Property, plant and equipment - net	**284,397,122**	294,573,396
Available-for-sale investments	**219,770,000**	219,770,000
Land for development	**141,956,454**	141,956,454
Deferred income tax assets	**13,000,274**	37,045,274
Other noncurrent assets	**8,952,549**	8,952,549
Total Noncurrent Assets	**873,704,663**	902,419,680
TOTAL ASSETS	**4,677,931,604**	4,497,612,905

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable & accrued expenses	**880,173,868**	762,491,968
Current portion of floating rate notes payable	**52,500,000**	46,990,002
Total Current Liabilities	**932,673,868**	809,481,970
Noncurrent Liabilities		
Floating rate notes payable	**926,853,602**	938,426,801
Retirement benefits liability	**37,930,101**	37,930,101
Total Noncurrent Liabilities	**964,783,703**	976,356,902
Total Liabilities	**1,897,457,571**	1,785,838,872

Equity		
Capital stock	**746,160,357**	746,160,357
Additional paid-in capital	**1,676,712,406**	1,676,712,406
Unrealized valuation gain (loss) on available-for-sale financial assets	**4,543,100**	4,543,100
Retained earnings	**353,058,170**	284,358,170
Total Equity	**2,780,474,033**	2,711,774,033
TOTAL LIABILITIES AND EQUITY	**4,677,931,604**	4,497,612,905

SPLASH CORPORATION

COMPARATIVE STATEMENTS OF INCOME

	For The Quarter Ended March 31	
	2008	2007
NET SALES	**627,675,000**	587,786,000
COST OF GOODS SOLD	**(259,864,000)**	(272,303,000)
GROSS PROFIT	**367,811,000**	315,483,000
OPERATING EXPENSES	**(297,280,000)**	(245,378,000)
OTHER INCOME (CHARGES)		
INTEREST EXPENSE	**(16,004,000)**	(10,548,000)
OTHER INCOME/ (EXPENSE)	**14,173,000**	872,000
INCOME BEFORE INCOME TAX	**68,700,000**	60,429,000
PROVISION FOR INCOME TAX	**24,045,000**	21,150,000
NET INCOME	**44,655,000**	39,279,000

SPLASH CORPORATION

STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2008 and 2007

	Common Stock	Capital in Excess of Par Value	Unrealized Valuation Gain (Loss) on Available for-Sale Investment	Retained Earnings	Total Equity
At January 01, 2008	**746,160,357.00**	**1,676,712,406.00**	**4,543,100.00**	**284,358,170.00**	**2,711,774,033.00**
Net income for the quarter	0.00	0.00	0.00	68,700,000.00	68,700,000.00
Total recognized income and expense for the year	0.00	0.00	0.00	68,700,000.00	68,700,000.00
At March 31, 2008	**746,160,357.00**	**1,676,712,406.00**	**4,543,100.00**	**353,058,170.00**	**2,780,474,033.00**
At January 01, 2007	**107,312,250.00**	**257,378,165.00**	**(976,900.00)**	**363,124,515.00**	**726,838,030.00**
Net income for the quarter	0.00	0.00	0.00	60,429,000.00	60,429,000.00
Total recognized income and expense for the year	0.00	0.00	0.00	60,429,000.00	60,429,000.00
At March 31, 2007	**107,312,250.00**	**257,378,165.00**	**(976,900.00)**	**423,553,515.00**	**787,267,030.00**

