



**Consolidated Resources & Holdings, Inc.**

No. 28 N. Domingo St., near corner Gilmore St., New Manila, Quezon City

Tel. Nos. 724-3759 / 725-7875 / 724-5055; Fax No. 724-3290

15 June 2010

**THE DISCLOSURE DEPARTMENT**

The Philippine Stock Exchange, Inc.

4<sup>th</sup> Floor Philippine Stock Exchange Center

Exchange Road, Ortigas Center, Pasig City

**ATTENTION: JANET A. ENCARNACION**  
Head, Disclosure Department

**Dear Ms. Encarnacion:**

We are furnishing the Exchange an advance copy of the Chairman's Message and the President's Report, which will be delivered during our company's annual stockholders' meeting on July 08, 2010 at the Club Filipino in San Juan City. Kindly have these posted on the PSE website for the benefit of our stockholders and other interested parties.

Thank you very much.

Very truly yours,

  
**JOAQUIN E. SAN DIEGO**  
Corporate Secretary



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### **Message from the Chairman**

Dear Stockholder:

ABACUS has entered a new phase in its corporate life, a fresh approach, a clean slate, yet your company continues treading on familiar terrain.

Since March 2009, ABACUS Consolidated Resources & Holdings, Inc. has a new man at the helm, Atty. Leonardo S. Gayao, long-time Vice President. Atty. Gayao has served ABACUS, its subsidiaries, and their predecessor companies for more than three decades, witnessing – and playing an active role – in their growth and success. His loyal presence in ABACUS has served it well; Atty. Gayao is a quiet and effective negotiator, project manager and legal expert.

Atty. Gayao succeeds Ms. Clarita T. Zarraga, who retired in March 2009 after leading Abacus for 12 years. Our Board of Directors commended Zarraga for her excellent stewardship. During her term, the company's market capitalization grew more than threefold from P500 million to P1.6 billion at present. She passed on to Atty. Gayao a company that has withstood the global economic recession and will even envision more robust growth during a recession year that has mowed down many other companies.

After Atty. Gayao assumed the Presidency, ABACUS' total comprehensive income reached almost P465 million in 2009. Consolidated assets also rose from P2.7 billion to P3.5 billion. Although much of the rise in comprehensive income is due to gains in revaluation, ABACUS also earned P52 million in the past year.

Our various projects have continued in full swing last year. To facilitate the acquisition of properties for these projects, including parcels of land contiguous to existing properties of the Company, the Board authorized the issuance of new shares. ABACUS issued more than 654 million new shares of stock to acquire properties for development, to further expand its real estate portfolio.

The Board authorized the sale of ABACUS' shares in Pacific Online Systems Corporation (POSC), whose value rose from P7.50 to P16.25 per share, in anticipation of the financing requirements of our varied projects in the near future.

Atty. Gayao, our long-time colleague, has ably guided ABACUS in the past year, a difficult year in the world economy. Despite the general downturn, ABACUS was resilient: it showed a gross income of P698 million, with return on assets of nearly 15%. Our tangible net worth increased from P1.9 billion to P2.4 billion. These figures attest to the energy and persistence of management to continue eliciting your support as ABACUS gears up for another year.

We remain grateful for your unwavering cooperation as we look ahead to the coming year that promises an even stronger showing for ABACUS. As ever, the best interests of the company are foremost in our minds as we seek always to protect and further the investments of our shareholders.



**JOSE V. ROMERO, JR.**  
Chairman



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### **President's Report to Stockholders**

Dear Stockholder:

The year 2009 saw ABACUS Consolidated Resources & Holdings, Inc.'s relentlessly pursuing its avowed objective of ensuring that its stockholders derive reasonable returns on their investments. Prompted by its desire to keep up with the pace of anticipated recovery of the global and domestic economy, ABACUS has taken strides to keep pace with the best performers in the exchange. As in the past, ABACUS has maintained upward performance levels – despite odds, armed with sound business strategies and exercise of prudent management.

