

COVER SHEET

1 4 1 0 2

S.E.C. Registration Number

A N G L O P H I L I P P I N E H O L D I N G S

C O R P O R A T I O N

(Company's Full Name)

6 t h F l o o r , Q u a d A l p h a C e n t r u m

B u i l d i n g , 1 2 5 P i o n e e r S t r e e t

M a n d a l u Y o n G C i t y

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

Atty. Adrian S. Arias

Contact Person

+63(2)6315139

Company Telephone Number

1 2

Month

3 1

Day

Dec. 31, 2008

1 7 - A

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

3 1 8 4

Total No. of Stockholders

Total Amount of Borrowings

P1,789,787,696

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

TABLE OF CONTENTS

	Page No.
PART I BUSINESS AND GENERAL INFORMATION	
Item 1 Business and General Information	4
Item 2 Properties	8
Item 3 Legal Proceedings	9
Item 4 Submission of Matters to a Vote of Security Holders	9
PART II OPERATIONAL AND FINANCIAL INFORMATION	
Item 5 Market for Registrant's Common Equity and Related Stockholder Matters	9
Item 6 Management's Discussion and Analysis or Plan of Operations	11
Item 7 Financial Statements	15
Item 8 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	15
PART III CONTROL AND COMPENSATION INFORMATION	
Item 9 Directors and Executive Officers of the Registrants	15
Item 10 Executive Compensation	20
Item 11 Security Ownership of Certain Beneficial Owners and Management	21
Item 12 Certain Relationships and Related Transactions	22
PART IV EXHIBITS AND SCHEDULES	
Item 14 Exhibits and Reports on SEC Form 17-C	23
SIGNATURES	24
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	
INDEX TO EXHIBITS	

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE

1. For the Fiscal Year ended : **31 December 2008**
2. SEC Identification Number : **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corporation**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code : (SEC Use Only)
7. Address of principal office : **6th Floor Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631-5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: **N/A**
10. Securities registered pursuant to Sections 4 and 8 of the RSA:

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
---------------------	--

<u>Common stock (P1.00 par value)</u>	<u>1,165,000,000 shares</u>
--	------------------------------------

<u>Loans Payable and Long Term Debt</u>	<u>P1,789,787,696</u>
--	------------------------------

11. Are any or all of these securities listed in the Philippine Stock Exchange: **YES**
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Rule 17(a)-1 thereunder and Sections 26 and 141 of the Corporation Code during the preceding 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 requirement for the past 90 days.
Yes [X] No []
13. Aggregate market value of the voting stock held by non-affiliates: **P277,476,625
(478,407,974 share @ P0.58/share as of December 24, 2008)**
14. Document incorporated by reference: **2008 Audited Financial Statements.**

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(a) Description of Business

(1) Business Development

Anglo Philippine Holdings Corporation (the “Company”) was incorporated in 1958, originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources, property development and infrastructure activities, and changed its corporate name to “Anglo Philippine Holdings Corporation”.

Core Investments

Natural Resources

The Company owns 11.67% of **Atlas Consolidated Mining & Development Corporation** which has two (2) significant subsidiaries: (a) *Berong Nickel Corporation*, which plans to increase production to 1.5 million WMT of nickel laterite ore; and, (b) *Carmen Copper Corporation*, which commenced production in September 2008 starting at about 20,000 metric tons of ore per day and targeting 42,000 metric tons of ore per day by end-2009. For 2008, the net loss attributable to the Atlas parent company is P812,000.

The Company owns 25.62% of **United Paragon Mining Corporation (UPMC)** after converting its receivables into new UPMC equity. The listing application covering UPMC’s new shares remains pending with the PSE. For 2008, UPMC posted a net loss of P35.8 million.

Pending the transfer of its petroleum assets, the Company continues to participate in the following ***Oil Exploration*** contracts:

Service Contract 6A	Octon, NW Palawan	11.11000 %
Service Contract 14D	Tara, NW Palawan	2.50000 %
Service Contract 41	Sulu Sea	1.67900 %
Service Contract 53	Onshore Mindoro	5.00000 %
SWAN Block	NW Palawan	33.57800 %

In *SC 6A (Octon)*, the consortium has requested the DOE for the final 15-year term extension of SC 6A using Vitol GPC’s 2009 work program and budget proposal. In *SC 14 (Tara)*, Blade Petroleum and Venturoil submitted for partners’ approval a work program and budget for its due diligence work in the block. In *SC 41 (Sulu Sea)*, Tap Oil is undertaking post-stack data migration (PSDM) and inversion on the Alpine 3D seismic data to rectify seismic data quality issues which will significantly help in the selection of the next drilling prospect. In *SC 53 (Mindoro)*, Pitkin Petroleum is conducting a magneto-telluric survey preparatory to running its seismic program in the area. In the *SWAN* block, the consortium is awaiting PNOC-EC's reply to the consortium’s proposal to acquire equity in SC 57 and SC 58 in exchange for the consortium's cost recovery in SWAN block and a portion of SC 14 (West Linapacan) equity.

Aside from its direct participation in the various oil exploration contracts, the Company also owns 0.07% of **The Philodrill Corporation**, a publicly listed company engaged in oil exploration and production with participating interests in various oil exploration and production contracts with the Philippine Government.

Property Development

The Company owns 15.79% of the **North Triangle Depot Commercial Corporation (NTDCC)** whose Trinoma commercial center in Quezon City recorded 95% occupancy and 97% leased-out rates as of the end of 2008. For 2008, NTDCC posted a net income of P51 million.

The Company owns 4.5% of **Shang Properties, Inc. (SPI)** which has sold out about 83% of the units and completed about 76% of construction works of The St. Francis Shangri-La Place. SPI has commenced excavation works at its Fort Bonifacio project and is finalizing design works for its One Shangri-La Place project. For 2008, SPI generated a net income of about P879.8 million.

The Company continues to maintain a 15.79% interest in **MRT Development Corp. (MRTDC)**, which owns the development rights over the perimeter lot pads around the Trinoma commercial center. MRTDC generates revenues from concessionaire rentals and advertising fees in the MRT stations.

Infrastructure

The Company continues to maintain 18.6% equity in **MRT Holdings, Inc.**, the majority owner of the Metro Rail Transit Corporation. As of end-2008, average ridership stood at about 520,000 passengers per day.

The Company's transfer of certain intellectual property rights and other assets over its water supply projects to Aquatech, Inc. (AAI) in exchange for shares of the latter remains pending. AAI is an Atlas subsidiary.

Other Investments

The Company's other investments include: (1) **Philippine Seven Corporation (PSC)**, the Philippine franchise holder of the 7-Eleven chain of convenience stores; (2) **Batangas Assets Corporation (BAC)**, a holding company organized for the purpose of investing in the Calabarzon area; and (3) **The Philodrill Corporation**, an oil exploration and production company which maintains participating interests in various service contracts and GSECs with the Philippine Government.

The Company's wholly-owned subsidiary, **Filipinas Energy Corporation** has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's petroleum and mineral assets.

NO bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

NO material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years **EXCEPT** that, in accordance with SEC Memorandum Circular No. 10, series of 2008, the Company reclassified certain assets as follows:

Asset	From	To	Amount
Shang Properties, Inc.	Short Term Investment	Investment in Associate	P475.4 million
North Triangle Dev. Commercial Corp.	Investment & Advances	Investment In Associate	P 462.0 million (net)
The Philodrill Corp.	Short Term Investment	Investment In Associate	P 3.5 million

(2) Business of Issuer

(A) Description of Registrant

The Company is an investments holding firm focused on and maintaining investments in natural resources, property development and infrastructure activities. The Company also maintains minor investments in diversified pioneer projects with attractive economic returns.

FEC, the Company's wholly-owned subsidiary, is a petroleum and mineral exploration company which has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's petroleum and mineral assets.

- (i) Principal products or services and their markets - The Company, as an investments holding firm, does not generate sales or revenues from the sale of any product or service; rather, the Company generates revenues and income, principally: (a) from its investments by way of dividends received from, and/or equitizable share in the earnings of, investee companies; and, (b) sale of investments or of the securities to which the investment may have been converted, including interest income earned by such securities.

On account of the Company's network and knowledge on local and regional investment opportunities, an offshore investments holding company engaged the services of the Company to advise on, solicit, negotiate for, buy and sell local and regional investment opportunities, in consideration for which the offshore investor agreed to pay the Company a percentage-based success fee and a fixed monthly service fee.

- (ii) Percentage of sales or revenues and net income contributed by foreign sales –

In 2008, the Company booked around P89.5 million in retainer fees for services rendered to an offshore investor for which the Company acted as its adviser.

- (iii) Distribution methods of the products or services – Not applicable.

- (iv) Status of any new product or service – Not applicable.

- (v) Competitive business conditions – With its avowed vision/mission of “Helping Build the Filipino Future”, the Company focuses its investments in natural resources, property development and infrastructure projects.

The mining and petroleum industry enjoyed an upsurge of investments with the entry of major development companies. In the mining sector, nickel and copper companies received the bulk of investments brought about by the rising demand in metals. In 2008, a new oil field commenced production with the opening of the Galoc Field in Northwest Palawan. The Company’s investments in Atlas, UPMC and Philodrill are expected to generate attractive returns for the Company while, at the same time, ensuring substantial contribution to the country’s economy as a whole.

The infrastructure and property development industries are still in their growth stage as the infrastructure and property development needs of the country far exceed the available supply of funds for these projects. This imbalance is seen to persist beyond the immediate future. Private sector financing, such as that provided by the Company, will continue to supplement, if not totally supplant, Government funding for infrastructure projects, while funding for property development projects are mostly private-sector driven. The infrastructure and property development industries are not confined within any specific geographic area. So far, the Company has participated in projects undertaken or to be undertaken in Metro Manila, Bulacan and the Visayas.

The Company generally participates in natural resources, infrastructure and property development projects as a pure equity holder without involving itself directly in the operations of the venture beyond the level of the board of directors or operating committees. The Company invests only in projects that yield or would yield a return on investment consistent with the economic thresholds set by the Company which are, in turn, based on accepted investment grade standards set by the international business community.

- (vi) Sources and availability of raw materials – Not applicable.
- (vii) Major customers - The Company is not dependent on any major customer. The Company’s revenues and income are dependent on the financial performance of its investee companies.
- (viii) Related party transactions – See Note 14 of the Company’s 2008 Audited Financial Statements.
- (ix) Patents, etc. – NONE
- (x) Government approvals - Not applicable.
- (xi) Effect of Government regulations - Existing government regulations do not adversely affect the business of the Company. Probable government regulation, if economically restrictive, may adversely affect the business of the Company and its subsidiary.

- (xii) Research and development activities - The Company did not undertake any research and development activities and did not incur any expenses for such activities during the last three (3) years.

In the ordinary course of business, the projects in which the Company is or becomes involved in may incur expenses in commissioning feasibility and/or other evaluatory studies. In cases where a separate entity specific to the project is formed, these expenses form part of project development costs of that entity and are, in turn, carried as part of project investment by the Company. In cases where no separate entity is formed or the proposed project is shelved for various reasons, such expenses are charged as ordinary operating expenses of the Company.

- (xiii) Costs and effects of compliance with environmental laws – Compliance with environmental laws have not, and are not anticipated to, adversely affect the businesses and financial conditions of the Company. Costs of compliance with environmental laws are either charged as ordinary operating expenses or credited as part of project investment by the Company and its subsidiary. The Company did not incur any expenses for such activities during the last three (3) years.
- (xiv) Employees - As of 31 December 2008, the Company has twelve (12) full-time employees (including officers).

(B) Additional Requirements as to Certain Issues or Issuers

- (i) Debt Issues – Not applicable.
- (ii) Investment Company Securities – Not applicable.
- (iii) Mining and Oil Companies - In line with its previous primary business purpose, now retained as one of its secondary purposes, the Company remains a participant in certain petroleum and mineral exploration ventures pending the transfer of its petroleum and mineral assets. The amount of the Company’s interests in these contracts and a brief description of the areas and status of works therein are provided in Item 1(a)1 above, under the heading “Other Investments”.

Item 2. Properties

Properties of the Company and its subsidiary consist of condominium units and improvements and office equipment, all generally located in the principal offices of the Company and its subsidiary. These properties are carried at cost less accumulated depreciation. The Company and its subsidiary do not own any plant, mine or other property.

As discussed under the heading “Other Investments” above, the Company maintains participating interests in certain petroleum and mineral concession areas. To the extent of its Participating Interests in the petroleum and mineral exploration areas, the Company shares co-ownership rights with the other concessionaires over the respective Joint Accounts and Joint Properties pertaining to each concession area which are generally expressed in monetary terms as “Deferred Exploration Costs and Other Charges” in the Company’s books of accounts.

Owing to the intermittent nature of petroleum and mineral exploration, no permanent physical property, plant or equipment are situated or being maintained in the concession areas as they are brought in only, under lease or charter, whenever there is any exploration activity to be undertaken in the areas.

Item 3. Legal Proceedings

There is **NO** material pending legal proceeding to which the Company or its subsidiary or affiliate is a party or which any of their property is the subject, and no such proceeding where the Company or its subsidiary or affiliate was a party or any of their property was the subject was terminated during the fourth quarter of the fiscal year 2008.

