COVER SHEET

AS09196206

SEC Registration Number

SPLASH CORPORATION
AND SUBSIDIARIES

(Company's Full Name)

5F W-OFFICE BUILDING 11TH
AVENUE CORNER 28TH STREET
BONIFACIO GLOBAL CITY
TAGUIG CITY

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

Ms. VENERANDA M. TOMAS

(Contact Person)

(632) 491-7707

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

06 18

Month *Day*

(Annual Meeting)

Not Applicable

(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

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)

June 30, 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: **June 30, 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:

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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splash corporation

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and
December 31, 2010 (Audited)

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 1,298,083,212	₱1,405,705,242
Receivables (Notes 5 and 9)	755,394,931	759,284,070
Inventories (Note 6)	494,796,107	379,817,899
Current portion of note receivable (Note 9)	72,829,731	40,945,117
Current portion of advances to ultimate Parent Company (Note 9)	–	33,738,738
Other current assets	146,335,792	108,131,723
Total Current Assets	2,767,439,773	2,727,622,789
Noncurrent Assets		
Note receivable - net of current portion (Note 9)	149,139,289	85,370,062
Advances to ultimate Parent Company - net of current portion (Note 9)	–	67,477,477
Property, plant and equipment	372,871,187	246,914,378
Intangible assets (Note 8)	390,407,746	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	55,762,299	55,219,748
Other noncurrent assets	68,320,044	82,039,008
Total Noncurrent Assets	1,461,827,019	1,354,530,736
TOTAL ASSETS	₱4,229,266,792	₱4,082,153,525
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	₱681,779,354	₱527,772,884
Current portion of:		
Floating rate notes payable - net of current portion	48,409,705	46,819,411
Obligations under finance lease	3,587,179	6,788,635
Provisions	13,800,000	13,800,000
Total Current Liabilities	747,576,238	595,180,930
Non-Current Liabilities	797,813,271	797,813,271
Floating rate notes payable - net of current portion		
Obligations under finance lease - net of current portion	15,962,755	13,258,209
Retirement benefits liabilities	48,364,417	37,804,135
Accrued rent-net of current portion	–	2,442,726
Total Noncurrent Liabilities	862,140,443	851,318,341
Total Liabilities	1,609,716,681	1,446,499,721
Equity		
Attributable to equity holders of the Company:		
Share Capital	₱746,160,357	₱746,160,357
Share Premium	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	112,629	226,491
Retained earnings	480,691,826	496,565,423
Treasury stock	(294,111,041)	(294,111,041)
	2,619,953,325	2,635,940,784
Non-controlling interest	(403,214)	(286,530)
Total Equity	2,,619,550,111	2,635,654,254
TOTAL LIABILITIES AND EQUITY	₱4,229,266,792	₱4,082,153,525

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the Six Months Ended June 30

			For the Quarter Ended	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
NET SALES				
Sale of goods	**₱1,605,682,202**	₱1,378,676,313	₱920,487,827	₱ 771,403,642
Sale of services	**2,346,839**	1,848,116	1,058,410	1,490,337
	1,608,029,041	1,380,524,429	921,546,237	772,893,979
COST OF GOODS SOLD AND SERVICES				
Cost of goods	**(666,228,644)**	(568,460,067)	(384,425,084)	(314,846,418)
Cost of services	**(1,017,649)**	(1,066,027)	(407,766)	(699,070)
	(667,246,293)	(569,526,094)	(384,832,850)	(315,545,488)
GROSS PROFIT	**940,782,748**	810,998,335	536,713,387	457,348,491
SELLING EXPENSES	**(671,516,234)**	(538,886,316)	(380,012,317)	(303,427,334)
GENERAL AND ADMINISTRATIVE EXPENSES	**(215,349,094)**	(208,895,648)	(112,891,243)	(106,001,789)
INTEREST INCOME	**23,039,696**	29,895,473	11,655,158	19,785,524
INTEREST EXPENSE	**(17,999,328)**	(27,004,725)	(9,777,549)	(13,719,806)
OTHER CHARGES	**362,265**	(12,021,497)	1,717,927	(13,304,551)
INCOME BEFORE INCOME TAX	**59,320,054**	54,085,622	47,405,366	44,627,428
PROVISION FOR INCOME TAX				
Current	**3,932,742**	5,995,403	2,854,884	4,460,777
Deferred	**(542,427)**	–	**(542,427)**	–
	3,390,315	5,995,403	2,312,457	4,460,777
NET INCOME FOR THE YEAR	**₱55,929,739**	₱48,090,219	₱45,092,909	₱40,166,651
OTHER COMPREHENSIVE LOSS				
Exchange differences on translation of foreign subsidiaries	**(115,864)**	**245,516**	**574,637**	**245,516**
TOTAL COMPREHENSIVE INCOME	**₱55,813,875**	₱48,335,735	**₱45,667,546**	₱40,412,167
Net income attributable to:				
Equity holders of the Company	**₱56,044,421**	₱48,426,042	₱45,183,063	₱40,503,114
Non-controlling interest	**(114,682)**	(335,823)	(90,154)	(336,463)
	₱ 55,929,739	₱48,090,219	₱45,092,909	₱40,166,651
Total comprehensive income attributable to:				
Equity holders of the Company	**₱ 55,930,559**	₱ 48,660,620	₱ 45,754,378	₱40,737,692
Non-controlling interest	**(116,684)**	(324,885)	(86,832)	(325,525)
	₱55,813,875	₱48,335,735	**₱45,667,546**	₱40,412,167
Basic/Diluted Earnings Per Share	**₱0.09**	₱.07	**₱0.07**	**₱0.06**