Thanks to your continued support and cooperation, we sustained our upward momentum in 2009, as we revitalized our internal structure and as our projects steadily developed. We are gradually – but firmly – reaping the fruits of our efforts. This has happened in a year that is otherwise considered a recession year in most parts of the world. The Philippines itself has experienced minimal growth in 2009, but we continued to defy trends, as our assets grew and as projects are materializing.

With your approval, we acquired, via a share-for-share swap with Blue Stock Development Holdings, Inc., 654 million worth of additional properties for development in the Province of Batangas. Income rose to almost P53 million from last year's P21 million, helped in large measure by the runaway performance of Pacific Online Systems Corporation (POSC), in which we continue to retain a stake of 18.23%. Thanks to geometric appreciation of land values in Batangas, total consolidated income stood at nearly P465 million. Consolidated expenses suffered a moderate increase from P34.9 Million for 2008 to almost P37.1 million by 2009. The increase was largely the result of retirement fees paid which contributed to a big chunk of the expenses. Assets rose to more than P3.5 billion compared to last year's P2.7 billion, with investment property taking the biggest pie. Consolidated retained earnings figures upped the group's equity to P2.817 Billion by the yearend Basic earnings per share held at P0.27.

Our projects are breaking ground.

Punta Verde Project: Philippine Regional Investment Development Corporation (PRIDE), a 97% owned subsidiary, teamed up with Solar Resources, Inc. (SOLAR) to develop the 82 hectares property of PRIDE's subsidiaries located in Matuco, Batangas City, which commands a magnificent view of Verde Island Passage. The project is known as the "Punta Verde Project" more specifically the "LA VIDA Granda". Access

roads leading to the high-end residential project had already been completed. The Master Plan had been finalized by Palafox and Associates while the Clubhouse is planned and designed by Arch. Mark Soriquez and surveyors have completed their tasks.

More than 20 broker groups operating in the Southern Luzon corridor have test marketed the LA VIDA Project which resulted in at least 40 reservations with sales value of P72 million. Pre-selling was hampered by the Ondoy Typhoon which destroyed vital and logistical infrastructure within the area such as the "Bridge of Promise" which is the vital transport link to the project site. Activities are back to normal and it is projected that lots in Phase I-A will be sold out within the year 2010. The other phases of development will also be taking off soon.

*Cloisters at Montemaria* is being undertaken by PRIDE's wholly owned subsidiary, OMNICOR. This ongoing project consists of sixteen condominium buildings being constructed on Omnicor's 3-hectare property in Pagkilatan, Batangas City. This project is directly undertaken by Omnicor to promote the area not only as a high end residential enclave but also as a religious destination center with the condominium project to be utilized as retreat houses for pilgrims and tourists. Net revenues for the condominium project is projected at P254 million.

Adjoining our Cloister Project are properties of our Company whose values have appreciated due to the on going developments within the area. The appraisal increment of these properties is due for validation this coming year by a licensed independent appraiser and is estimated to reach more than P2 billion.

We are in the process of organizing a company called PRIDE Aeropark, Inc. which will be a private airfield and later on a flying and training school for pilots. The Project aims to provide aviation related businesses such as aircraft trading, aircraft chartering and leasing, trading in aircraft parts and supplies, maintenance, aero-medical services, flying school, and other aero-related endeavors. The properties adjacent to the airstrip will be developed into hangars and commercial lots for lease or sale to plane owners, charters and entrepreneurs. PRIDE projects a net revenue of P110 million annually on this project.

*Haven of Infinity Memorial Garden*, our project in Banay-banay, Lipa City has begun with clearing operations of the location. All the regulatory permits had been secured and the project site was already fenced and gated. Our net revenue from this project is estimated at roughly P360 million.