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

NO matter was submitted to a vote of security holders during the fourth quarter of the fiscal year 2008.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(a) Market Price of and Dividends on Registrant’s Common Equity and Related Stockholder Matters

(1) Market Information

The Company’s shares are listed and traded in the Philippine Stock Exchange. The high and low sale price of the Company’s shares for each quarter during the last two (2) fiscal years 2008 and 2007 and the first quarter of the current fiscal year 2009, expressed in Philippine Pesos, are as follows:

	<u>Stock Prices (Php)</u>	
	High	Low
2009 – 1 st quarter	1.06	0.58
2008 – 1 st quarter	2.28	1.90
2 nd quarter	2.40	2.12
3 rd quarter	2.18	1.67
4 th quarter	1.70	0.57
2007 – 1 st quarter	1.72	1.04
2 nd quarter	2.90	1.64
3 rd quarter	2.65	1.64
4 th quarter	2.65	2.10

(2) Holders

As of 31 December 2008, shareholders of record totaled 3,184, while common shares outstanding were 1,165,000,000 shares. The Company's top 20 Stockholders as of 31 December 2008 are as follows:

<u>Rank</u>	<u>Stockholders</u>	<u>Total Share</u>	<u>Percentage</u>
1	PCD NOMINEE CORPORATION (Filipino)	1,056,590,114	90.617%
2	ALAKOR SECURITIES CORPORATION	26,632,466	2.284%
3	ALAKOR CORPORATION	9,494,767	0.814%
4	VULCAN INDUSTRIES CORP.	8,800,000	0.755%
5	JOSE D. SANGALANG	7,392,000	0.634%
6	SAN JOSE OIL COMPANY, INC.	4,693,332	0.403%
7	GONZALES, FERNANDO	2,933,330	0.252%
8	ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.252%
9	VULCAN INDUSTRIAL & MINING CORP	1,466,666	0.123%
10	NAVARRO, SOLEDAD V.	1,375,550	0.118%
11	NATIONAL BOOKSTORE, INC.	1,275,445	0.109%
12	ALAKOR SECURITIES CORP.-ELEVEN SEVEN	1,100,000	0.094%
13	ANSALDO GODINEZ & CO., INC.	1,021,345	0.088%
14	TRENDLINE SUCURITIES CORP.	1,014,057	0.087%
15	MARIANO GO BIAO	990,000	0.085%
16	SANTIAGO TANCHAN III	972,398	0.083%
17	JALANDONI, JAYME ADAMS & CO., INC.	964,700	0.083%
18	S.J. ROXAS & CO. INC. A/C 2.19.038	935,000	0.080%
19	CONSTANTINE TANCHAN	881,466	0.076%
20	JACK F. CONLEY	825,000	0.071%

(3) Dividends

In 2008, the Company declared a P0.05 per share cash dividend on 25 April 2008 with a record date of 30 May 2008 and paid on 25 June 2008 (CD-3), and a 10% Stock Dividend on 19 September 2008 with a record date of 31 October 2008 and issued on 26 November 2008 (SD-1).

In 2007, the Company declared a P0.10 per share cash dividend on 30 April 2007 with a record date of 17 May 2007 and paid on 08 June 2007 (CD-1), and a P0.05 per share cash dividend on 27 July 2007 with a record date of 15 October 2007 and paid on 08 November 2007 (CD-2).

NO dividends were declared in 2006.

The Company's ability to declare and pay dividends on common equity is restricted by the availability of sufficient retained earnings.

(4) Recent Sales of Unregistered Securities

NO unregistered securities were sold during the past 3 years. All of the Company's issued and outstanding shares of stock are duly registered in accordance with the provisions of the SRC.

- (a) Securities Sold – Not Applicable; NO securities were sold
- (b) Underwriters and Other Purchases – Not Applicable; NO securities were sold
- (c) Consideration – Not Applicable; NO securities were sold
- (d) Exemption from Registration Claimed – Not Applicable; NO securities were sold.

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

(a) Management's Discussion and Analysis or Plan of Operation

(1) Plan of Operation

To sustain business growth, the Company plans to focus and build on its core investments in natural resources (through investments in Atlas, UPMC and Philodrill) and property development (through investments in NTDC and SPI). In addition, the Company will continue to take advantage of new business opportunities that may emerge in other investment areas which provide synergies with the Company's investment portfolio.

- (B)** Owing to the nature of the business of the Company as an investments holding firm, no product research and development is expected to be undertaken in the next twelve (12) months.
- (C)** The Company does not expect to make any purchase or sale of any plant and/or significant equipment within the next twelve (12) months.
- (D)** The Company does not expect any significant change in the number of its employees in the next twelve (12) months.

The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises. The Company's financial statements for the year ended 31 December 2008 reflect foreign exchange losses on the Company's dollar denominated loan.

(2) Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial highlights for the years 2008, 2007, and 2006 are presented below:

	2008	2007	2006
Revenues	187,297,336	630,521,197	502,831,689
Net income	26,712,870	494,549,483	399,323,102
Total assets	3,341,782,323	3,370,691,169	2,334,730,850
Net worth	1,434,245,509	1,465,078,849	1,145,696,845
Issued & subscribed capital	1,165,000,000	1,062,000,000	1,072,000,000

The top five (5) key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Current Ratio	1.14: 1	1.46: 1	1.15: 1
<u>Current Assets</u>	<u>351,154,790</u>	<u>1,502,696,872</u>	<u>1,342,485,057</u>
Current Liabilities	308,050,538	1,025,794,092	1,129,709,340
Debt to Equity Ratio	1.33 : 1	1.30 : 1	1.04 : 1
<u>Total Liabilities</u>	<u>1,907,536,814</u>	<u>1,905,612,320</u>	<u>1,189,034,005</u>
Stockholders Equity	1,434,245,509	1,465,078,849	1,145,696,845
Equity to Debt Ratio	0.75 : 1	0.77 : 1	0.96 : 1
<u>Stockholders Equity</u>	<u>1,434,245,509</u>	<u>1,465,078,849</u>	<u>1,145,696,845</u>
Total Liabilities	1,907,536,814	1,905,612,320	1,189,034,005
Book Value per share	1.38	1.38	1.07
<u>Stockholders Equity</u>	<u>1,434,245,509</u>	<u>1,465,078,849</u>	<u>1,145,696,845</u>
Weighted Average Number of shares	1,042,841,667	1,062,000,000	1,072,000,000
Earnings per share	0.03	0.47	0.37
<u>Net Income (Loss)</u>	<u>26,712,870</u>	<u>494,549,483</u>	<u>399,323,102</u>
Weighted Average Number of shares	1,042,841,667	1,062,000,000	1,072,000,000

Current Ratio decreased in 2008 due to corresponding decreases in: (a) Current Asset arising from the reclassification of the SPI and Philodrill investments from Held-for-Trading to Investment in Associates, the conversion of UPMC receivables into UPMC equity and the reclassification of NTDC from Investments and Advances to Investments in Associates, coupled with a similar decrease in Current Liability due to the restructuring of certain short-term loans to long-term debt. On the other hand, Current Ratio increased from 2006-2007 due to increases in the market value of SPI shares and in the Company's receivables from affiliates.

Debt-to-Equity Ratio from 2007-2008 remained unchanged, but increased from 2006-2007 due to additional loan acquired by the Company. Conversely, Equity-to-Debt ratio from 2007-2008 likewise remained unchanged, but decreased from 2006-2007.

Book Value Per Share (BVPS) remained unchanged from 2007-2008. On the other hand, BVPS increased from 2006-2007 due to higher net income in 2007 coupled with a decrease in outstanding shares arising from the Company's buy-back program.

Earnings Per Share (EPS) significantly dropped in 2008 due to lower net income attributable to the general downturn in the global economy and the absence of the extraordinary income

similar to the one generated in 2007 (sale of Atlas shares). EPS from 2006 to 2007 slightly increased mainly due to the higher income and lower outstanding shares in 2007 compared to 2006.

- (i) There are no known trends, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity, EXCEPT that the possible sale of the Company's non-core assets may generate additional one-time revenues for the Company.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables and issuance of additional capital stock.
- (iii) The Company has no material commitments for capital expenditures, but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are no known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations, save as stated in Item 6, paragraph (a)2(i) above.
- (v) There are no significant elements of income or loss that did not arise from the Company's continuing operations.
- (vi) There have been no material changes from period to period in one or more line items of the Company's financial statements, EXCEPT that:
 - a. Net Revenues decreased from 2006-2008 due to: (i) decreasing Interest Income (from P170 Million in 2006 to P136 million in 2007 to 68 Million in 2008) arising from the payment of receivables from affiliates; (ii) foreign exchange loss in 2008 from dollar-denominated loans as a result of the decline of the Philippine Peso against the US Dollar; and, (iii) Losses in Held-for-trading investments (from a gain of P142 million in 2006 and P140 million in 2007 to a loss of P10.8 million in 2008) arising from the decline of share prices in the Philippine stock market as a result of the global financial crisis. Equity Share in Net Income of Associates increased from P18 million in 2006 to P26 million in 2007 but decreased to P20.5 million in 2008 due to loss incurred by Atlas. Increase in Other Income from P66 million in 2007 to P98 million in 2008 due to collection of higher collection of service fees.
 - b. Cost and Expenses increased from 2006-2008 due to: (i) increase in impairment losses from about P21 million in 2006 to P40 million in 2007 (due to write-off of deferred costs from the Victoria petroleum exploration project) to P53 million in 2008 (due to write-off of a portion of receivables from Europhil and Ocean Composite Yachts, Inc. and write-off of Investment & Advances in the Bulacan Water project); and, (ii) increase in Interest and Other Bank Charges from P15 million in 2006 to P32 million in 2007 to P49 million in 2008 arising from additional loans incurred by the Company. The increase in Cost and Expenses was

slightly tempered by a reduction in General and Administrative Expenses from P31 million in 2007 to P26 million in 2008.

- c. Earnings Before Income Tax increased from P446 million in 2006 to P526.8 million in 2007 due to higher Net Revenues and lower Costs and Expenses in 2007, but significantly dropped to about P58 million in 2008 due to significantly lower Net Revenues coupled with higher Costs and Expenses generated in 2008.
- d. Net Income increased from P399 million in 2006 to P494 million in 2007 due to higher Net revenues and lower Costs and Expenses in 2007. On the other hand, Net Income dropped from P494 million in 2007 to P26.7 million in 2008 on account of significantly lower Net revenues and higher Costs and Expenses in 2008.
- e. Basic and Diluted Earnings Per Share increased from P0.37 in 2006 to P0.47 in 2007 due to higher Net Income, but dropped to P0.03 in 2008 due to significantly lower Net Income in 2008.
- f. Capital Stock increased from P1.062 billion in 2006 to P1.07 billion in 2007 (due to payment of subscriptions receivable) to P1.176 billion in 2008 due to additional issuances of capital stock arising from a stock dividend declaration in 2008.
- g. Retained Earnings increased from P79 million in 2006 to about P413 million in 2007 on account of the net income generated from 2006-2007, but decreased to P280 million on account of dividend paid to stockholders and significantly lower Net revenues in 2008
- h. Treasury Stock increased from P23 million in 2007 to P27 million in 2008 as the Company continued to implement its share buy-back program.
- i. Current Assets declined from P1.5 billion in 2007 to P351 million in 2008 due to: (i) significant decline in Held-for-Trading Investments from P512.7 million in 2007 to P13.7 million in 2008 arising from the Company's reclassification of its investments in SPI (P475.4 million) and Philodrill (P3.5 million) from Held-for-Trading to Investments in Associates; and, (ii) significant reduction in Receivables from P966 million in 2007 to P315 million in 2008 due to conversion of UPMC receivables (about P670 million) into new UPMC equity.
- j. Non-current Assets increased from P1.87 billion in 2007 to P3.0 billion in 2008 due to: (i) the significant increase in Investments in Associates from P1.2 billion in 2007 to P2.8 billion in 2008 arising from the conversion of P670 million in receivables into new UPMC equity and the reclassification of SPI (P475.4 million) and Philodrill (P3.5 million) from Held-for-Trading investments to Investments in Associates, coupled with, (ii) the decline in Investments and Advances arising from the reclassification of advances in NTDCC (P462 million, net of redeemed preferred shares) from Investments and Advances to Investments in Associates. Also partly contributing to the increase of Non-current Assets are the Company's Deferred Tax Asset of P14.2 million in 2008.
- k. Current Liabilities decreased from P1.02 billion in 2007 to P308 million in 2008 due to the restructuring of short-term loans to long-term debt and full payment of

the Company's loan from East West Banking Corporation. Partly offsetting the decrease is an increase in Accounts Payable from about P50 million in 2007 to P88 million in 2008 due to additional accrued interest expenses.

1. Non-current Liabilities increased from P880 million to P1.6 billion due to the restructuring in short-term loans to long-term debt.
- m. The decrease of P31 million in Stockholders' Equity between 2008 and 2007 was due to the lower net income posted by the Company in 2008. The increase of P320 Million in 2007 compared to 2006 was due to the Net Income generated by the Company in 2007.
- (vii) There have been no seasonal aspects that had a material effect on the financial condition or results of operations of the Company.
- (viii) There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- (ix) There are **NO** material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

(2) Interim Periods

No interim financial statements are included in this report.

Item 7. Financial Statements

Refer to the Audited Financial Statements as of December 31, 2008 and 2007.

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

There have been NO changes in, nor disagreements with, accountants on accounting and financial disclosure for fiscal year 2008.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(a) Directors, Executive Officers Promoters and Control Persons

(1) Identify Directors and Executive Officers

(A) Names and Ages of Directors and Executive Officers

<u>Name</u>	<u>Age</u>	<u>Citizenship</u>	<u>Position</u>	<u>Period of service as such officer</u>
Alfredo C. Ramos	65	Filipino	Chairman of the Board	1989 to present
Christopher M. Gotanco	59	Filipino	Director	1987 to present
			President	1988 to present
Adrian S. Arias	46	Filipino	Executive Vice President	2005 to present
			Asst. Corporate Secretary	1998 to present
Francisco A. Navarro	66	Filipino	Director	1984 to present
			Executive Vice President	1986 to 2005
Augusto B. Sunico	80	Filipino	Director	1984 to present
			Treasurer	1986 to present
Iluminada P. Rodriguez	60	Filipino	Director	1998 to 2004
			General Manager	2003 to 2005
			VP-Finance and Administration	2005 to present
Roberto V. San Jose	67	Filipino	Director	1998 to present
			Corporate Secretary	1979 to present
Presentacion S. Ramos	67	Filipino	Director	1984 to present
Patrick V. Caoile	50	Filipino	Director	1989 to present
Victor V. Benavidez	57	Filipino	Director	1991 to present
Adrian S. Ramos	30	Filipino	Director	2006 to present
Renato C. Valencia	67	Filipino	Independent Director	2006 to present
Ramoncito Z. Abad	62	Filipino	Independent Director	2007 to present

Messrs. Valencia and Abad are the Company's independent directors.