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

	For the Six Months Ended June 30	
	2011 (Unaudited)	2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱59,320,054**	₱48,090,219
Adjustments for:		
Depreciation and amortization	**46,045,690**	24,186,706
Interest income	**(23,039,696)**	(29,895,473)
Interest expense	**17,999,328**	27,004,725
Provisions for retirement benefits	**10,560,283**	9,204,179
Unrealized foreign exchange loss (gain) – net	**1,152,302**	(3,946,891)
Dividend income	**(25,000)**	–
Gain on sale of property and equipment, net of loss on write-off	**(884,491)**	(738,881)
Operating income before working capital changes	**111,128,470**	73,904,582
Decrease (increase) in:		
Receivables	**3,889,139**	164,486,361
Inventories	**(114,978,208)**	(126,670,824)
Other current assets	**(34,813,755)**	(7,993,742)
Increase in accounts payable and accrued expenses	**152,702,709**	50,592,545
Cash generated from operations	**117,928,355**	154,319,000
Interest received	**19,770,254**	29,895,473
Income taxes paid	**(3,390,315)**	(5,995,403)
Net cash flows from operating activities	**134,308,294**	178,219,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	**(19,890,776)**	(76,231,808)
Additions to property and equipment	**(148,556,884)**	(3,881,435)
Collections of note receivable	**–**	(125,020,723)
Collections of cash advances to ultimate Parent Company	**–**	135,819,000
Proceeds from sale of property and equipment	**1,014,491**	1,315,671
Dividends received	**25,000**	
Increase in other noncurrent assets	**13,176,412**	(15,679,654)
Net cash flows used for investing activities	**(154,231,756)**	(83,678,948)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest	**(13,404,328)**	(27,004,725)
Bank loan	**–**	(2,500,285)
Dividends	**(71,918,018)**	
Net cash flows used in financing activities	**(85,322,346)**	(29,505,009)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(2,376,222)**	–
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	**(107,622,029)**	65,062,773
CASH AND CASH EQUIVALENTS AT JANUARY 1	**1,405,705,242**	1,468,402,000
CASH AND CASH EQUIVALENTS AT JUNE 30	**₱1,298,083,212**	₱1,533,464,773

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company								
	Share Capital	Share Premium	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
Net income (loss) for the period					56,044,421		56,044,421	(114,682)	55,929,739
Other comprehensive income(loss)				(113,862)			(113,862)	(2,002)	(115,864)
Dividend Declaration/Payment (Note 10)		-			(71,918,018)		(71,918,018)		(71,918,018)
Balances at June 30, 2011	746,160,357	1,635,501,454	51,598,100	112,629	480,691,826	(294,111,041)	2,619,953,325	(403,214)	2,619,550,111
(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
Net income (loss) for the period					48,426,042		48,426,042	(335,823)	48,090,219
Other comprehensive income(loss)				234,578	-		234,578	10,938	245,516
Balances at June 30, 2010	746,160,357	1,635,776,027	4,553,100	(440,220)	392,909,524	(130,289,577)	2,648,669,211	(213,714)	2,648,455,497

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 5th Floor W Office Building 11th Avenue corner 28th St. Bonifacio Global City, Taguig 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 August 15, 2011.