PRIDE, together with Al-Mal Investment Company of Kuwait, submitted an unsolicited proposal to Clark International Airport Corporation (CIAC), which operates Diosdado Macapagal International Airport (DMIA), formerly known as Clark, in Pampanga. The proposal involves the design, financing, construction and operation of DMIA Passenger Terminal 2 through a joint venture with DMIA. The estimated project

cost is US\$100 million. The other component of the proposal is the development of adjacent property covering 1,500 hectares, for a project cost of US\$1.2 billion.

PRIDE Star Development Bank, Inc. developed from the former Rural Bank of Batangas, Inc., after conversion into a full-fledged Development Bank with expanded authority to engage in a wider variety of commercial and financial activities. This strategic move will complement the on-going real estate projects of PRIDE's subsidiaries. Through prudent management, PRIDE Star increased earnings nine times over in 2009, and yearend surplus at almost P8 million. PRIDE is the controlling stockholder of 40% of the outstanding capital of the Bank.

ABACUS has proposed to the Philippine National Oil Company (PNOC) to design, finance, construct, operate and maintain the Batangas-Manila 1 (BATMAN 1) Integrated Natural Gas Pipeline Project, with SAIPEM, an Italian company, as its technical partner. ABACUS shall be the equity owner of 80% of the pipeline project, with the Philippine National Oil Company (PNOC) owning the remaining 20%. ABACUS submitted its unsolicited proposal last December 2009 to enter into a joint venture with PNOC to develop, finance and operate the Batangas to Manila Natural Gas Pipeline. PNOC has accepted Abacus' proposal for purposes of negotiating the Term of Reference of the Joint Venture Agreement in accordance with the Guidelines provided by law, subject to Swiss Challenge. Total project cost of the pipeline project is US\$100 million while its other components such as processing plant and storage facilities for the liquefied natural gas amount to US\$450 million. The power plant is estimated to cost another US\$650 million.

Philippine International Infrastructure Fund, Inc. (PHILINFRA), a subsidiary of PRIDE, has recently filed its applications with the Securities and Exchange Commission (SEC), for authority to act as an investment company. The mutual fund operation will act in synch with PRIDE's various infrastructure projects with the Philippine government. PRIDE will also act as the investment manager and adviser of PHILINFRA.

ABACUS will continue pursuing its business through mergers and consolidation including assets disposition through outright sale or exchange of share or joint ventures. In line with this policy, our company proposes to liquidate its subscription liabilities to its subsidiary such as PRIDE by merging some of its subsidiaries to settle such accountabilities or utilizing its investments in associates such as Pacific On Line by trading the same as financial assets being marketable securities and generate profits thru its liquification given the increased values of said investments

We disposed of our interest in Abacus Coal Exploration & Dev't. Corp. (Abacoal), which is a wholly owned subsidiary, in exchange for publicly listed shares of Lodestar Holdings, from which transaction our company will generate a profit of P220 million for the current year, which can increase by another P75 million once the necessary conditions are met. We will be adopting the same formula in liquifying our investment in Abacus Gold Mines Exploration & Development Corp. (Abagold) thru joint ventures or swap of shares or mergers.

Our company is committed to actively pursue its interest in the privatization of Philpost as this project is vital in alleviating the communication and logistical requirements of our overseas Filipino workers.

As part of the logistics hub which is being expounded by our company, we also look forward to play a role in the conversion of the Batangas Alternate Seaport as a free Trade Zone to promote the economic interest of investors within the Calabarzon Region.

Our strategic operations are consistent with our principal lines of activity and corporate focus. They will lay the foundation of our future as a holding company with diversified interests. We are optimistic on our investments and on-going projects for this year, which will propel not only our operations but also insure the enhancement of stockholders interests.

We will continue to aim high this 2010 and aspire to surpass our performance last year. Our desire to enhance and strengthen shareholder value is ever the first among our goals. With your continued support and confidence, we hope to lead our company to still greater heights.



LEONARDO S. GAYAO  
President