SPLASH CORPORATION

COMPARATIVE STATEMENTS OF CASH FLOWS

	For The Quarter Ended March 31	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**68,700,000**	60,429,000
Adjustments for:		
Interest expense	**16,004,000**	14,401,508
Depreciation and amortization	**10,176,624**	13,985,971
Interest Income	**(15,761,877)**	(36,729)
Unrealized foreign exchange loss	**1,262,340**	840,173
Operating income before working capital changes	**80,381,087**	**89,619,922**
Decrease (increase) in:		
Receivables	**(558,722,912)**	(225,595,090)
Advances to a stockholder	**(13,265,919)**	58,887,043
Inventories	**(125,740,864)**	6,686,485
Prepaid expenses and other current assets	**138,764,379**	(9,295,913)
Increase (decrease) in:		
Accounts payable and accrued expenses	**228,229,740**	32,928,876
Current portion of floating rate notes payable	**(26,854,167)**	56,854,167
Retirement benefits liability	**37,930,101**	-
Net cash generated from operations	**(239,278,555)**	**10,085,490**
Income taxes paid	**(24,045,000)**	-
Interest received	**1,643,672**	(3,830)
Net cash flows from operating activities	**(261,679,883)**	**10,081,660**

CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease to property, plant and equipment	**280,491,070**	60,142,902
Increase in other noncurrent assets	**(387,051,035)**	-
Net cash used in investing activities	**(106,559,965)**	**60,142,902**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	**2,058,182,348**	-
Proceeds from availment of:		
Floating rate notes	**118,985,546**	-
Payments from FRN payable		38,256,944
Net cash flows from (used in) financing activities	**2,177,167,894**	**38,256,944**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,808,928,046**	108,481,507
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE QUARTER	**235,566,577**	127,085,070
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	**2,044,494,622**	235,566,577

SPLASH CORPORATION

AGING OF ACCOUNTS RECEIVABLE

AS OF MARCH 31,2008

LOCAL (in thousands)

	AR AMOUNT	%TO TOTAL
0days/current	418,833	66%
1-30 days	32,951	5%
over 30 days	67,735	10%
over 60 days	25,157	4%
over 90 days	-	0%
over 120 days	36,163	6%
over 360 days	55,398	9%
TOTAL	**636,237**	**100%**

EXPORT (in thousands)

	AR AMOUNT	%TO TOTAL
0days/current	43,580	50%
1-30 days	9,276	11%
over 30 days	31,574	36%
over 60 days	25	0.029%
over 90 days	13	0.015%
over 120 days	3,231	3.7%
over 360 days	-	0.0%
TOTAL	**87,699**	**100%**

SPLASH CORPORATION
(A Wholly Owned Subsidiary of Splash Holdings, Inc.)
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Splash Corporation (the Company) was incorporated in the Philippines and registered with 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. The Company is a wholly owned subsidiary of Splash Holdings, Inc. Its registered office address is HBC Corporate Centre, 548 Mindanao Avenue corner Quirino Highway, Quezon City.

On April 21, 2006, the Board of Directors (BOD) and stockholders of the company approved the Plan of Merger between the Company and Splash Nutraceutical Corporation (SNC) (the Parties) wherein the Company will be the surviving corporation.

On September 18, 2006, the Articles of Merger were made and executed by and between SNC and the Company. In favor of the stockholders of SNC, the Company will issue 848,023 shares of the Company as mutually agreed upon by the parties.

On April 24, 2007, the SEC approved the Articles of Merger, whereby the entire assets and liabilities of SNC were transferred to and absorbed by the Company.

On August 3, 2007, the SEC approved the deferral of the effectivity of Merger between the Company and SNC to June 2008.

On August 14, 2007, the BOD of SNC approved the amendment of articles of incorporation to shorten the corporate life of SNC.

2. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The financial statements of the Company have been prepared on a historical cost basis, except for the investments available-for-sale (AFS) and derivative instruments, which have been measured at fair value. The financial statements are presented in Philippine peso, which is the Company's functional currency. Amounts are rounded off to the nearest peso unit, except when otherwise indicated. Statement of Compliance The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). Changes in Accounting Policies The accounting policies adopted are consistent with those of the previous financial year except as follows: The Company has adopted the following new and amended Philippine Accounting Standards (PAS), PFRS and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) during the period. Adoption of these revised standards and interpretations did not have any effect on the Company except for the additional disclosures on the financial statements.