2. Basis of preparation

The condensed consolidated interim financial statements for the period ended June 30, 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 June 30, 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.

- PFRS 9, *Financial Instruments (Recognition and Measurement)*. The Group has not yet decided whether or not to early adopt this standard for its 2011 financial reporting. Moreover, the Group is still evaluating the impact of the possible early adoption and discussing the accounts that are to be affected by the standard.

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

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Trade	**₱ 752,731,181**	₱758,254,752
Non-trade:		
Advances to officers and employees	**24,299,949**	16,847,599
Due from related parties	**189,869**	4,753,985
Receivable from insurance companies	–	7,565,676
Interest receivable	**2,867,666**	2,168,227
Other receivables	**15,047,742**	9,435,307
	42,405,226	40,770,794
	795,136,407	799,025,546
Less: provision for impairment of receivables	**39,741,476**	39,741,476
	₱ 755,394,931	₱759,284,070

Aging analysis of trade receivables as of June 30, 2011 is as follows:

	Amount on Php000s	**% to Total**
Domestic		
0 days/current	465,537	77.5%
1-30 days	52,420	8.7%
Over 30 days	12,354	2.1%
Over 60 days	20,370	3.4%
Over 90 days	4,373	0.7%
Over 120 days	14,044	2.3%
Over 360 days	31,380	5.2%
Total Domestic	**600,479**	100%
International		
0 days/current	72,943	48%
1-30 days	4,129	3%
Over 30 days	8,133	5%
Over 60 days	3,378	2%
Over 90 days	1,935	1%
Over 120 days	22,396	15%
Over 360 days	39,338	26%
Total International	**152,252**	100%

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

6. Inventories

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Finished goods	**₱ 218,110,501**	₱238,157,026
Work in process	**12,626,994**	12,164,970
Raw materials	**281,429,965**	187,403,734
Raw materials in transit	–	1,775,701
	512,167,459	439,501,431
Less: provision for inventory obsolescence	**(17,371,352)**	(59,683,532)
	₱ 494,796,107	₱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

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Tax credit certificates	**₱47,469,548**	₱47,469,548
Advances to suppliers	**29,382,282**	15,651,463
Creditable withholding taxes	**12,734,502**	15,298,111
Supplies inventory	**13,029,851**	14,774,940
Prepaid insurance	**5,670,403**	3,757,683
Input VAT	**4,532,335**	1,471,740
Deferred input VAT	**1,439,768**	314,824
Other prepaid expenses	**32,077,102**	9,393,414
	₱146,335,791	₱108,131,723

Increase in other prepaid expenses include advance 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

The Group's intangible assets consist of the following:

As of June 30, 2011 (Unaudited):

	Patents	Trademarks	Software Costs	Total
Cost				
Beginning balances	300,000,000	100,848,214	20,151,974	421,000,188
Additions	-	3,125,000	16,765,776	19,890,776
Ending balances	300,000,000	103,973,214	36,917,750	440,890,964
Accumulated Amortization				
Beginning balances	10,000,000	3,361,607	15,454,972	28,816,579
Amortization	15,000,000	1,680,804	4,985,836	21,666,639
Ending balances	25,000,000	5,042,411	20,440,808	50,483,218
Net Book Values	275,000,000	98,930,803	16,476,942	390,407,746

As of December 31, 2010 (Audited):

	Patents (Note 18f)	Trademarks (Note 18g)	Software Costs	Total
Cost				
Beginning balances	-	100,254,464	20,151,974	120,406,438
Additions	300,000,000	593,750	-	300,593,750
Ending balances	300,000,000	100,848,214	20,151,974	421,000,188
Accumulated Amortization				
Beginning balances	-	-	6,307,797	6,307,797
Amortization	10,000,000	3,361,607	9,147,175	22,508,782
Ending balances	10,000,000	3,361,607	15,454,972	28,816,579
Net Book Values	290,000,000	97,486,607	4,697,002	392,183,609

a. Trademarks
In April 2011, the Group purchased "Bio-Café" trademarks and license from Probity International Marketing Corp. amounting to Php 3.1 million. This trademark will be marketed under the direct selling business and has not yet started commercial operation as of June 30, 2011.

b. Software
In April 2011, the Group purchased "Noah" software from Forecasting and Planning Technologies, Inc. amounting to Php 15.7 million. The 30% software development cost amounting to Php 741,000 was paid in May 2011.