(B) Positions and offices that each person named above held with the Company

Mr. Alfredo C. Ramos has been a Director since 1975 and the Chairman of the Board since 1989.

Mr. Christopher M. Gotanco has been a Director since 1987 and the President since 1988. He was previously the VP-Finance and Administration.

Atty. Adrian S. Arias was appointed Executive Vice President in 2005 and has been Assistant Corporate Secretary since 1998. He was previously VP-Legal and Corporate Affairs.

Mr. Francisco A. Navarro has been a Director since 1984 and Executive Vice President from 1986 to 2005.

Atty. Augusto B. Sunico has been a Director since 1984 and a Treasurer since 1986.

Ms. Iluminada P. Rodriguez was appointed VP-Finance & Administration in 2005. She was previously a director (1998-2004), General Manager (2003-2005) and Accounting Manager (1984-2003).

Atty. Roberto V. San Jose has been the Corporate Secretary since 1979 and a Director since 1998.

Mrs. Presentacion S. Ramos, Mr. Patrick V. Caoile, Mr. Victor V. Benavidez and Mr. Adrian S. Ramos have been Directors since 1984, 1986, 1991 and 2006, respectively.

(C) Term of Office as Director and Period of Service

The Directors of the Company are elected at the Company's annual stockholders' meeting to hold office until the next succeeding annual meeting and until their successors shall have been elected and qualified. Officers are appointed/elected annually by the Board of Directors at the organizational meeting following the annual stockholders' meeting, to hold office until the next organizational meeting of the Board of Directors in the following year or until a successor shall have been elected/appointed and qualified, in accordance with Company By-Laws.

(D) Business experience of directors/officers during the past five (5) years

Mr. Alfredo C. Ramos is the Chairman of the Board and Chief Executive Officer of the Company. For the past five (5) years, he has served as a director and/or executive officer, and maintained business interests, in companies involved in the printing, publication, sale and distribution of books, magazines and other printed media, transportation, financial services, oil and gas exploration, mining, property development, shopping center, department store, gaming and retail, among others.

Mr. Christopher M. Gotanco is a Director and the President/COO/CFO of the Company. For the past five (5) years, he has served as a director and/or executive officer in companies involved in transportation, mining, oil and gas exploration, and retail, among others.

Atty. Adrian S. Arias is the Company's Executive Vice President and Assistant Corporate Secretary. He has been active in corporate law and management for more than five (5) years.

Atty. Augusto B. Sunico is a Director and the Treasurer of the Company. For the past five (5) years, he has served as a director and/or executive officer, and maintained business interests, in a university and companies engages in oil and gas exploration, mining, shipbuilding, stock brokerage, property development, financial services and shopping center, among others.

Ms. Iluminada P. Rodriguez is the Vice President for Finance and Administration of the Company. For the past five (5) years, she has served as an executive officer of companies involved in garments, manufacturing, oil and gas exploration and mining.

Atty. Roberto V. San Jose is a Director and the Corporate Secretary of the Company. He has been in the active practice of law and is a Senior Partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices for more than five (5) years.

Mr. Francisco A. Navarro is a Director of the Company. For the past five (5) years, he has headed the petroleum exploration and development group of The Philodrill Corporation and served the boards of condominium companies.

Ms. Presentacion S. Ramos is a Director of the Company. For the past five (5) years, she has served as a director and/or executive officer, and maintained business interests, in companies involved in the printing, publication, sale and distribution of books,

magazines and other printed media, department store, stock brokerage, oil and gas exploration and mining, among others.

Mr. Patrick V. Caoile is a Director of the Company. For the past five (5) years, he has served as a director and/or executive officer in companies involved in mining and aggregates, oil and gas exploration and manufacturing.

Mr. Victor V. Benavidez is a Director of the Company. For the past five (5) years, he has served as an officer of a stock brokerage firm and property development company.

Mr. Adrian S. Ramos is a Director of the Company since 2006. For the past five (5) years, Mr. Ramos has served in various management capacities and as a director to companies engaged in mining, investment holdings, securities and water infrastructure.

Mr. Renato C. Valencia was elected independent director of the Company in 2006. He is the former administrator of the Social Security Commission (SSS).

Mr. Ramoncito Z. Abad was elected independent director of the Company in 2007. He is the former Chairman of Development Bank of the Philippines.

(E) Directors with directorship(s) held in reporting companies

Alfredo C. Ramos

Atlas Cons.Mining & Dev't. Corp.	Philippine Seven Corporation
Metro Rail Transit Corp.	Shang Properties Inc.
MRT Holdings, Inc.	Shangrila Plaza Corporation
MRT Dev't. Corp.	The Philodrill Corporation
National Book Store, Inc.	United Paragon Mining Corp.
North Triangle Depot Comm'l Corp.	Vulcan Industrial & Mining Corp.

Christopher M. Gotanco

Atlas Cons. Mining & Dev't Corp.	MRT Development Corp.
MRT Holdings, Inc.	The Philodrill Corporation
North Triangle Depot Comm'l Corp.	Vulcan Industrial & Mining Corp.
Penta Capital Investment Corporation	Penta Capital Finance Corp.

Augusto B. Sunico

Alakor Securities Corp.	Shangrila Plaza Corporation
Shang Properties Inc.	The Philodrill Corporation
Manuel L. Quezon University	United Paragon Mining Corp.
Penta Capital Finance Corp.	Vulcan Industrial & Mining Corp.
Penta Capital Investment Corp.	

Presentacion S. Ramos

Alakor Securities Corp.	The Philodrill Corporation
National Book Store, Inc.	Vulcan Industrial & Mining Corp.
Zenith Holdings Corporation	

Roberto V. San Jose

Atlas Resources Management Group
CP Group of Companies
CP Equities Corporation

MAA Consultants, Inc.
Mabuhay Holdings Corp.

Francisco A. Navarro

The Philodrill Corporation

Vulcan Industrial & Mining Corp.

Adrian S. Ramos

Alakor Securities Corp.
Aquatlas, Inc.
Atlas Cons.Mining & Dev't. Corp
The Philodrill Corporation

United Paragon Mining Corp.
Vulcan Industrial & Mining Corp
Zenith Holdings Corporation

Renato C. Valencia

Bases Conversion Dev't Authority
Civil Aeronautics Board
Habitat for Humanity Phils.
Hypercash Payment System, Inc.

Independent Insight, Inc.
Metropolitan Bank & Trust Company
Roxas Holdings Inc.
Triple Top AIM Inc.

Mr. Patrick V. Caoile is a director of Vulcan Industrial & Mining Corp.

Mr. Ramoncito Z. Abad is a director of Monheim Distributors.

(2) Significant Employees

Other than its current officers and employees, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company.

(3) Family Relationships

Mr. Alfredo C. Ramos, Chairman of the Board, is the husband of Mrs. Presentacion S. Ramos, Director, and the brother-in-law of Atty. Augusto B. Sunico, Director and Treasurer. Mr. Adrian S. Ramos, Director, is the son of Mr. Alfredo C. Ramos and Mrs. Presentation S. Ramos.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which a director, person nominated to become a director, executive officer, promoter, or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior that time; (2) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses of any director, person nominated to become a director, executive officer, promoter, or control person; (3) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities of a director, person nominated to become a director,

executive officer, promoter, or control person of the Company; and, (4) judgment against a director, person nominated to become a director, executive officer, promoter, or control person of the Company found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self-regulatory organization, to have violated a securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

Item 10. Executive Compensation

(1) Summary Compensation Table

The aggregate compensation paid to the Company's Chief Executive Officer and most highly compensated executive and non-executive officers named below as a group for the two most recently completed fiscal years (2006 and 2005) and the ensuing fiscal year (2005) are:

Name	Position	2007	2008	2009 (est.)
Alfredo C. Ramos	Chairman			
Christopher M. Gotanco	President			
Adrian S. Arias	EVP			
Illuminada P. Rodriguez	VP			
TOTAL		P2,755,000.00	P2,990,718	P3,289,790.00
All officers and directors as a group unnamed		P3,457,000.00	P3,575,718.00	P3,933,290.00

(2) Compensation of Directors

(A) Standard Arrangement

For the most recently completed fiscal year, directors received and will receive a per diem of P5,000.00 per month to defray their expenses in attending board meetings.

(B) Other Arrangements

There are no other arrangements for compensation of directors, as such, during the last fiscal year and for the ensuing fiscal year.

(3) Employment Contracts and Termination of Employment and Change-in-Control

(A) The Company maintains standard employment contracts with Messrs. Alfredo C. Ramos and Christopher M. Gotanco, both of which provide for their respective compensation and benefits, including entitlement to health benefits, representation expenses and company car plan.

(B) Other than what is provided under applicable labor laws, there are no compensatory plans or arrangements with executive officers entitling them to receive more than P2,500,000.00 as a result of their resignation or any other termination of employment,

or from a change in control of the Company, or a change in the executive officers' responsibilities following a change in control of the Company.

The Company maintains a retirement plan pursuant to which an eligible employee will receive one month's pay for every year of service for the first 10 years and two month's pay for every year of service beyond the first 10 years. Based on this policy, the retirement pay of some officers of the Company may exceed P2,500,000.00.

- (C) There are no warrants or options outstanding in favor of directors and officers of the Company.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2008, the Company is not aware of anyone who beneficially owns more than 5% of its outstanding stock, except as set forth below:

Company's voting securities as of December 31, 2008:

Title of Class	Name and address of record owner and relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No of shares held	Percentage Ownership
Common	PCD Nominee Corporation Makati Stock Exchange Bldg. 6767 Ayala Avenue, Makati City Stockholder	PCD Participants (see note A)	Filipino	423,363,151*	36.34%
Common	Alakor Securities Corporation ** 4 th Floor, Quad Alpha Centrum 125 Pioneer St., Mandaluyong City Stockholder	National Book Store Inc. Client (see Note B)	Filipino	442,057,061**	37.94%
Common	Alakor Securities Corporation ** 5 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	Alakor Corporation Client (see Note B)	Filipino	106,274,601**	9.12%

*Net of 633,226,963 shares under the name of Alakor Securities Corp.

**Of the total shares of 633,226,963 shares under the of Alakor Securities Corp., National Book Store Inc. owns 442,057,061 shares while Alakor Corporation owns 106,274,601 shares.

Note A: The shares registered under the name of PCD Nominee Corporation (PCD) are beneficially owned by its participants. As of Record Date, there are 132 beneficial owners of the Company's voting stock of which Alakor Securities Corporation (ASC) is the record owner of more than 5% of the Company's voting securities

Note B: Among the clients of ASC, National Book Store, Inc. (NBSI) and Alakor Corporation (AC) are the beneficial owners of more than 5% of the Company's voting securities.

Note C. As a matter of practice, PCD itself does not vote the number of shares registered in its name; instead, PCD issues a general proxy constituting and appointing each of its participants as PCD's proxy to vote for the number of shares owned by such participant in PCD's books as of Record Date.

The proxies of NBSI and AC is appointed by its Board of Directors and the Company becomes aware of such proxy only when the appointment is received by the Company. Based on previous practice, Mr. Alfredo C. Ramos has been appointed proxy for NBSI and AC for the previous years. Mr. Ramos has direct/indirect interest/shareholdings in NBSI and AC.

(2) Security Ownership of Management

As of 31 December 2008, the Company's directors and officers own the following number of shares registered in their respective names:

Type	Name of beneficial owner	Amount and nature of Beneficial ownership		Citizenship	Percent Of Class
		Direct	Indirect		
Common	Alfredo Ramos (D/CEO)	11,000	27,297,438	Filipino	2.34%
Common	Christopher M. Gotanco (D/O)	110	0	Filipino	<0.01%
Common	Adrian S. Arias (O)	0	0	Filipino	<0.00%
Common	Augusto Sunico (D/O)	22,110	329,892	Filipino	0.03%
Common	Illuminada P. Rodriguez (O)	22,000	0	Filipino	<0.01%
Common	Roberto V. San Jose (D/O)	433,252	0	Filipino	0.04%
Common	Francisco A. Navarro (D)	444,582	0	Filipino	0.04%
Common	Presentacion S. Ramos (D)	55,000	28,636,665	Filipino	2.46%
Common	Patrick V. Caoile (D)	245,666	0	Filipino	0.02%
Common	Victor V. Benavidez (D)	21,699	0	Filipino	<0.01%
Common	Adrian S. Ramos (D)	88,000	990,000	Filipino	0.11%
Common	Renato C. Valencia (ID)	1,100	0	Filipino	0.01%
Common	Ramoncito Z. Abad (ID)	1,100	0	Filipino	<0.01%

There are no additional shares of the Company which the above listed directors and officers have the right to acquire beneficial ownership of from options, warrants, conversion privileges, or similar obligations.

(3) Voting Trust Holders of 5% or More

To the extent known to the Company, there is no person holding more than 5% of the Company's securities under a voting trust or similar arrangement.

(4) Changes in Control

To the extent known to the Company, there are no arrangements which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

(1) Related Transactions

There had been NO transactions during the last two (2) years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any director or executive officer of the Company, or nominee for election as a director, or owner of more than 5% of the Company's voting securities, or voting trust holder of 5% or more of any class of the Company's securities, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of the foregoing persons had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had or may have transactions with other companies in which some of the foregoing persons may have an interest.