- PAS 19, *Amendment - Employee Benefits,*
- PAS 39, *Amendments - Financial Instruments Recognition and Measurement,* and

- Philippine Interpretation IFRIC 4, *Determining whether an Arrangement contains a Lease.*

PAS 19*, Employee Benefits*

Additional disclosures on the financial statements are made to provide information about trends in the assets and liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. This change has no recognition nor measurement impact, as the Company chose not to apply the option to recognize actuarial gains and losses outside of the statement of income.

PAS 39*, Financial Instruments: Recognition and Measurement*

Amendment for Financial Guarantee Contracts (issued August 2005) - amended the scope of PAS 39 to require financial guarantee contracts that are not considered to be insurance contracts to be recognized initially at fair value and to be remeasured at the higher of the amount determined in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with PAS 18, *Revenue*. This amendment did not have an effect on the financial statements.

Amendment for Hedges of Forecast Intra-group Transactions (issued April 2005) - amended PAS 39 to permit the foreign currency risk of a highly probable intra-group forecast transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the statement of income. As the Company currently has no such transactions, the amendment did not have an effect on the financial statements.

Amendment for the Fair Value Option (issued June 2005) - amendments to PAS 39 prescribe the conditions under which the fair value option on classification of financial instruments at fair value through profit or loss (FVPL) may be used. The amendment did not have an effect on the Company's financial statements.

Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement contains a Lease*

Philippine Interpretation IFRIC 4 provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This change in accounting policy has no significant impact on the financial statements.

The following interpretations are effective for annual periods beginning on or after January 1, 2006 but are not relevant to the Company.

- Philippine Interpretation IFRIC 5, *Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds,* and

- Philippine Interpretation IFRIC 6, *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment.*

Future Changes in Accounting Policies

The Company did not early adopt the following standards and amendments which have been approved but are not yet effective:

- The Amendment to PAS 1, *Presentation of Financial Statements*. This standard introduces disclosures about the level of an entity's capital and how it manages capital. The Company will apply the amendment to PAS 1 in 2007.
- PFRS 7, *Financial Instruments - Disclosures*. This standard introduces new disclosures to improve information about financial instruments. It requires the disclosure of qualitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The revised disclosures on financial instruments provided by this standard will be included in the Company's financial statements when the amendment to the standard is adopted in 2007.

- PFRS 8, *Operating Segments*. This standard will be effective on January 1, 2009 and will replace PAS 14, *Segment Reporting,* and adopts a management approach to reporting segment information. PFRS 8 is required for adoption only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instruments in a public market. The Company assessed that the adoption of this standard will have no significant impact on the financial statements.

- Philippine Interpretation IFRIC 8, *Scope of PFRS 2*. This interpretation requires PFRS 2 to be applied to any arrangements where equity instruments are issued for consideration which appears to be less than fair value. The interpretation will have no impact on the financial position of the Company.

- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*. This interpretation becomes effective for financial years beginning on or after June 1, 2006. This interpretation establishes that the date to assess the existence of an embedded derivative is the date an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The Company assessed that the adoption of this interpretation will have no significant impact on the financial statements.

- Philippine Interpretation IFRIC 10, *Interim Financial Reporting and Impairment*. This interpretation provides that the frequency of financial reporting does affect the amount of impairment charge to be recognized in the annual financial reporting with respect to goodwill and AFS investments. This interpretation has no significant impact to the financial statements of the Company.

- Philippine Interpretation IFRIC 11, *PFRS 2 - Company and Treasury Share Transactions*. This interpretation will be effective January 1, 2008. This requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instruments of the parent. The Company does not expect this interpretation to have significant impact on its financial statements.

- Philippine Interpretation IFRIC 12, *Service Concession Arrangements*. This will become effective January 1, 2008. This interpretation which covers contractual arrangements arising from entities providing public services, is not relevant to the Company's current operations.

Judgments

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

Lease Commitments. The Company has determined that it retains all the significant risks and rewards of ownership of its investment properties which are leased out on operating leases.

Contingencies. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results (see Note 28). Management and its legal counsels believe that the company has substantial legal and factual bases for its position and is of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the financial statements. There was no provision for contingencies in 2006, 2005 and 2004.