9. Related Party Transactions

The Group has the following transactions with related parties:

For the period ended June 30, 2011 (Unaudited):

	Sales	Service Income	Purchases	Rent Expense	Donation	Interest Income	
Ultimate Parent Company-AHC	₱–	₱–	₱–	₱–	₱–	₱1,665,971	–
Fellow subsidiaries through AHC:							
HBC, Inc.	35,182,275	2,346,839	–	7,646,977	–	–	–
PTSI	–	–	–	–	–	2,387,408	–
WPB	–	–	–	–	–	7,524,463	–
WPFC	–	–	–	–	–	577,095	–
Related company – Ang. Hortaleza Foundation (AHF)	–	–	–	–	4,500,000	–	–
Close family members:							
Hantrade Phils.	1,857,278	–	–	–	–	–	–
Individuals	194,948	–	–	–	–	–	
	₱37,234,501	₱2,346,839	₱-	₱7,646,977	₱4,500,000	₱12,154,937	₱-

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

	Sales	Service Income	Purchases	Rent Expense (Note 24b)	Donation	Interest Income (Notes 4, 8 and 23)	Purchase of Patents (Note 12)
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	–	–	–	–	–	
Shareholder	–	–	–	–	–	–	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 June 30, 2011 (Unaudited):

	Cash and Cash Equivalents	Trade Receivables	Due from Related Parties	Interest Receivable	Note Receivable	Advances From Parent Co.	Trade Payable to a Fellow Subsidiary
Ultimate Parent Company-AHC	₱–	₱–	₱–	₱–	₱95,653,841	(₱1,984,247)	₱–
Fellow subsidiaries through AHC:							
WPB	384,424,227	–	–	1,077,162	–	–	–
HBC, Inc.	–	41,483,888	–	–	–	–	–
HBC Global	–	34,649,499	–	–	–	–	–
PTSI	–	8,750,067	2,136,082	–	126,315,179	–	–
SII	–	–	1,128,765	–	–	–	164,919
WPFC	–	–	2,586,774	532,317	–	–	–
	₱384,424,227	₱84,883,454	₱5,851,621	₱1,609,479	₱221,969,020	(₱1,984,247)	₱164,919

As of December 31, 2010 (Audited):

	Cash and Cash Equivalents (Note 4)	Trade Receivables (Note 5)	Due from Related Parties (Note 5)	Interest Receivable (Notes 5 and 8)	Note Receivable (Note 8)	Advances to Ultimate Parent Company	Trade Payable to a Fellow Subsidiary (Note 14)
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.
b. Entered into lease agreements with HBC, Inc. for the lease of the Company's office space. The lease was pre-terminated in May 2011 due to transfer of corporate office to Taguig City.
c. Donations to AHF to support AHF's various outreach programs.

10. Equity

On April 15, 2011, the Board of Directors declared cash dividends of P .11 per share, with record date of May 8, 2011, and payment date of May 16, 2011.

11. 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 export consolidators in the country. The foreign distributors include the Company's foreign subsidiaries in Malaysia, Indonesia, and Nigeria.

Direct Selling Business - is tasked to distribute the Group's product lines and other related products through network of dealers and business partners.

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 profit or loss. Operating profit is obtained only 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 Six Months Ended June 30, 2011			
	Philippine Operations	**International Operations**	**Direct Selling Business**	**Total**
Net sales (Notes a and b)	**₱1,233,752**	**₱240,785**	**₱131,145**	**₱1,605,682**
Service income (Notes a and b)	**2,347**	**–**	**–**	**2,347**
Total	**1,236,099**	**240,785**	**131,145**	**1,608,029**
Costs of goods sold and services (Note b)	**535,573**	**91,141**	**40,532**	**667,246**
Gross profit	**700,526**	**149,644**	**90,613**	**940,783**
Operating expenses	**721,380**	**101,396**	**64,090**	**886,866**
Operating profit (loss) (Note c)	**(₱20,854)**	**₱48,248**	**₱26,523**	**₱53,917**
Segment Assets (Note d):				
Trade receivables (Notes a and b)	**₱486,334**	**₱142,969**	**₱123,428**	**₱752,731**
Inventories (Notes b and e)	**408,464**	**51,715**	**51,988**	**512,167**
Total	**₱894,798**	**₱194,684**	**₱175,416**	**₱1,264,898**