(2) Not Applicable

(3) Parent of the Company

NO person holds more than 50% of the Company's voting securities, and the Company has no parent company.

(4) Transaction with Promoters

The Company has had no transaction with promoters during the last (5) years.

PART IV - EXHIBITS AND SCHEDULES

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

- | | | | |
|----|-------------------------|---|----------------------------|
| A. | Exhibits | - | Not applicable |
| B. | Report on SEC Form 17-C | - | Already filed with the SEC |

SIGNATURES

Pursuant to the requirement of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Mandaluyong on ____ April 2009.

Anglo Philippine Holdings Corporation

Issuer



Alfredo C. Ramos

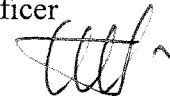
Chairman of the Board/Director

Chief Executive Officer



Christopher M. Gotanco

Director/President/COO



Adrian S. Arias

Executive Vice President &

Assistant Corporate Secretary



Augusto B. Sunico

Director/Treasurer



Iluminada P. Rodriguez

Vice President – Finance and Admin.

Chief Accounting Officer

JUN 05 2009

SUBSCRIBED AND SWORN to before me this ____ April 2009, affiant exhibited to me his Community Tax Certificates, as follows:

Names	CTC No.	Date of Issue	Place of Issue
Alfredo C. Ramos	19019366	01-05-2009	Manila
Christopher M. Gotanco	20420564	01-19-2009	Mandaluyong
Adrian S. Arias	20403302	01-08-2009	Mandaluyong
Augusto B. Sunico	20403301	01-08-2009	Mandaluyong
Iluminada P. Rodriguez	20416845	01-14-2009	Mandaluyong

Doc No. 424
Page No. 85
Book No. 70
Series of 2009.

JOEL G. GORDOLA
NOTARY PUBLIC
Until December 31, 2009
ROL No. 25103
PTR No. 0806362 1/05/09 Q.C.
IBP No. 760562 3/12/09 Q.C.

ANGLO PHILIPPINE HOLDINGS CORPORATION

FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006



Manabat Sanagustin & Co.
Certified Public Accountants
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches · Subic · Cebu · Bacolod · Iloilo

PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Anglo Philippine Holdings Corporation
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City

We have audited the accompanying financial statements of Anglo Philippine Holdings Corporation, which comprise the balance sheets as at December 31, 2008 and 2007 and the statements of income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2008, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Anglo Philippine Holdings Corporation as of December 31, 2008 and 2007, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2008 in accordance with Philippine Financial Reporting Standards.

MANABAT SANAGUSTIN & CO.

A handwritten signature in black ink, appearing to read 'Ricardo G. Manabat', written over a horizontal line.

RICARDO G. MANABAT

Partner

CPA License No. 0024603

SEC Accreditation No. 0023-AR-2

Tax Identification No. 112-071-545

BIR Accreditation No. 08-001987-5-2007

Issued July 10, 2007; Valid until July 9, 2010

PTR No. 1564062MB

Issued January 5, 2009 at Makati City

May 7, 2009

Makati City, Metro Manila



Manabat Sanagustin & Co.
Certified Public Accountants
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches - Subic - Cebu - Bacolod - Iloilo

PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Board of Directors and Stockholders
Anglo Philippine Holdings Corporation
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City

We have audited the accompanying financial statements of Anglo Philippine Holdings Corporation as of and for the year ended December 31, 2008 on which we have rendered our report thereon dated May 7, 2009.

In compliance with SRC Rule 68, we are stating that the said Company has a total number of 2,857 stockholders owning one hundred (100) or more shares each.

MANABAT SANAGUSTIN & CO.

RICARDO G. MANABAT
Partner
CPA License No. 0024603
SEC Accreditation No. 0023-AR-2
Tax Identification No. 112-071-545
BIR Accreditation No. 08-001987-5-2007
Issued July 10, 2007; Valid until July 9, 2010
PTR No. 1564062MB
Issued January 5, 2009 at Makati City

May 7, 2009
Makati City, Metro Manila



ANGLO PHILIPPINE HOLDINGS CORPORATION

AN INFRASTRUCTURE AND PROPERTY DEVELOPMENT COMPANY

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Anglo Philippine Holdings Corporation is responsible for all information and representations contained in the financial statements for the years ended December 31, 2008, 2007 and 2006. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

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

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

KPMG Manabat Sanagustin & Co., the independent auditors and appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Financial Reporting Standards and has expressed its opinion on the fairness of presentation upon completion of such audit, in its report to the **Board of Directors and stockholders**.

ALFREDO C. RAMOS
Chairman of the Board/CEO

CHRISTOPHER M. GOTANCO
President/Director/COO

AUGUSTO B. SUNICO
Treasurer/Director

SUBSCRIBED AND SWORN to before me on this JUN 04 2009 day of PASIG CITY 2009 at Mandaluyong City.

Names	CTC No.	Date of Issue	Place of Issue
Alfredo C. Ramos	19019366	01-05-2009	Manila
Christopher M. Gotanco	20420564	01-19-2009	Mandaluyong
Augusto B. Sunico	20403301	01-08-2009	Mandaluyong

Doc No. 271
Page No. 57
Book No. 272011
Series of 2009.

ATTY. BENIGNO M. PUNO
NOTARY PUBLIC

PTR # 5102600-010709-Pasig City
IBP # 764806-010709-Pasig City
VALID UNTIL DEC 31, 2010
TIN # 113-425-074-000

"Helping Build the Filipino Future"

6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines
Telephone Nos.: (632) 631-5139 • (632) 635-6120 • Fax No.: (632) 631-3113 • E-mail: anglo@vasia.com

ANGLO PHILIPPINE HOLDINGS CORPORATION
BALANCE SHEETS

		December 31	
	<i>Note</i>	2008	2007
ASSETS			
Current Assets			
Cash and cash equivalents	4, 23	P19,919,358	P22,143,393
Held-for-trading investments	5, 23	13,676,126	512,686,583
Receivables	6, 23	315,392,727	966,012,431
Prepaid expenses and other current assets		2,166,579	1,854,465
Total Current Assets		351,154,790	1,502,696,872
Noncurrent Assets			
Available-for-sale investments	7, 23	19,608,736	503,804,225
Investments in associates	5, 6, 7, 8, 23	2,780,298,254	1,186,773,539
Property and equipment - net	9	20,696,518	21,992,854
Deferred exploration costs	10	155,807,873	155,423,679
Deferred tax assets - net	21	14,216,152	-
Total Noncurrent Assets		2,990,627,533	1,867,994,297
		P3,341,782,323	P3,370,691,169
LIABILITIES AND EQUITY			
Current Liabilities			
Short-term loans payable	11, 23	P200,000,000	P970,350,763
Accounts payable and accrued expenses	13, 23	88,146,082	49,886,539
Income taxes payable	21	19,904,456	5,556,790
Total Current Liabilities		308,050,538	1,025,794,092
Noncurrent Liabilities			
Long-term debt	12, 23	1,589,787,696	846,105,746
Pension liability	20	9,698,580	23,198,614
Deferred tax liabilities - net	21	-	10,513,868
Total Noncurrent Liabilities		1,599,486,276	879,818,228
Total Liabilities		1,907,536,814	1,905,612,320
Equity			
Capital stock	15	1,176,632,312	1,070,632,312
Additional paid-in capital		4,658,460	4,658,460
Retained earnings	15	280,520,812	412,845,442
Treasury stock	15	(27,566,075)	(23,057,365)
Total Equity		1,434,245,509	1,465,078,849
		P3,341,782,323	P3,370,691,169

See Notes to the Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF INCOME

		Years Ended December 31		
	<i>Note</i>	2008	2007	2006
REVENUES				
Interest income	<i>16</i>	P68,140,181	P136,190,783	P170,174,174
Equity in net earnings of associates	<i>8</i>	20,508,894	26,124,812	18,431,906
Foreign exchange gains - net		-	76,474,502	75,986,607
Gain on fair value changes of held-for-trading investments		-	140,347,228	142,020,328
Gain on sale of investment		-	184,625,249	-
Other revenues	<i>17, 24</i>	98,648,261	66,758,623	96,218,674
		187,297,336	630,521,197	502,831,689
COSTS AND EXPENSES				
Interest and other finance charges	<i>11, 12, 14, 19</i>	49,752,674	32,640,453	15,029,037
Impairment losses on receivables and deferred exploration costs	<i>6, 10</i>	31,045,307	40,049,058	20,967,405
General and administrative expenses	<i>18</i>	25,663,851	31,005,901	20,601,766
Loss on fair value changes of available-for-sale investments	<i>7</i>	22,078,134	-	-
Foreign exchange losses - net		11,862,805	-	-
Loss on fair value changes of held-for-trading investments		10,809,635	-	-
Loss on sale of investment		1,018,987	-	-
		152,231,393	103,695,412	56,598,208
INCOME BEFORE INCOME TAX				
		35,065,943	526,825,785	446,233,481
INCOME TAX EXPENSE	<i>21</i>	8,353,073	32,276,302	46,910,379
NET INCOME		P26,712,870	P494,549,483	P399,323,102
Basic & Diluted Earnings Per Share				
	<i>22</i>	P0.03	P0.47	P0.37

See Notes to the Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	<i>Note</i>	2008	2007	2006
CAPITAL STOCK				
<i>12, 15</i>				
Issued shares:				
Balance at beginning of year		P1,064,611,970	P1,046,430,374	P1,046,430,374
Stock dividends		106,000,000	-	-
Issued during the year		-	18,181,596	-
Balance at end of year		1,170,611,970	1,064,611,970	1,046,430,374
Subscribed		7,388,030	7,388,030	25,569,626
Subscriptions receivable:				
Balance at beginning of year		(1,367,688)	(9,687,574)	(9,687,574)
Collections during the year		-	8,319,886	-
Balance at end of year		(1,367,688)	(1,367,688)	(9,687,574)
		6,020,342	6,020,342	15,882,052
		1,176,632,312	1,070,632,312	1,062,312,426
ADDITIONAL PAID-IN CAPITAL				
		4,658,460	4,658,460	4,658,460
RETAINED EARNINGS				
Balance at beginning of year		412,845,442	78,725,959	(320,597,143)
Net income for the year		26,712,870	494,549,483	399,323,102
Stocks dividends declared during the year	<i>15</i>	(106,000,000)	-	-
Cash dividends declared during the year	<i>15</i>	(53,037,500)	(160,430,000)	-
Balance at end of year		280,520,812	412,845,442	78,725,959
TREASURY STOCK				
<i>15</i>				
Balance at beginning of year		23,057,365	-	-
Redeemed during the year		4,508,710	23,057,365	-
Balance at end of year		27,566,075	23,057,365	-
		P1,434,245,509	P1,465,078,849	P1,145,696,845

See Notes to the Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	<i>Note</i>	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P35,065,943	P526,825,785	P446,233,481
Adjustments for:				
Interest income	<i>16</i>	(68,140,181)	(136,190,783)	(170,174,174)
Interest expense	<i>19</i>	40,244,112	24,610,572	14,283,789
Impairment losses on receivables and deferred exploration costs	<i>6, 10</i>	31,045,307	40,049,058	20,967,405
Loss on fair value changes of available-for-sale investments	<i>7</i>	22,078,134	-	-
Equity in net earnings of associates	<i>8</i>	(20,508,894)	(26,124,812)	(18,341,906)
Unrealized foreign exchange gains (losses)		835,849	(76,474,502)	(75,986,607)
Loss (gain) on fair value changes of held-for-trading investments	<i>5</i>	10,809,635	(140,347,228)	(142,020,328)
Pension expense	<i>20</i>	2,273,300	4,132,666	4,043,353
Depreciation	<i>9</i>	1,476,694	1,523,481	395,000
Loss (gain) on sale of investment		1,018,987	(184,625,249)	-
Operating income before working capital changes		56,198,886	33,378,988	79,400,013
Decrease (increase) in:				
Held-for-trading investments		17,518,150	342,873	(116,512,222)
Receivables		(49,974,337)	(54,879,403)	(245,697,079)
Prepaid expenses and other current assets		(312,114)	(720,111)	(1,857,084)
Increase in accounts payable and accrued expenses		13,833,057	10,723,485	(2,864,428)
Cash generated from (absorbed by) operations		37,263,642	(11,154,168)	(287,530,800)
Income taxes paid		(18,735,427)	(55,694,716)	(8,123,447)
Interest received		68,140,181	136,190,783	170,174,174
Interest paid		(17,564,762)	(14,165,192)	-
Retirement fund contribution	<i>20</i>	(15,773,334)	(13,663,404)	(1,488,039)
Net cash provided by (used in) operating activities		53,330,300	41,513,303	(126,968,112)

Forward

	Years Ended December 31			
	<i>Note</i>	2008	2007	2006
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Deferred exploration costs		(P384,194)	P268,965	(P37,981,256)
Available-for-sale investments		27,023,638	(157,864,798)	665,322,133
Investments in associates		(3,035,946)	(853,368,080)	(430,192,906)
Additions to property and equipment	9	(180,358)	(3,144,577)	(20,356,700)
Proceeds from sale of investment		4,326,261	307,537,508	-
Net cash provided by (used in) investing activities		27,749,401	(706,570,982)	176,791,271
CASH FLOWS FROM FINANCING ACTIVITIES				
Cost of treasury stock acquired	15	(4,508,710)	(23,057,365)	-
Proceeds from borrowings		308,762,500	1,197,608,746	209,000,000
Payments of borrowings		(336,267,162)	(393,174,213)	(323,499,108)
Collections of subscriptions receivable		-	8,319,886	-
Cash dividends		(51,290,364)	(159,125,082)	-
Net cash provided by (used in) financing activities		(83,303,736)	630,571,972	(114,499,108)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,224,035)	(34,485,707)	(64,675,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	22,143,393	56,629,100	121,305,049
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P19,919,358	P22,143,393	P56,629,100

See Notes to the Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

Anglo Philippine Holdings Corporation (the “Company”), was incorporated on June 25, 1958 originally as an oil and mineral exploration company with the corporate name of “Anglo Philippine Oil Corp.” In 1996, the Company changed its primary purpose to that of an investments holding firm focused on natural resources-based companies, infrastructure and property development. The Company is a public company under Section 17.2 of the Securities Regulation Code and its shares are listed on the Philippine Stock Exchange (PSE).