Use of Estimates

The key assumptions concerning the future and other key sources of estimation 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:

Estimated Useful Lives. The useful life of each of the Company's property, plant and equipment and investment property is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and 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 asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any property, plant and equipment and investment property would increase the recorded operating expenses and cost of sales and decrease noncurrent assets.

Impairment of Non-financial Assets. PFRS requires that an impairment review be informed when certain impairment indicators are present.

Determining the value of non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to makes estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that such assets are impaired. Any resulting impairment could have a material impact on the financial condition and results of operations of the Company.

The preparation of the estimated future cash flows involves judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Company's assessment of recoverable values.

Deferred Tax Assets. The Company reviews the carrying amount at each balance sheet date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Company's assessment on the recognition of deferred tax assets is based on forecasted taxable income in the following periods.

Estimating Allowance for Doubtful Accounts. Allowance for doubtful accounts is calculated using two methods, each of these methods are combined to determine the total amount of 19
reserve. The first method is specific evaluation of information available that certain customers are unable to meet their financial obligations. In these cases, management uses judgment, based on the best available facts and circumstances, including but not limited to, the length of relationship with customer and the customer's current credit status based on known market factors, to record specific reserves for customers against amounts due to reduce receivable amounts to expected collection. These specific reserves are re-evaluated and adjusted as additional information received affects the amounts estimated. Second, a provision is established as a certain percentage of receivables not provided with specific reserves. This percentage is based on a collective assessment of historical collection, current economic trends, changes in customer payment terms and other factors that may affect the Company's ability to collect payments. Full allowance is provided for receivables with contested status.

The amounts and timing of recorded provision for doubtful accounts for any period would differ if the Company made different assumptions or utilized different estimates.

Financial Assets and Liabilities. The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. Significant components at fair value measurement were determined using verifiable objective evidence. However, the amount of changes in fair value would differ if the Company utilized different valuation, methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit and loss.

There are no quoted market prices for unlisted investment shares of stock and there are no other reliable sources of their fair values, therefore, they are carried at cost. The fair value of mutual and common trust funds is determined by reference to the net asset value of the fund.

Impairment of AFS Investments. The Company follows the guidance of PAS 39 in determining when an asset is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health of and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the assumption made regarding the duration that, and extent to which the fair value is less than cost, the Company would suffer an additional loss in its financial statements, representing the write down of cost at its fair value.

Net Realizable Value of Inventories. The Company provides a provision for excess of cost over the net realizable value of materials and supplies whenever the value of materials and supplies becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The lower of cost or net realizable value of inventories is reviewed on a monthly basis to reflect the accurate valuation in the financial records. Materials and supplies identified to be obsolete and unusable are written off and charged as expense for the year.

Pension Cost. The present value of the pension obligations depends on certain factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the expected return on the relevant plan assets, discount rate and employee compensation increase. In accordance with PFRS, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The expected return on plan assets assumption is determined on a uniform basis, taking into consideration historical returns, asset allocation and future estimates of long-term investment returns.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

While it is believed that the Company's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Company's pension obligations.

Share-based Payment. PFRS 2 requires the fair value of equity instruments granted to be based on market prices, if available, and to take into account the terms and conditions upon which those equity instruments were granted. In the absence of market prices, fair value is estimated, using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties.

The valuation technique shall be consistent with generally accepted valuation technologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

Any changes in the option pricing model used and the inputs to that model, such as weighted average share price, exercise price, expected volatility, option life, expected dividends, the risk-free interest rate and any other inputs to the model, including the method used and any other assumptions may materially affect the Company's value of equity-settled share options granted.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in 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 are subject to an insignificant risk of change in value.

<u>Short-term Investments</u>
Short-term investments include time deposits with original maturities of more than three months but less than one year.

Inventories

Inventories are valued at the lower of cost or net realizable value.