	For Six Months Ended June 30, 2010			
	Philippine Operations	International Operations	Direct Selling Business	Total
Net sales (Notes a and b)	₱1,163,865	₱205,286	₱9,526	₱1,378,677
Service income (Notes a and b)	1,848	–	–	1,848
Total	1,165,713	205,286	9,526	1,380,525
Costs of goods sold and services (Note b)	483,593	83,247	2,686	569,526
Gross profit	682,120	122,039	6,840	810,999
Operating expenses	631,847	99,687	16,249	747,783
Operating profit (loss) (Note c)	₱50,273	₱22,352	(₱9,409)	₱63,216
Segment Assets (Note d):				
Trade receivables (Notes a and b)	₱706,388	₱151,421	₱63,556	₱921,365
Inventories (Notes b and e)	417,705	33,608	28,807	480,120
Total	₱1,124,093	₱185,029	₱92,363	₱1,401,485

Notes:

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 only 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, provision for inventory obsolescence is not deducted from the amounts reported.

12. 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 with an 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.

	June 30, 2011 (Unaudited)	March 31, 2011 (Unaudited)	June 30, 2010 (Unaudited)
Net income (loss)	**₱56,044,421**	₱10,861,358	₱48,426,042
Weighted average number of shares	**653,800,166**	653,800,166	710,290,326
Earnings per share	**₱0.086**	₱0.017	₱0.068

13. Other events subsequent to June 30, 2011

a. The Board of Directors approved the buy back of its common shares totaling 4,157,000 shares for ₱9,145,400 at an average price of ₱2.20 per share on July 4, 2011.

b. In a special meeting last August 4, 2011, the Board of Directors (BOD) of Splash Corporation (SPH) approved the acquisition of 80% of the outstanding common shares of Barrio Fiesta Manufacturing Corporation (BFMC) for ₱472 million. The BOD also approved the establishment of a SPH subsidiary food company to handle the food business operations.

splash corporation
Looks, feel, live better.

PART I – FINANCIAL INFORMATION

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

Management's Discussion and Analysis of
Financial Condition and Results of Operations
June 30, 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 June 30, 2011, the Group's total assets slightly grew compared to December 31, 2010. Cash and cash equivalents was maintained at ₱1.3 billion accounting for 47% of the total current assets and represents 31% of the Group's total assets.

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

- 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 advance payment for soap noodles, rental for new office, new endorsers' fees, and real property taxes.
- Capital expenditures for Plant facility improvements and capacity expansion

The current ratio as of June 30, 2011 at 4.60 and the debt to equity ratio at 0.56, continue to be better than the requirements set in the Company's 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)	
		Q2 2011	Q2 2010
CONSOLIDATED NET SALES	Includes sales of the Company and its subsidiaries net of applicable discounts and valid returns from customers.	**1,608**	1,380
NEW PRODUCT SALES	Sales of new products launched during the period under review.	**296**	84
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.	**100**	87
NET INCOME AFTER TAX	Income before tax minus provision for Income Tax	**56**	48
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		84%	84%
Skin White Lotion		24%	26%
Skin White Whitening Specific Soap		24%	42%
Vitress Cuticle Coat		61%	58%
Kolours Premium Hair Dye		52%	51%

NET SALES

Net Sales this year through June was ₱1,608 million or ₱228 million (16.5%) higher than that of the same period in 2010.