The address of the Company’s registered office is at 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City.

2. Basis of Preparation

Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The financial statements as at and for the year ended December 31, 2008 were authorized for issue by the Board of Directors (BOD) on May 7, 2009.

Basis of Measurement

The financial statements have been prepared on the historical cost basis except for held-for-trading investments which are measured at fair value.

Functional and Presentation Currency

These financial statements are presented in Philippine peso, which is the Company’s functional currency.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments are made by management on the development, selection and disclosure of the Company’s critical accounting policies and estimates and the application of these policies and estimates.

The following presents the summary of these judgments and estimates, which have the most significant effect on the amounts recognized in the financial statements:

Operating Leases

The Company has entered into a lease agreement as lessee. The Company has determined that the lessor retains all significant risks and rewards of ownership of these properties which are leased out under an operating lease arrangement.

Rent expense recognized in the statements of operations amounted to P2,044,640, P2,053,747 and P1,739,541 in 2008, 2007 and 2006, respectively (Note 18).

Fair Value of Financial Assets other than Receivables

The Company carries its financial assets at fair values, which require extensive use of accounting judgments. Fair value estimation for financial assets are based generally on listed or quoted market prices. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amount that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time.

Estimated Allowance for Impairment Losses on Receivables

The Company maintains an allowance for impairment losses, if necessary, at a level considered adequate to provide for uncollectible receivables. The level of this allowance is evaluated by the Company on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with debtors and, their payment behavior and known market factors. The Company reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a regular basis. The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in the Company's allowance for impairment losses would increase the Company's recorded operating expenses and decrease current assets.

As of December 31, 2008 and 2007, no allowance for impairment loss on receivables was recognized by the Company. In 2008, the Company has written-off a total of P22,078,134 receivables (Note 6).

Significant Influence over Investees

The Company renders judgment whether it exercises significant influence over certain investees in spite holding less than 20% of their outstanding common shares Under PAS 28 "Investment in Associates", equity securities are classified as investment in associates if the investor has significant influence but not control over the financial and operating policies of the investees. While there is a rebuttable presumption that an investor would have significant influence over certain investee where it holds between 20% and 50% of the investee's common shares of stock, this should not preclude the Company from determining whether it has significant influence over those where it holds less than 20%.

As allowed under the Amendments, on July 1, 2008, the Company reclassified certain equity securities from the held-for-trading investments to the AFS investments at the prevailing fair value as of transfer date. The transfer was made on a prospective basis. Accordingly, the fair value of the equity securities as of transfer date became the new cost basis as of transfer date (Note 5).

Estimated Useful Lives of Property and Equipment

The Company estimates the useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that the future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

As of December 31, 2008 and 2007, property and equipment, net of accumulated depreciation amounted to P20,696,518 and P21,992,854, respectively (Note 9).

Impairment of Nonfinancial Assets

The carrying amounts of the Company's nonfinancial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. The factors that the Company considers important which could trigger an impairment review include the following:

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

If any such indication exists, the asset's recoverable amount is estimated. In assessing the recoverable amount, the greater of the fair value less costs to sell and value in use has been used.

As of December 31, 2008 and 2007, the Company assessed that there are no impairment indicators relating to the Company's property and equipment, and investments in associates (Notes 8 and 9). As of December 31, 2008 and 2007, no allowance for impairment losses on deferred exploration costs was recognized by the Company. In 2007, the Company has written-off P37,227,337 deferred exploration costs (Note 10).

Pension Benefits

Pension expense and pension liabilities are determined using certain actuarial estimates and assumptions used by actuaries in valuing the Company's defined benefit obligation and future experiences such as the rate of return on plan assets, future salary increases, retirement date or age, mortality and turnover rate of covered employees. These estimates and assumptions directly influence the amount of the pension expense and pension liabilities recognized in the financial statements.

Pension liability amounted to P9,698,580 and P23,198,614 as of December 31, 2008 and 2007, respectively (Note 20).

Income Taxes

There are certain transactions and computations for which the ultimate tax determination is uncertain during the course of business. The Company recognizes deferred tax assets and liabilities based on estimates of whether additional income taxes will be due in the future. Where the final outcome of these matters is different from the amount that was initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company has recognized net deferred tax assets of P14,216,152 as of December 31, 2008 and net deferred tax liabilities of P10,513,868 as of December 31, 2007 (Note 21).

Provisions and 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 on an analysis of potential results. However, the Company's management and legal counsel believe that the probable costs under these lawsuits or claims will not have a material effect on the Company's financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the Company's financial statements as at December 31, 2008 and 2007.

3. Summary of Significant Accounting Policies

Adoption of New Standards, Amendments to Standards and Interpretations

The Financial Reporting Standards Council approved the adoption of new standards, amendments to standards, and interpretations as part of PFRS.

Amendments to Standards and Interpretations Adopted in 2008

The Company adopted the following amendments to standards and Philippine Interpretation from International Financial Reporting Interpretation Committee (IFRIC):

- Philippine Interpretation IFRIC 14, *PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*: This interpretation provides general guidance on how to assess the limit in PAS 19, *Employee Benefits*, on the amount of the surplus that can be recognized as an asset. It also explains how the pension asset may be affected when there is a statutory or contractual minimum funding requirement. The interpretation is effective for annual periods beginning on or after January 1, 2008. The adoption of the foregoing interpretation did not have a material effect on the financial statements.
- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement*, and PFRS 7, *Financial Instruments: Disclosures*: These amendments permit an entity to reclassify non-derivative financial assets, other than those designated at fair value through profit or loss upon initial recognition, out of the trading category in certain circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that otherwise would have met the definition of loans and receivables, if the entity has the intention and ability to hold that financial asset for the foreseeable future. These amendments are effective from July 1, 2008. The adoption of the foregoing amendments resulted in the reclassification of certain investments as discussed in Notes 5 and 7.

Revised Standards, Amendments to Standards and Interpretations Not Yet Adopted

The following are the revised standards, amendments to standards and interpretations which are not yet effective for the year ended December 31, 2008, and have not been applied in preparing the financial statements:

- Revised PAS 1, *Presentation of Financial Statements*, becomes effective for financial years beginning on or after January 1, 2009. The standard has been revised to introduce the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The Company is currently assessing the impact of the revised standard on the financial statements when it adopts the standard on January 1, 2009.
- Amended PFRS 1 and PAS 27, *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*, becomes effective for financial years beginning on or after January 1, 2009. The amendments to PFRS 1 allow a first-time adopter, at its date of transition to PFRS in its separate financial statements, to use deemed cost to account for an investment in a subsidiary, jointly controlled entity or associate. The amendments to PAS 27 remove the definition of “cost method” currently set out in PAS 27, and instead require all dividend from a subsidiary, jointly controlled entity or associate to be recognized as income in the separate financial statements of the investor when the right to receive the dividend is established. The Company will assess the impact of this revised standard on the financial statements when it adopts the standard on January 1, 2009.
- *Improvements to PFRS 2008*, discusses 35 amendments and is divided into two parts: a) Part I includes 24 amendments that result in accounting changes for presentation, recognition or measurement purposes; and b) Part II includes 11 terminology or editorial amendments that the International Accounting Standards Board expects to have either no or only minimal effects on accounting. These amendments are generally effective for annual periods beginning on or after January 1, 2009. The adoption of the amendments in 2009 is not expected to have any material effect on the financial statements.
- Revised PFRS 3, *Business Combinations*, incorporates the following changes that are likely to be relevant to the Company’s operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss.
 - Transaction costs, other than share and debt issue costs, will be expensed as incurred.
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss.
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised PFRS 3 will be applied prospectively and therefore will have no impact on prior periods in the financial statements.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*, becomes effective for financial years beginning on or after July 1, 2009. This interpretation provides guidance on the accounting for non-reciprocal distributions of non-cash assets to owners acting in their capacity as owners. It also applies to distributions in which the owners may elect to receive either the non-cash asset or a cash alternative. The liability for the dividend payable is measured at the fair value of the assets to be distributed. The Company will assess the impact of this interpretation on the financial statements when it adopts the standard on July 1, 2009.

The principal accounting policies set out below have been consistently applied to all the years presented in these financial statements.

Cash and Cash Equivalents

Cash includes cash on hand and in banks and is stated at its face value. 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.

Financial Instruments

Financial instruments comprise of cash and cash equivalents, held-for-trading investments, receivables, available-for-sale investments, accounts payables and accrued expenses, short-term loans payable and long-term debt.

Date of Recognition. The Company recognizes a financial asset or a financial liability 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.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Subsequent to initial recognition, the Company classifies its financial assets in the following categories: held-to-maturity (HTM) investments, available-for-sale (AFS) investments, FVPL financial assets, and loans and receivables. The classification depends on the purpose for which the financial assets are acquired and whether they are quoted in an active market. Management determines the classification of the Company's financial assets at initial recognition and, where allowed and appropriate, reevaluates such designation at every reporting date.

Fair Value Measurement

The determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations for financial instruments traded in active markets. For all other financial instruments, fair value is determined by using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

Financial Assets at FVPL

This category consists of financial assets that are held for trading or designated as such by management on initial recognition.

Financial assets at FVPL are initially recognized and subsequently measured at fair value in the balance sheets with transaction costs taken directly to the statements of income. Changes in fair value is recognized in the statements of income and dividend income is recorded when the right of the payment has been established.

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

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- the assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, or
- the financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

The Company's held-for-trading investments are included under this category.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial asset at FVPL. Loans and receivables are carried at cost or amortized cost, less impairment in value. Amortization is determined using the effective interest method.

The Company's receivables are included in this category.

HTM Investments

HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which management has the positive intention and ability to hold to maturity. Where the Company sells other than an insignificant amount of HTM investments, the entire category would be tainted and reclassified as AFS investments. After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized as income when the HTM investments are derecognized and impaired, as well as through the amortization process.

The Company has no investments accounted for under this category.

AFS Investments

AFS investments are non-derivative financial assets that are designated in this category or are not classified in any of the other categories. Subsequent to initial recognition, AFS investments are carried at fair value in the balance sheets. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost. Changes in the fair value of such assets are reported in the equity section of the balance sheets until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statements of income. Interest earned on holding AFS investments is recognized in the statements of income using effective interest rate.

The Company's available-for-sale investments are included in this category.

Other Financial Liabilities

This category pertains to financial liabilities that are not designated as at fair value through profit or loss upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

The Company's accounts payable and accrued expenses, short-term loans payable and long-term debt are included in this category.

Derecognition of Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized 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 right to receive cash flows from the asset and either (a) has transferred substantially all the risk and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Where the Company has transferred its right 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.

Classification of Financial Instruments Between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial assets to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or

- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Investments in Associates

Investments in associates are those entities in which the Company has significant influence but not control over the financial and operating policies. Significant influence is presumed to exist when the percentage of ownership is between 20% and 50% of the voting power of another entity. Investees are accounted for using equity method and are recognized initially at cost. Under the equity method, the cost of investment is increased or decreased by the Company's equity in the net earnings or losses of the investees, after adjustments to align the accounting policies with those of the Company from the date that significant influence commences until the date that it ceases. When the Company's losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has no obligation or has made payments on behalf of the investee. Dividends received are treated as a reduction in the carrying value of the investments.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic benefits will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which they are incurred.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

	<u>Number of Years</u>
Condominium units and improvements	20
Office equipment	5
Furniture and fixtures	5

The remaining useful lives and depreciation method are reviewed periodically to ensure that they are consistent with the expected pattern of economic benefits from those assets.

When an asset is disposed of, or is permanently withdrawn from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in the statements of income.

Deferred Exploration Costs

Deferred exploration costs include costs incurred after the Company has obtained legal rights to explore in a specific area, including the determination of the technical feasibility and commercial viability of extracting mineral resources. Deferred exploration costs include, among others, acquisition of rights to explore, topographical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources. All exploration costs and related expenses are carried as deferred exploration costs, net of impairment losses, if any.

The costs and expenses for exploration activities which do not result in the discovery of petroleum or mineral deposits that are commercially productive are recognized in the statements of income after the project is abandoned and when management expects no further recovery. When the results of exploration costs are determined to be negative, the accumulated costs are written off.

Impairment of Assets

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the statements of income.

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 statements of income, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation.

Non-financial Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the cost of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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 time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statements of income.

Recovery of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recognized in the statements of income. However, the increase in carrying amount of an asset due to a recovery of an impairment loss is recognized to the extent that it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

Income Taxes

Income tax expense is composed of current and deferred tax. Income tax is recognized in the statements of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets are recognized for the future tax consequences attributable to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced, if appropriate.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted at the balance sheet date.

Foreign Currency Transactions

Foreign currency transactions are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated assets and liabilities are translated into Philippine peso at the exchange rates prevailing at the balance sheet date. The resulting foreign exchange gains and losses are recognized in the statements of income.

Pension Plan Benefits

The Company has a funded, noncontributory defined benefit pension plan covering all of its regular employees.

The Company's net obligation in respect of its pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The discount rate is yield at the balance sheet date of long-term government bonds that have maturity dates approximating the terms of the related pension liability. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of the plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the statements of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the statements of income.

Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the present value of the obligation and the fair value of the plan assets. The amount exceeding this 10% corridor is charged or credited to profit or loss over the employees' expected average remaining working lives. Actuarial gains and losses within 10% corridor are disclosed separately. Past service costs are recognized immediately in the statements of income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

Pension expense consisted of actuarially determined current service cost and interest cost, experience adjustments and the effect of changes in the actuarial assumptions over the expected average remaining working lives for the covered employees.

Management Fee

Management fee is recognized when general administrative and risk management services are rendered by the Company. Management fee is measured based on the contractual agreement between parties and recognized in the statements of income under "Other revenues".

Interest and Other Income

Interest income on bank deposits and temporary investments is recognized when earned and presented net of applicable final tax. Other income is recognized in the statements of income when earned.

Costs, Expenses and Borrowing Costs

Costs and expenses, not directly attributable to capitalizable projects, are recognized in the statements of income. Borrowing costs are expensed when incurred.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the statements of income on a straight-line basis over the term of the lease.

Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. It includes companies in which one or more of the directors and/or controlling shareholders of the Company either have a beneficial controlling interest or are in a position to exercise significant influence therein.

Earnings per Share (EPS)

Basic and diluted earnings per common share are computed by dividing the net income attributable to the common shareholders by the weighted average number of common shares outstanding after giving retroactive effect to stock dividend declarations, if any, and changes in capital structure.

Provisions and Contingencies

Provisions are recognized when the Company has a present legal or constructive obligation 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 assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Segment Reporting

The Company determines that it operates as only one segment (both in terms of business and geography), therefore no segment reporting is necessary.

Events After the Balance Sheet Date

Any event after the balance sheet date that provides additional information about the Company's position at balance sheet date (adjusting event) is reflected in the financial statements. Any event after the balance sheet date that is not an adjusting event is disclosed in the notes to the financial statements when material.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of:

	2008	2007
Cash in banks and on hand	P4,919,358	P15,987,341
Cash equivalents	15,000,000	6,156,052
	P19,919,358	P22,143,393

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term investment rates.

5. Held-for-Trading Investments

Held-for-trading investments as of December 31 consist of investments in the following:

	2008	2007
Philippine Seven Corporation	P9,700,387	P18,633,538
Manila Water Company	3,975,000	8,325,000
Oriental Petroleum	739	2,223
Shang Properties, Inc. (SPI)	-	475,403,547
Philodrill Corporation (Philodrill)	-	3,522,275
SM Investment Corporation	-	6,800,000
	P13,676,126	P512,686,583

Effective July 1, 2008, the following investments previously shown under “held-for-trading investments” account were reclassified to “Investments in associates” account (Note 8).

SPI	P475,403,547
Philodrill	3,522,275
	P478,925,822

As allowed under the Amendments to PAS 39, on July 1, 2008, the Company reclassified equity securities issued by SPI and Philodrill representing 214,145,742 and 108,396,360 common shares, respectively, from the held-for-trading investment to the AFS investments at the prevailing fair value as of transfer date. The transfer was treated on a prospective basis. Thus, any unrealized gains or losses previously recognized from the marking to market of the equity securities when these were still classified under held-for-trading investment were no longer reversed. Instead, the carrying value of the equity securities as of transfer date which represented their fair value was used as the new cost basis.

The equity securities were reclassified based on rare circumstances which included a change in the Company’s intention in holding these securities. The Company no longer intends to sell these equity securities in the near term for short-term profit taking. These equity securities are now being held for investment purposes.

6. Receivables

Receivables consist of:

	<i>Note</i>	2008	2007
Due from related parties	8, 14	P315,382,274	P966,012,431
Others		10,453	-
		P315,392,727	P966,012,431

In 2008, the Company has directly written off P30,836,588 receivable from Europhil, an entity under common control.

On August 1, 2008, the Company’s receivable from United Paragon Mining Corporation (UPMC) amounting to P669,548,734 was converted to the latter’s common shares at P0.01 par value per share representing 25.62% of UPMC’s issued and outstanding shares as of such date (Notes 8 and 14).

7. Available-for-Sale Investments

This account includes investments related to the Company's participation in certain projects:

	<i>Note</i>	2008	2007
Bohol-Cebu Water Supply Project	<i>b</i>	P11,523,162	P11,523,162
Metro Rail Transit Development Corporation (MRTDC)		5,218,574	5,218,573
Batangas Assets Corporation (BAC)	<i>a</i>	2,200,000	2,200,000
PLDT		4,500	4,500
Filipinas Energy Corporation (Fil-Energy)	<i>d</i>	612,500	612,500
North Triangle Depot Commercial Corporation (NTDCC)	<i>8d</i>	-	462,117,356
Bulacan Central Bulk Water Supply Project	<i>b</i>	-	22,078,134
Other projects		50,000	50,000
		P19,608,736	P503,804,225

As discussed in Note 5 to the financial statements, the Company reclassified its investments in common shares of SPI and Philodrill, from the held-for-trading investment to the AFS investments. These common shares represent 4.50% and 0.07% of the outstanding shares of SPI and Philodrill. On July 2, 2008, the Company evaluated its role as an investor in SPI and Philodrill and has determined that it exercises significant influence over these two entities. The Company has sufficient representatives in the BOD of both entities to significantly influence their operating and financial policy decisions.

Under PAS 28 "Investment in Associates", equity securities are classified as investment in associates if the investor has significant influence but not control over the financial and operating policies of the investees. Accordingly, on July 2, 2008, the Company reclassified its holdings of the common shares of SPI and Philodrill with a combined carrying value of P478,925,822 from the AFS investments to investment in associates. Subsequent to transfer date, the Company no longer carries these common shares at fair value but through the equity method.

Details of these investments are as follows:

a. Batangas Assets Corporation (BAC)

BAC is a holding company that was formed in 1996 for the purpose of investing in the fast-growing and rapidly industrializing Calabarzon area. The Company has a 2% interest in this venture.

b. Bohol-Cebu Water Supply Project and Bulacan Central Bulk Water Supply Project

The Company is negotiating with Aquatlas, Inc. a subsidiary of Atlas Consolidated Mining and Development Corporation (ACMDC), for the transfer of participating interests and/or transfer of all data and other properties relating to the Bohol-Cebu Water Supply Project and Bulacan Central Bulk Water Supply Project. The proposed transfer will include ownership rights over water well sites and test wells, as well as intellectual property rights over hydrological studies, financial modeling data, construction design and layout of bulk supply lines, storage and pumping stations.

In 2008, the Company wrote-off its investment to Bulacan Central Bulk Water Supply Project after it was determined that the project is no longer realizable.

c. MRTDC

The Company has a 15.79% interest in MRTDC which owns the right to solicit concessionaire rentals and advertising in the Metro Rail Transit 3 stations.

d. Fil-Energy

Investments in Fil-Energy represent the Company's paid subscription of its shares during incorporation. Fil-Energy has not undertaken any business operation since its incorporation, and the contract for the exchange of Company's oil exploration assets for shares of stock of Fil-Energy is still in process. The investment in Fil-Energy is not material to the Company; accordingly, the Company did not consolidate its accounts.

8. Investments in Associates

Investments in associates are carried at equity and consist of:

	<i>Note</i>	2008	2007
Acquisition cost:			
Balance at beginning of year		P1,142,306,821	P441,851,000
Additions	5, 6, 7	1,579,011,902	700,455,821
		2,721,318,723	1,142,306,821
Accumulated equity in net earnings:			
Balance at beginning of year		44,466,718	18,341,906
Equity in net earnings during the year		20,508,894	26,124,812
Dividends received		(5,996,081)	-
Balance at end of year		58,979,531	44,466,718
		P2,780,298,254	P1,186,773,539

The carrying values of investments in associates are as follows:

	<i>Note</i>	Percentage of Ownership	2008 Amount	2007 Amount
ACMDC		11.67	P1,186,678,850	P1,186,773,539
UPMC	6	25.62	660,990,391	-
SPI	5	4.50	490,656,015	-
NTDCC	7	15.79	438,437,060	-
Philodrill	5	0.07	3,535,938	-
			P2,780,298,254	P1,186,773,539

Investment in NTDCC includes P424,498,276 investment in voting and redeemable preferred shares.

The following is the summarized financial information of the associates as of and for the year ended December 31 (in millions):

2008	Total Assets	Total Liabilities	Revenues	Net income (Loss)
ACMDC	P13,356	P9,870	P771	(P0.81)
UPMC	1,111	480	-	(36)
SPI	32,218	12,554	3,781	880
NTDCC	7,803	5,007	1,478	51
Philodrill	1,499	160	133	15
2007				
ACDMC	P8,779	P2,876	P1,344	P289

The Company has pledged all its SPI shares as collateral for the short-term loan with Land Bank of the Philippines as discussed in Note 11 to the financial statements.

Although the Company holds less than 20% of the voting power of certain of the above associates, the Company exercises significant influence as further discussed below:

a. ACMDC

ACMDC is engaged in mineral and metallic mining and exploration that primarily produces copper concentrates and gold with silver and pyrites as major by-products. The ACMDC's copper mining operations, which started commercial operations in 1955, are centered in Toledo City, Cebu where two open pit mines, two underground mines and milling complexes are located. At its peak, the combined ACMDC operations at Toledo were rated as the third largest copper producers in the world.

The Toledo copper mine which ceased operations in 1994 following a catastrophic typhoon at the end of 1993 will now be operated by an ACMDC subsidiary., Carmen Copper Corporation (CCC) pursuant to the May 2006 ACMDC-CCC Operating Agreement which has been approved by the Mines and Geosciences Bureau. The mine and the mining complex are currently undergoing rehabilitation through funding provided by Crescent Asian Special Opportunities Portfolio and Deutsche Bank.

The President and the Chairman of the Company can exercise significant influence over the operating and financial policies of ACMDC as Chairman of the BOD of the said investee.

b. UPMC

UPMC's main business is the exploration, development, exploitation, recovery and sale of gold. UPMC became an associate on August 1, 2008 with the conversion of the Company's receivable from UPMC to the latter's common shares (Note 6).

c. SPI

SPI owns the property where the Shangri-la Mall and the Edsa Shangri-la Hotel are situated. SPI also maintains holdings in major commercial and residential property developments.

The Company's investment in SPI was classified as "Held-for-trading investments" when it was acquired in 2006. In July 2008, the Company reclassified this investment to the "Investments in associates" account as the Company's Chairman of the BOD and its Treasurer were reappointed as members of the BOD and were given participation in the policy-making of SPI.

d. NTDCC

NTDCC owns and operates the TriNoma (Triangle in Northern Metro Manila) commercial center which is built adjacent to the MRT Depot. The development rights over the 8.3-hectare portion of the MRT Depot was acquired from Metro Rail Transit Development Corporation in 2002. The TriNoma commercial center commenced operations in May 2007 (Note 7).

Effective April 1, 2008, the Company reclassified its investments in NTDCC to investments in associates after the appointment of some of the members of the Company's BOD as members of the BOD of NTDCC giving them the required representation and consequently, participation in policy-making processes (Note 7).

e. Philodrill

Philodrill was incorporated in 1969 with the primary purpose of engaging in oil, gas and mineral exploration and development. In 1989, it changed its primary purpose to that of a diversified holding company, while retaining petroleum and mineral exploration and development as one of its secondary purposes.

This investment was previously recorded as "Held-for-trading investments", but was reclassified in July 2008 to "Investments in associates" account as most of the Company's directors are represented on the BOD of Philodrill and currently there is interchange of key officers between the Company and Philodrill.

9. Property and Equipment

The movements in this account are as follows:

	Condominium Units and Improvements	Office Equipment	Furniture and Fixtures	Total
Gross carrying amount:				
January 1, 2007	P19,887,550	P1,045,467	P -	P20,933,017
Additions	2,204,066	465,282	475,229	3,144,577
December 31, 2007	22,091,616	1,510,749	475,229	24,077,594
Additions	-	180,358	-	180,358
December 31, 2008	22,091,616	1,691,107	475,229	24,257,952
Accumulated depreciation:				
January 1, 2007	207,500	353,759	-	561,259
Depreciation for the year	1,111,761	316,674	95,046	1,523,481
December 31, 2007	1,319,261	670,433	95,046	2,084,740
Depreciation for the year	1,105,211	276,437	95,046	1,476,694
December 31, 2008	2,424,472	946,870	190,092	3,561,434
Net carrying amount:				
December 31, 2007	P20,772,355	P840,316	P380,183	P21,992,854
December 31, 2008	P19,667,144	P744,237	P285,137	P20,696,518

10. Deferred Exploration Costs

The Company is a participant in certain Service Contracts (SC) and Geophysical Survey and Exploration Contracts (GSEC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of the contract areas situated mostly in offshore Palawan.

The aforementioned SC and GSEC, which provide for minimum work expenditure obligations and the drilling of a specified number of wells, are covered by operating agreements which set forth the participating interests, rights and obligations of the participants to the contracts. The Company's share in the jointly controlled assets of the aforementioned SCs and GSECs is included under "Deferred Exploration Costs" account in the balance sheets.

The percentage of participation and the balance of the deferred exploration costs as of December 31 are as follows:

	Percentage of participation	2008	2007
Offshore Northwest Palawan (Service Contract (SC) No. 6:			
Block A - Octon	11.11	P54,226,709	P53,842,514
Saddle Rock Prospect		7,325,361	7,325,361
Esperanza Prospect		823,118	823,118
Sulu Sea SC No. 41	1.68	47,376,414	47,376,414
Northwest Palawan, SWAN Block:	33.58		
Busuanga/Calautit, SC No. 39		15,891,445	15,891,445
Northwest Malampaya, GSEC No. 86		10,345,190	10,345,190
North Calamian Project, GSEC No. 83		533,923	533,923
Onshore Mindoro, SC No. 53	5.70	15,090,930	15,090,930
Northwest Palawan, Tara block, SC No. 14	2.50	4,194,783	4,194,784
		P155,807,873	P155,423,679

In 2007, the Company directly wrote-off of P37,227,337 in deferred exploration costs after it was determined that the Company's participation is no longer realizable since the exploration projects are no longer active as of December 31, 2007.