Costs incurred in bringing each product to its present location and condition are accounted for using the weighted average method as follows:

Raw materials, packaging materials, spare parts, supplies and others	-	purchase cost
Finished goods	–	cost includes direct materials, labor and a proportion of manufacturing overhead costs based on normal operating capacity

Net realizable value of finished goods is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Net realizable value of raw materials, goods in transit, packaging materials, spare parts, supplies and others is the current replacement cost.

Financial Assets and Financial Liabilities

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at FVPL.

The Company recognizes a financial asset or a financial liability in the balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

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. Financial instruments are offset when there is a legally enforceable right to offset and intention to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified as either FVPL, loans and receivables, held-to-maturity (HTM), or AFS. The Company determines the classification at initial recognition and where allowed and appropriate, re-evaluates this designation at every reporting date.

FVPL Investments. Financial assets and financial liabilities at FVPL include 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. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets and financial liabilities may be designated at initial recognition as at FVPL if the following criteria are met:

(i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial assets or recognizing gains or losses on them on a different basis;

(ii) the assets are part of the group of financial assets managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy or investment strategy; or

(iii) the financial instruments contain 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 balance sheet at fair value. Changes in the fair value are recognized directly in earnings. Interest earned or incurred is recorded as interest income or expense, respectively, while dividend income is recorded in other operating income according to the terms of the contract, or when the right of payment has been established. Classified as financial assets and financial liabilities at FVPL are the Company's derivative transactions.

Loans and Receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Classified as loans and receivables are the Company's trade and other receivables and short-term investments.

AFS Investments. AFS investments are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. AFS investments are carried at fair value in the balance sheet. Changes in the fair value of such assets are accounted for in the stockholders' equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in the stockholders' equity is included in the statement of income. Gains and losses are recognized in the statement of income when the AFS investments are derecognized or impaired. Classified as AFS investments in 2006 and 2Q 2007 is the Company's investment in shares of stocks.

Financial assets and liabilities are classified as current if maturity or disposal is within twelve months from the balance sheet date otherwise, these are classified as noncurrent.

<u>Determination of Fair Value</u>

The fair value for financial instruments traded in active markets at the balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

There are no quoted market prices for unlisted investment shares of stock and there are no other reliable sources of their fair values, therefore, they are carried at cost. The fair value of mutual and common trust funds is determined by reference to the net asset value of the fund.

Impairment of Financial Assets
The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets Carried at Amortized Cost. If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the statement of income.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that the group of financial assets is collectively assessed for impairment. 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 of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

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. For AFS investments, the Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In case of equity investments classified as AFS, this 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 statement of income – is removed from equity and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in the stockholders' equity.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of interest income in the statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment loss is reversed through the statement of income.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company 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 Company 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.

When the Company 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 Company's continuing involvement in the asset.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation, and amortization and accumulated impairment in value, if any. Such cost includes the cost of replacing part of such property, plant and equipment if such cost incurred has met the recognition criteria. Land is stated at cost less any impairment in value.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the statement of income in the year the asset is derecognized.

Depreciation and amortization are computed using the straight-line method.

Estimated useful lives of the assets are as follows:

Land improvements	20 years
Buildings and leasehold improvements	15 years or term of the lease contracts, whichever is shorter
Machinery and equipment	10 years
Transportation equipment	3 to 5 years
Office furniture, fixtures and other equipment	3 years

The assets' residual values, useful lives, and method of depreciation and amortization are reviewed, and adjusted if appropriate, at each financial year-end.

When each major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied.

Machinery and equipment under installation and machinery in-transit are stated at cost, and are not depreciated until such time that the relevant asset is available for use.

Construction in-progress represents properties under construction and is stated at cost. This includes cost of construction, equipment and other direct costs. Construction in-progress is not depreciated until such time that the relevant asset is completed and becomes available for use.

Investment Properties

Investment properties consisting of condominium properties are measured initially at cost, including transaction costs less accumulated depreciation and any impairment in value. 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.

Transfers are made to investment property 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 completion of construction or development. Transfers are made from investment property 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 Company as an owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in the year of retirement or disposal.

Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that property, plant and equipment and investment property may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell or 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 group of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset 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. In determining fair value less costs to sell, an approximate valuation model is used. Their calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses are recognized in the statement of income in those expense categories consistent with the function of the impaired asset. No impairment losses were recognized during the year.

Revenue

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

Sales. Sales are recognized upon delivery and billing to customers.

Interest. Interest is recognized on a time proportion basis that takes into account the effective yield on the related asset.

Rental. Rental income is recognized on a straight-line basis over the term of the lease agreement.

Operating Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement 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.

The Company as Lessee. A reassessment is made for 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 the 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 will commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Lease payments under operating leases are recognized as expense on a straight-line basis over the terms of the lease agreements.

The Company as Lessor. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term as rental income.

Retirement Benefit Costs

Retirement benefit costs are actuarially determined using the projected unit credit actuarial valuation method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Pension expense includes current service cost, interest cost, expected return on plan assets, amortization of unrecognized past service costs, recognition of actuarial gains (losses) and effect of any curtailments or settlements. Past service cost is amortized over a period until the benefits become vested. The portion of the actuarial gains and losses is recognized when it exceeds the corridor (10% of the greater of the present value of obligation or market related value of the plan assets) at the previous reporting date, divided by the expected average remaining working lives of active plan members.

The amount recognized as defined benefit liability is the aggregate of the present value of the defined benefit obligation at the balance sheet date, and any actuarial gains and losses not recognized reduced by past service cost not yet recognized and the fair value at the balance sheet date of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits availed in the form of refund from the plan.

If the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service cost 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, net actuarial losses of the current period and past service cost of the current period are recognized immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognized immediately. Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognized immediately if the asset is measured at the aggregate of cumulative unrecognized net actuarial losses and past service cost 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. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognized immediately.

Foreign Currency Translation

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange at the balance sheet date. All differences are taken to the statement of income. All exchange rate differences including those arising on the settlement of monetary items at rates different from those at which they were recorded are recognized in the statement of income in the year in which the differences arise, except for foreign currency differences arising from financial assets designated as cash flow hedge.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or 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 or loss.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized except when the deferred tax asset relating to the deductible temporary difference arises 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 or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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 balance sheet date.

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

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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. 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 assessment 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.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Subsequent Events

Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Financial Risk Management Objectives and Policies

The Company's principal financial instruments, other than derivatives, comprise of AFS investments, cash and cash equivalents, short-term investments and HTM investment. The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Company also enters into forward currency contracts. The purpose is to manage the currency risks arising from the Company's operations and its sources of finance.

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk, interest rate risk and liquidity risk. The BOD and management review and agree on the policies for managing each of these risks and they are summarized below. The Company's accounting policies in relation to derivatives are set out in Note 2.

Foreign Currency Risk

To manage foreign exchange risks, stabilize cash flows, and improve investment and cash flow planning, the Company enters into cash-collaterized forward contracts and cash flow hedges aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on operating results and cash flows.

Credit Risk

The Company trades only with recognized, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company does not grant credit terms without the specific approval of the credit departments under the direction of the credit committee. Moreover, the credit committee regularly reviews the age and status of outstanding accounts receivable.

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of financial assets of the Company, which comprise cash and cash equivalents, short-term investments, AFS, HTM and certain derivative instruments. Credit risk management involves entering into financial instruments only with counterparties with acceptable credit standing.

The Company has no significant concentrations of credit risk.

Interest Rate Risk

The Company's exposure to interest rate risk is minimal due to short-term nature of the transactions of financial assets and liabilities.

Liquidity Risk

The Company's objective is to maintain a balance between continuity and flexibility through the use of internally generated funds and banks.

SIGNATURES

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

After reasonable inquiry to the best of my knowledge and belief, I certify that the information set forth in this Report is true, complete and accurate. This Report is signed in Quezon City on November 21, 2007.

SPLASH CORPORATION

By:

EMMANUEL P. MANUCOM
Senior Vice President and
Chief Financial Officer