NET PRODUCT SALES

New products introduced during the period are as follows:

- SkinWhite Soap (hydrating with lycopene, deep cleansing with activated carbon, kojic soap)
- Maxi-Peel Exfoliant Soap with Papaya Enzyme
- Ecoclean Toilet Bowl Cleaner 600 ml
- Women's Apparel for Direct Selling

- Biolink VCO Shampoo Intense Moisture and Shine 100 ml
- Biolink VCO Hot Oi Treatment Intense Moisture and Shine 100 ml

MARKET SHARES OF CORE BRANDS

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

Product Category	Total Philippines – Volume % Share
Exfoliant	Maxi-Peel further strengthened its dominance in the facial solution segment as it gained 2 points from the last reading to its current 83%. Its exfoliant soap shares also improved and gained 3 points to 74% propelled by its TV commercial highlighting its soap variants and newly launched Maxi-Peel Papaya soap. These improved market shares clearly shows the brand's dominance in the segment and growing popularity in the market.
Whitening	Despite the aggressive activities of competitors in the whitening lotion segment like new product launches and heavy TV commercial spending, Skin White remains the leading lotion with 24% share of the market, albeit very highly challenged. Extract lotion meanwhile gained 1 share point to 7% due to its through-the-line advertising campaign and aggressive penetration and visibility push in store. Skin White soap continues to be threatened ending May with 24% share of the market.
Hair	Kolours Premium Hair Dye gained a significant 4 and ½ points to 52% which we can attribute to consistent and massive in-store programs and the successful launch of its super premium extension, Luster Hair Dye. Vitress also improved its dominant market position to its current 61% also due to massive in-store activities and its thrust to improve its visibility in shelves. A key factor in both brands' success is the implementation of a synergized in-store program, Color and Style Activation, that allows Vitress to complement the use of Kolours to our consumers.

EBITDA

	In Thousand Pesos		Increase (Decrease)	
	Q2 2011	**Q2 2010**	**Amount**	**%**
Net Operating Income	**53,917**	63,216	(9,299)	-15%
Depreciation	**46,046**	24,187	21,859	90%
EBITDA	**99,963**	87,403	12,560	14%

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

NET INCOME AFTER TAX

Net income after tax increased to ₱55.9 million from ₱48.1 million. The 16.5% increase in sales and the corresponding 16.0 % increase in gross profit was negated by the increase in selling and marketing expenses. The decline in interest expense by ₱9 million mainly contributed to the 16.3% increase in net income after tax.

Interest expense for the six months ended June 30, 2011 decreased by 33.3% 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)	
	Q2 2011	Q2 2010	Amount	%
Depreciation and Amortization	**46,046**	24,187	21,859	90%

Depreciation and amortization increased by 90% 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 June 30, 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.

PART II – OTHER INFORMATION

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

Legal, Regulatory and Corporate Developments
June 30, 2011

MAJOR STOCKHOLDERS

As of June 30, 2011, the total number of stockholders was 81 and the stock price was ₱2.20.

LIST OF TOP 20 STOCKHOLDERS AS OF JUNE 30, 2011

Rank	Name	Number of Shares Held	Percent to Total Outstanding
1	Ang Hortaleza Corporation	435,888,888	66.67%
2	PCD Nominee Corp. (Fil)	207,770,252	31.78%
3	PCD Nominee Corp. (Non-Fil.)	7,415,900	01.13%
4	Alfredo M. Yao	599,000	00.09%
5	BNC Ingredients Corporation	400,000	00.06%
6	Benito N. Chua Co Kiong	400,000	00.06%
7	William T. Enrile	320,000	00.05%
8	Joy O. Go	180,000	00.03%
9	Paul L. Gotianse	100,000	00.02%
10	Benjamin S. Geli	60,000	00.01%
11	David Limqueco Kho	50,000	00.01%
12	Nilo C. Zantua	50,000	00.01%
13	Melanie Dianne T. Chua	50,000	00.01%
14	Winston L. Duy	50,000	00.01%
15	Annika Sherryn Yao	50,000	00.01%
16	Eric Roel E. Domagas	41,000	00.01%
17	Alfonso Iñigo A. Hortaleza	40,000	00.01%
18	Benjamin Luzod Angel	29,021	00.00%
19	Margarito R. Miral	27,000	00.00%
20	Alexander Dela Paz &/or Rosanna C. Rabang	25,000	00.00%

BOARD OF DIRECTORS AS OF JUNE 30, 2011

As of June 30, 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
Bonifacio D. De Jesus	Independent Director
Emily A. Abrera	Independent Director

EXECUTIVE OFFICERS AS OF JUNE 30, 2011

As of June 30, 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
Weena Roja N. Pineda	Senior Vice President & General Manager for Philippine Operations
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 **<u>SPLASH CORPORATION</u>**

By: **VENERANDA M. TOMAS**
Chief Finance Officer

Date: August 15, 2011