The following describes the nature of these projects and some significant developments:

- a. In September 2007, the DOE approved the Farm-in Agreement with Vitol GPC Investments (Vitol) for the exploration and development of the Octon block. Vitol continues to evaluate the Octon service contract area with particular focus on a possible link-up with other exploration developments. The final 15-year term extension of Octon has been endorsed to the DOE Secretary for approval.
- b. In the Sulu Sea area, the re-processing and inversion of the 752 sq. km. marine 3D seismic data are in progress and expected to be completed by the end of April 2009.

- c. The SWAN block consortium has submitted a proposal to the Philippine National Oil Corporation-Exploration Company (PNOC-EC) for the exchange in participating interests in different service contracts. As of December 31, 2008, no reply was received on the submitted proposal.
- d. The onshore Mindoro contract is the subject of a farm-out agreement to Pitkin Petroleum. Pitkin has set a work commitment of US\$3 million, and awaits approval by the DOE prior to starting its exploration activities.
- e. The Tara prospects consortium approved the extension of Blade's and Venturoil's exclusivity period up to September 2009 to enable them to undertake a more in-depth review using 3D seismic data over these blocks.

11. Short-term Loans Payable

This account represents short-term loans from Euronote Profits Limited (EPL), Landbank of the Philippines (LBP) and Eastwest Banking Corporation (EWBC), with annual interest ranging from 1% -10%, subject to monthly repricing.

- a. On June 30, 2008, the Company converted its short-term US\$9.2 million loan with EPL to a peso-denominated loan amounting to P413,527,152. On the same date, the Company restructured all its short term loans from EPL to long-term debts with interest at 1.5% per annum (Note 12).
- b. On April 1, 2008, the Company increased its short-term loan with LBP to P200,000,000, with some of the investments in SPI and ACMDC as collateral (Note 8).
- c. The Company obtained short-term loans from EWBC in the amount of P75,000,000 in February 2007. The loan balance was paid in full in 2008.

Related interest expense amounted to P23,068,584, P23,200,396 and P14,283,789 for the years ended December 31, 2008, 2007 and 2006, respectively (Note 19).

12. Long-term Debt

The loan from EPL was obtained in 2007 and matures in October 2012 in the amount of P846,105,746 with annual interest rate at 1% payable quarterly. On December 14, 2007, the BOD approved the increase in the Company's capital stock from P2 billion to P6 billion through the creation of a new class of shares consisting of 40 million nonvoting, preferred, redeemable and convertible shares with a par value of P100 per share, for the purpose of converting the Company's long-term liability with EPL into quasi-equity. The creation of the new shares and the increase in capital stock will be submitted for approval by the stockholders.

On June 30, 2008, the Company restructured its short-term loan to long-term debt. The outstanding balances as of December 31, 2008 of the restructured loan amounts to P267,654,798 and P476,027,152 payable in June 2010 and 2011, respectively (Note 11).

Loans from EPL can be converted into common shares of stocks at the option of EPL if the Company fails to settle outstanding loan balance at maturity.

Related interest expense amounts to P17,175,528 and P1,410,176 for the years ended December 31, 2008 and 2007, respectively (Note 19).

13. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	<i>Note</i>	2008	2007
Accounts payable - MRTDC		P5,684,400	P5,684,400
Accrued interest	<i>11, 12</i>	47,408,519	24,729,169
Accrued expenses, taxes and others		17,594,028	12,549,441
Accrued guarantee fee	<i>11, 14</i>	14,407,081	5,618,611
Dividend payable		3,052,054	1,304,918
		P88,146,082	P49,886,539

The accounts payable to MRTDC represent advances made to the Company intended for payment of future stock dividends.

14. Related Party Transactions

Significant transactions with related parties are as follows:

- a. The Company grants interest-bearing and noninterest-bearing advances to its related parties with less than one year credit terms. The amounts due from related parties consist of receivables from the following related parties, and are shown under "Receivables" in the balance sheets (Note 6):

	<i>Note</i>	2008	2007
Entities under common control:			
Europhil		P277,529,288	P244,405,483
Alakor Corporation		18,814,365	-
Filipinas Energy		16,908,435	16,908,435
Vulcan Industrial Mining Corporation		2,130,186	2,130,186
National Book Store		-	25,348,376
Ocean Composite Yacht		-	208,720
Associates:			
Philodrill		-	7,462,497
UPMC	<i>6, 8</i>	-	669,548,734
		P315,382,274	P966,012,431

Advances to Europhil and Alakor Corporation have various terms of not more than one year. If affiliate is not able to settle at maturity date, the outstanding balance is subjected to 12% and 24% per annum, respectively.

In August 2008, the Company's receivable from UPMC amounting to P669,548,734 was converted to the latter's common shares at P0.01 par value (Notes 6 and 8).

- b. On January 1, 2002, the Company entered into a Guarantee Agreement with Alakor Corporation to have the latter's Chairman of the BOD as a guarantor of the Company's loans. The guarantee fee is equivalent to 4% and 5% per annum of the amount guaranteed without collateral and amount guaranteed with real state or other types of collateral, respectively.

Accrued guarantee fee payable recognized as of December 31, 2008 and 2007 amounted to P14,407,081 and P5,618,611, respectively (Note 13). Guarantee fee recognized under "Interest and other finance charges" amounted to P8,788,470 and P7,486,528 accrued in December 31, 2008 and 2007, respectively.

The key management personnel compensation shown under "General and administrative expenses" account in the statements of income consist of the following (Note 18):

	2008	2007	2006
Short-term employee benefits	P2,990,718	P2,755,000	P2,665,000
Post employment benefits	3,786,527	3,513,711	327,018
	P6,777,245	P6,268,711	P2,992,018

15. Equity

The movements of the Company's authorized and issued and outstanding capital stock are as follows:

	2008	2007	2006
Capital stocks - P1 par value			
Authorized	2,000,000,000	2,000,000,000	2,000,000,000
Issued and outstanding:			
Balance at beginning of the year	1,064,611,970	1,046,430,374	1,046,430,374
Stock dividend	106,000,000	-	-
Issued during the year	-	18,181,596	-
Balance at end of the year	1,170,611,970	1,064,611,970	1,046,430,374
Subscribed:			
Balance at beginning of the year	7,388,030	25,569,626	25,569,626
Issued during the year	-	18,181,596	-
Balance at end of the year	7,388,030	7,388,030	25,569,626
Subscription receivable:			
Balance at beginning of the year	(1,367,688)	(9,687,574)	(9,687,574)
Collections during the year	-	8,319,886	-
Balance at the end of the year	(1,367,688)	(1,367,688)	(9,687,574)
	6,020,342	6,020,342	15,882,052
	1,176,632,312	1,070,632,312	1,062,312,426

The movements of the Company's treasury stock are as follows:

	2008	2007
Balance at beginning of the year	10,000,000	-
Reacquired during the year	3,000,000	10,000,000
Balance at end of the year	13,000,000	10,000,000

- a. On September 19, 2008, the stockholders approved the declaration of a 10% stock dividend to stockholders of record as of October 31, 2008. The stock dividends were issued in November 2008.
- b. On April 25, 2008, the BOD approved the declaration of a cash dividend of P0.05 per share to stockholders of record as of May 30, 2008. The cash dividends were paid in June 2008. In 2007, the BOD approved the declaration of cash dividends in April and July amounting to P107.2 and P53.2 million, respectively.
- c. Treasury shares, totaling 13 million and 10 million common shares in 2008 and 2007, respectively, are stated at acquisition cost. In 2007, the BOD approved to reacquire P50 million worth of treasury shares until June 2009. The retained earnings is restricted in the amount of P27.6 million and P23.1 million as of December 31, 2008 and 2007, respectively, representing the cost of shares held in treasury.

16. Interest Income

This account consists of interest earned from bank placements and receivables with interest rates ranging from 4% to 24%.

17. Other Revenues

Other revenues consist of :

	<i>Note</i>	2008	2007	2006
Management fees	24	P89,523,503	P53,992,180	P88,196,782
Dividend income		9,124,758	12,766,443	8,021,892
		P98,648,261	P66,758,623	P96,218,674

18. General and Administrative Expenses

General and administrative expenses consist of:

	<i>Note</i>	2008	2007	2006
Taxes and licenses		P7,105,694	P12,618,409	P4,439,611
Salaries, wages and employee benefits		5,373,991	4,975,233	5,560,805
Pension	20	2,273,300	4,132,666	4,043,353
Rent		2,044,640	2,053,747	1,739,541
Depreciation	9	1,476,694	1,523,481	395,000
Communication, light and water		1,307,820	1,312,706	678,916
Insurance		1,134,715	824,331	145,850
Outside services		869,983	318,600	837,494
Representation and entertainment		840,073	1,065,421	953,875
Office supplies		656,678	459,015	205,586
Transportation and travel		577,235	373,446	348,539
Repairs and maintenance		462,491	122,058	395,410
Miscellaneous		1,540,537	1,226,788	857,786
		P25,663,851	P31,005,901	P20,601,766

19. Interest and Other Finance Charges

Interest and other finance charges consist of:

	<i>Note</i>	2008	2007	2006
Interest expense	11, 12	P40,244,112	P24,610,572	P14,283,789
Guarantee fee	11, 12, 13	8,788,470	7,486,528	-
Bank charges and others		720,092	543,353	745,248
		P49,752,674	P32,640,453	P15,029,037

20. Pension Benefit Costs

The Company has a funded, noncontributory defined pension plan covering all its regular employees.

The reconciliation of the present value of defined benefit obligation and the fair value of the plan assets to the pension liability recognized in the balance sheets is shown below:

	2008	2007
Present value of defined benefit obligation	P31,471,674	P38,350,057
Fair value of plan assets	33,292,254	15,151,443
Unfunded (overfunded) obligations	(1,820,580)	23,198,614
Unrecognized actuarial gains	11,519,161	-
Pension liability	P9,698,580	P23,198,614

The movements in the present value of defined benefit obligation are shown below:

	2008	2007
Balance at beginning of year	P38,350,057	P30,183,323
Current service cost	1,581,691	1,267,094
Interest cost	2,765,039	2,865,572
Actuarial losses (gains)	(11,225,113)	4,034,068
Balance at end of year	P31,471,674	P38,350,057

The movements in the fair value of the plan assets are as follows:

	2008	2007
Balance at beginning of year	P15,151,443	P1,488,039
Contribution by employer	15,773,334	13,663,404
Expected return on plan assets	2,073,430	-
Actuarial losses	294,048	-
Balance at end of year	P33,292,254	P15,151,443

The pension expense recognized as part of employee benefits in the statements of income consists of:

	2008	2007	2006
Current service cost	P1,581,691	P1,267,094	P1,267,094
Interest cost	2,765,039	2,865,572	2,865,572
Expected return on plan assets	(2,073,430)	-	-
Net periodic pension expense	2,273,300	4,132,666	4,132,666
Actuarial gain	-	-	(89,313)
Total pension expense	P2,273,300	P4,132,666	P4,043,353

The actual return on plan assets in 2008 amounts to P2,367,478 while in 2007 there was no actual return on plan assets. Plan assets expressed in percentages consists 97% investment in government securities and 3% bank deposits as of and for the years ended December 31, 2008 and 2007.

The principal actuarial assumptions used to determine pension benefits are as follows:

	In Percentages	
	2008	2007
Discount rate	10.33	11.00
Expected rate of return on plan assets	5.00	8.00
Salary increases	5.00	8.00

The Company expects to pay P7.4 million in contributions to the pension benefit plan in 2009.

The historical information for the current and previous three annual periods is as follows:

	2008	2007	2006	2005
Present value of the defined benefit obligation	P31,471,674	P38,350,057	P30,183,323	P26,050,657
Fair value of plan assets	33,292,254	15,151,443	1,488,039	-
Unfunded (overfunded) obligation	(P1,820,580)	P23,198,614	P28,695,284	P26,050,657

21. Income Taxes

The components of the Company's income tax expense are shown below:

	2008	2007	2006
Current tax expense	P33,083,093	P48,357,746	P33,501,900
Deferred tax expense (benefit) on origination and reversal of temporary differences	(24,730,020)	(16,081,444)	13,408,479
	P8,353,073	P32,276,302	P46,910,379

The reconciliation between the income tax expense computed at the statutory income tax rate and the income tax expense shown in the statements of income is as follows:

	2008	2007	2006
Income before income tax	P35,065,943	P526,825,785	P446,233,481
Income tax at statutory rate	P12,273,080	P184,389,025	P156,181,718
Tax effects of:			
Income subjected to final tax	(3,314,939)	(5,048,418)	(7,163,522)
Change in tax rate	2,369,359	-	-
Nondeductible interest expense	63,669	304,585	3,760,849
Unrecognized deferred income taxes and others	(3,038,096)	(147,368,890)	(105,868,666)
Income tax	P8,353,073	P32,276,302	P46,910,379

Deferred tax assets (liabilities) - net consist of the following:

	2008	2007
Pension liability	P2,909,574	P8,119,515
Accrued expenses	4,937,209	4,227,855
Unamortized past service costs	6,620,123	3,904,838
Unrecognized foreign exchange gain	(250,754)	(26,766,076)
	P14,216,152	(P10,513,868)

On May 24, 2005, Republic Act No. 9337 entitled “An Act Amending the National Internal Revenue Code, as Amended, with Salient Features” (Act), was passed into a law effective November 1, 2005. Among others, the Act includes the following significant revisions to the rules of taxation:

- a. Change in the corporate income tax rates from 32% to 35% starting November 1, 2005 and 30% starting January 1, 2009 and onwards; and
- b. Change in interest expense allowed as deductible expense by an amount equivalent to a certain percentage of the interest income subjected to final tax as follows: 42% starting November 1, 2005 and 33% starting January 1, 2009 and onwards.

22. Basic and Diluted Earnings Per Share (EPS)

Basic and diluted EPS is computed as follows:

	2008	2007	2006
Net income for the year	P26,712,870	P494,549,483	P399,323,102
Divided by weighted average number of common shares	1,042,841,667	1,062,000,000	1,072,000,000
Basic and diluted EPS	P0.03	P0.47	P0.37

The resulting per share amounts are the same for both basic and diluted EPS in 2008, 2007 and 2006 since the Company does not have any debt or equity securities that will potentially cause an EPS dilution. The convertible preferred shares mentioned in Note 12 to the financial statements are potentially dilutive but the creation of these new shares is still pending approval by the SEC.

23. Financial Risk and Capital Management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

The main purpose of the Company’s dealings in financial instruments is to fund its operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. All risks faced by the Company are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Company's operations and detriment forecasted results. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit Risk

Credit risk represents the loss that the Company would incur if counterparty failed to perform under its contractual obligations. The Company has established controls and procedures in its credit policy to determine and monitor the credit worthiness of counterparties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk pertains to receivables and advances amounting to P315 million and P966 million as of December 31, 2008 and 2007, respectively.

The aging of trade receivables as of December 31, 2008 and 2007 are as follows:

	2008		2007	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P18,824,818	P -	P9,003,473	P -
Past due 1-30 days	17,454,672	-	8,186,920	-
Past due 31-60 days	46,505,719	-	7,587,629	-
More than 60 days	232,607,518	-	941,234,409	-
	P315,392,727	P -	P966,012,431	P -

Liquidity Risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

The Company's current liabilities as of December 31, 2008 and 2007 amounted to P308,050,538 and P1,025,794,092, respectively, which is less than its current assets of P351,154,790 and P1,502,696,872, respectively. Thus, the Company has sufficient funds to pay for its current liabilities and has minimal liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2008	Carrying Amount	Contractual Cash Flow	6 months or less	6-12 months	1-2 years
Non-derivative financial liabilities					
Short-term loans payable	P200,000,000	P207,345,056	P207,345,056	P -	P -
Accounts payable and accrued expenses	88,146,082	88,146,082	21,542,075	8,396,897	58,207,110
Long-term debt	1,589,787,696	1,611,131,545	756,626,949	8,398,850	846,105,746
	P1,877,933,778	P1,906,622,683	P985,514,080	P16,795,747	P904,312,856

2007	Carrying Amount	Contractual Cash Flow	6 months or less	6-12 months	1-2 years
Non-derivative financial liabilities					
Short-term loans payable	P970,350,763	P970,350,763	P190,567,642	P50,000,000	P750,350,763
Accounts payable and accrued expenses	49,886,539	49,886,539	13,854,359	10,445,380	25,586,800
Long-term debt	846,105,746	850,267,273	-	-	846,105,746
	P1,866,343,048	P1,870,504,575	P204,422,001	P60,445,380	P1,622,043,309

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk

The Company's exposure to the risk for changes in market interest rate relates primarily to its short-term loans payable and long-term debt obligations with fixed interest rates. Most of the Company's existing debt obligations are based on fixed interest rates with relatively small component of the debts that are subject to interest rate fluctuation.

Foreign Exchange Risk

The Company's exposure to foreign exchange risk results from its business transactions denominated in foreign currencies. It is the Company's policy to ensure that capabilities exist for active and prudent management of its foreign exchange.

The Company's foreign currency denominated assets and liabilities as of December 31 are as follows:

2008					
Currency	Current assets	Current Liabilities	Net foreign currency assets (liabilities)	Exchange Rate	Peso Equivalent
Dollar	\$30,226	\$ -	\$30,226	P47.52	P1,436,340

2007					
Currency	Current Assets	Current Liabilities	Net foreign currency assets (liabilities)	Exchange Rate	Peso Equivalent
Dollar	\$289,108	(\$10,500,779)	(\$10,211,671)	P41.41	(P422,875,508)

Net foreign exchange losses - net charged to income amounted to P11,862,805 in 2008 while net foreign exchange gains - net charged to income amounted to P76,474,502 in 2007.

Average exchange rate for December 31, 2008 and 2007 is P48.0942 and P41.6680, respectively. The exchange rate applicable for USD1 as of December 31, 2008 and 2007 is P47.42 and P41.4110, respectively.

Sensitivity Analysis

A 10% strengthening of the Philippine peso against USD as of December 31, 2008 would have decreased equity and net income by P143,634 in 2008.

A 10% weakening of the Philippine peso against the above currencies as of December 31, 2008 would have had the equal but opposite effect, on the basis that all other variables remain constant.

A 10% strengthening of the Philippine peso against USD as of December 31, 2007 would have increased equity and net income by P42,287,551 in 2007.

A 10% weakening of the Philippine peso against the above currencies as of December 31, 2007 would have had the equal but opposite effect, on the basis that all other variables remain constant.

Fair Values

The fair values together with the carrying amounts of the financial assets and liabilities shown in the balance sheet are as follows:

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	P19,919,358	P19,919,358	P22,143,393	P22,143,393
Held-for-trading investments	13,676,126	13,676,126	512,686,583	512,686,583
Receivables	315,392,727	315,392,727	966,012,431	966,012,431
Available-for-sale investments	19,608,736	19,608,736	503,804,225	503,804,225
Accounts payable and accrued expenses	88,146,082	88,146,082	49,886,539	49,886,539
Short-term loans payable	200,000,000	200,000,000	970,350,763	970,350,763
Long-term debt	1,589,787,696	1,270,112,634	846,105,746	846,105,746

Estimation of Fair Values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Cash and Cash Equivalents

The carrying amount approximates the fair value primarily due to the relatively short-term maturity of these financial instruments.

Held-for-Trading Investment and Available-for-Sale Investments. The fair values of publicly traded instruments and similar investments are estimated based on the quoted market prices. For all other instruments with no quoted market prices, a reasonable estimate of fair value has been calculated based on the expected cash flows or the underlying net asset base for each investment.

Receivables, Accounts Payable and Accrued Expenses, Short-term Loans Payable and Long-term Debt

Receivables are reported at their net realizable values, at total amounts less allowance for impairment loss. Current liabilities are stated at amounts reasonably expected to be paid within the next twelve months or within the Company's operating cycle.

Capital Management

The Company's objectives when managing capital is to maintain a capital structure that provides a balance between the risk associated with higher level of borrowings and the advantages and security of a sound capital position.

The BOD has overall responsibility in monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Company's external environment and the risks underlying the Company's business operations and industry.

The Company monitors capital on the basis of the debt-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, income tax payable, short-term loans payable, long-term debt, pension liability and deferred tax liability. Total equity comprises all components of equity including capital stocks, additional paid-in capital and retained earnings, reduced by treasury shares.

There were no changes in the Company's approach to capital management during the year. The Company is also not subject to any externally-imposed capital requirements.

The debt-to-equity ratio as of December 31, 2008 and 2007 are as follows:

	2008	2007
Total liabilities	P1,907,536,814	P1,905,612,320
Total equity	1,434,245,509	1,465,078,849
Debt-to-equity ratio	1.33	1.30

24. Other Matter

The Company signed an agreement with Euronote whereby it provides general administration and risk management services to the latter for the efficient management and supervision of Euronote's operations. In consideration for such services, the Company is paid a monthly management fee which is shown under Other Revenues in the statements of income. Total management fees earned on this agreement amounted to P89,523,503 and P46,851,750 for the years ended December 31, 2008 and 2007 respectively.

The agreement is for a period of 3-1/2 years from July 2007 to December 2010, subject to renewal thereafter as may be mutually agreed upon by the parties.

ANGLO PHILIPPINE HOLDINGS CORPORATION

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

SEC FORM 17-A

	Page
Financial Statements	
Statement of Management's Responsibility for Financial Statements	
Report of Independent Public Accountants	
Balance Sheets as of December 31, 2008 and 2007	
Statement of Operations for the year ended December 31, 2008, 2007, 2006	
Statements of Changes in Stockholders Equity for the Years Ended December 31, 2008, 2007, 2006	
Statements of Cash Flows for the Years Ended December 31, 2008, 2007, 2006	
Notes to Financial Statements	
Supplementary Schedules	
A. Marketable Securities - (Current Marketable Equity Securities and Other Short -Term Cash Investments)	
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Stockholders (Other Than Affiliates)	*
C. Long Term Investment in Shares of Stock	
D. Advances to Unconsolidated Subsidiaries and Affiliates	*
E. Property, Plant and Equipment	*
F. Accumulated Depreciation	*
G. Intangible Assets - Other Assets	*
H. Accumulated Amortization of Intangibles	*
I. Long-term Debt	
J. Indebtedness to Affiliates and Related Parties	*
K. Guarantees of Securities of Other Issuers	*
L. Reserves	*
M. Capital Stock	
N. List of Top 20 Stockholders of Record	

*These Schedules, which are required by Part IV (e) of RSA Rule 48, have been omitted because they are either not required, not applicable or the information required to be presented is included in the Company's financial statements or the notes to financial statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION
SCHEDULE M - CAPITAL STOCK
 December 31, 2008

Title of Issue	Authorized	Issued and Outstanding	Number of Shares		Number of Shares Held by		
			Subscribed	Reserved for Options, etc.	Affiliates	Directors and Employees	Others
Common Shares	2,000,000,000	1,170,611,970	7,388,030	-	627,992,412	58,599,614	478,407,974
	2,000,000,000	1,170,611,970			627,992,412	58,599,614	478,407,974

* Including 13,000,000 shares in Treasury Stocks

ANGLO PHILIPPINE HOLDINGS CORPORATION
SCHEDULE N - LIST OF TOP 20 STOCKHOLDERS OF RECORD
December 31, 2008

Rank	Name of Stockholder	Total Number of Shares Issued and Outstanding	Percentage to Total Outstanding
1	PCD NOMINEE CORPORATION	1,056,590,114	90.694%
2	ALAKOR SECURITIES CORPORATION	26,632,466	2.286%
3	ALAKOR CORPORATION	9,494,767	0.815%
4	VULCAN INDUSTRIES CORP.	8,800,000	0.755%
5	JOSE D. SANGALANG	7,392,000	0.635%
6	SAN JOSE OIL COMPANY, INC.	4,693,332	0.403%
7	FERNANDO GONZALES	2,933,330	0.252%
8	ALYROM PROEPRTY HOLDINGS, INC.	2,924,900	0.251%
9	VULCAN INDUSTRIAL AND MINING CORP.	1,466,666	0.126%
10	SOLEDAD V. NAVARRO	1,375,550	0.118%
11	NATIONAL BOOK STORE INC.	1,275,445	0.109%
12	ALAKOR SECURITIES CORP.-fao: Eleven Seven Profitmaker, Inc.	1,100,000	0.094%
13	ANSALDO GODINEZ & CO., INC.	1,021,345	0.088%
14	TRENDLINE SECURITIES CORP.	1,014,057	0.087%
15	MARIANO GO BIAO	990,000	0.085%
16	SANTIAGO TANCHAN III	972,398	0.083%
17	JALANDONI, JAYME ADAMS & CO., INC.	964,700	0.083%
18	S.J. ROXAS & CO., INC. A/C #2.19.038	935,000	0.080%
19	CONSTANTINE TANCHAN	881,466	0.076%
20	JACK F. CONLEY	825,000	0.071%
		1,132,282,536	97.19%
	OTHERS	32,717,464	2.81%
		1,165,000,000	100.00%



Manabat Sanagustin & Co.
Certified Public Accountants
The KPMG Center, 9/F
6787 Ayala Avenue
Makati City 1226, Metro Manila, Philippines

Telephone +63 (2) 885 7000
Fax +63 (2) 894 1985
Internet www.kpmg.com.ph
E-Mail manila@kpmg.com.ph

Branches · Subic · Cebu · Bacolod · Iloilo

PRC-BOA Registration No. 0003
SEC Accreditation No. 0004-FR-2
BSP Accredited

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Anglo Philippine Holdings Corporation
6th Floor, Quad Alpha Centrum Building
125 Pioneer Street, Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the financial statements Anglo Philippine Holdings Corporation as of and for the year ended December 31, 2008, included in this Form 17-A, and have issued our report thereon dated May 7, 2009.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of complying with the Securities and Exchange Commission Memorandum Circular No. 11, Series of 2008, *Guidelines on the Determination of Retained Earnings Available for Dividend Declaration*, and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the financial statements data required to be set forth therein in relation to the basic financial statements taken as a whole.

MANABAT SANAGUSTIN & CO.

RICARDO G. MANABAT
Partner
CPA License No. 0024603
IC Accreditation No. SP-0001-R
SEC Accreditation No. 0023-AR-2
Tax Identification No. 112-071-545
BIR Accreditation No. 08-001987-5-2007
Issued July 10, 2007; Valid until July 9, 2010
PTR No. 1564062MB
Issued January 5, 2009 at Makati City

May 7, 2009
Makati City, Metro Manila

ANGLO PHILIPPINE HOLDINGS CORPORATION
6TH Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City
Cash and Stock Dividend

*(Figures based on functional
currency audited financial
statements)*

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	412,845,442
Add: Net income actually earned/realized during the period	
Net income during the period closed to Retained Earnings	26,712,870
Less: Non-actual/unrealized income net of tax	
Equity in net income of associate/joint venture	(20,508,894)
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	(835,849)
Add: Non-actual losses	
Fair Value adjustment (M2M losses)	10,809,635
Net income actually earned during the period	16,177,762
Add (Less):	
Dividend declarations during the period	(159,037,500)
Treasury shares	(27,566,075)
	(186,603,575)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	242,419,629