

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

+63(2)6315139

Contact Person

Company Telephone Number

SEC Form 20-IS (Definitive)

1 2 3 1 0 9 0 7 31
Month Day Year **FORM TYPE** *Month Day*

Annual Meeting

Secondary License
Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

AMENDED SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
- _____ Preliminary Information Statement
- X Definitive Information Statement
- _____ Additional Materials
2. Name of Registrant as specified in its charter ANGLO PHILIPPINE HOLDINGS CORPORATION
3. Province, country or other jurisdiction of incorporation or organization Philippines
4. SEC Identification Number 14102
5. BIR Tax Identification Code 041-000-175-630
6. Address of principal office 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550
7. Registrant's telephone number, including area code (632) 631-5139; 635-6130
8. July 31, 2009 3:00 P.M. at the Santan Room, Edsa Shangri-La Manila Ortigas Center Mandaluyong City, Philippines
9. Approximate date on which the Information Statement is first to be sent or given to security holders July 09, 2009
10. *In case of Proxy Solicitation: N/A*
11. Securities registered pursuant to Section 8 and 12 of the Code (information on number of shares and amount of debt is applicable only to corporate registrants):
- | Title of Each Class | Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding |
|---|--|
| Common Stock (P1.00 par value) | 1,165,000,000 (excluding 13,000,000 shares in Treasury stocks) |
| Loans Payable and Long Term Debt | P1,789,287,696 |
12. Are any or all of registrant's securities listed on the Philippine Stock Exchange?
- Yes X No _____

ANGLO PHILIPPINE HOLDINGS CORPORATION

6th Floor, Quad Alpha Centrum
125 Pioneer, Mandaluyong City 1550, Philippines
Tel (632) 631-5139; 631-6530; Fax (632) 631-3113

INFORMATION STATEMENT

PART I

A. General Information

Item 1. Date, time and place of meeting of stockholders

The 2009 Annual Meeting of Stockholders (the “Meeting”) of Anglo Philippine Holdings Corporation (the “Company”) will be held on Friday, 31 July 2009, 3:00 pm, at the Santan Room, EDSA Shangri-La Manila, Ortigas Center, Mandaluyong City, Philippines. The complete mailing address of the Company is 6th Floor, Quad Alpha Centrum, 125 Pioneer, Mandaluyong City 1550, Philippines.

- (a) This Information Statement will be sent to stockholders at least fifteen (15) business days prior to the date of the Meeting in accordance with existing rules and the Company’s By-Laws, or on or before 09 July 2009.

Item 2. Dissenters' Right of Appraisal

A stockholder has the right to dissent and demand payment of the fair market value of his shares in case: (i) any amendment to the Company’s Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence; (ii) of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; and, (iii) of merger or consolidation.

At any time after this Information Statement has been sent out, any stockholder who voted against a proposed action and wishes to exercise his right of appraisal must make a written demand, within thirty (30) days after the date of the Meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his stock certificates. No payment shall be made to any stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

NO corporate action is being proposed or submitted in the Meeting that may call for the exercise of a stockholder’s right of appraisal.

Item 3. Interest or Opposition of Certain Persons in Matters to be Acted Upon

- (a) At any time since the beginning of the last fiscal year, **NO** director, officer, nominee for election as director, or associate of such director, officer or nominee has any substantial interest, direct or indirect, by security holdings or otherwise, in any of the matters to be acted upon in the Meeting, other than election to office.

- (b) As of the date this Information Statement is given to stockholders of record, **NO** director of the Company has informed the Company in writing that he intends to oppose any action to be taken by the Company at the Meeting.

B. Control and Compensation Information

Item 4. Voting Securities and Principal Holders Thereof

The Company's capital stock is composed of common shares only which are issued and transferable to both Philippine and non-Philippine nationals; *provided*, that the Company's common shares shall not be issued to non-Philippine nationals in excess of forty percent (40%) of the Company's outstanding capital stock.

- (a) **Record Date.** The Record Date with respect to this solicitation is **08 May 2009**. Only stockholders of record as at the close of business on 08 May 2009 are entitled to notice of, and to vote at, the Meeting.
- (b) **Outstanding Shares.** As of Record Date, the Company has an outstanding capital stock of 1,165,000,000 common shares owned by 3,184 stockholders. Each common share is entitled to one (1) vote.
- (c) **Cumulative Voting.** A stockholder entitled to vote at the Meeting shall have the right to vote in person or by proxy the number of shares registered in his name in the stock transfer book of the Company for as many persons as there are directors to be elected. Each stockholder shall have the right to cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same cumulative voting principle among as many nominees as he shall see fit; *provided*, that the number of votes cast by a stockholder shall not exceed the number of his shares multiplied by the number of directors to be elected.
- (d) **Stock Ownership of Certain Record and Beneficial Owners.** The following persons are known to the Company to be directly or indirectly the owner of more than 5% of the Company's voting securities as of Record Date:

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	405,433,859*	34.80%
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	444,137,061**	38.12%
Common	Alakor Securities Corporation ** 5 th Floor Quad Alpha Centrum 125 Pioneer St. Mandaluyong City Stockholder	Alakor Corporation Client (see Note B)	Filipino	117,729,308**	10.11%

**Of the total 1,056,573,238 shares under the name of PCD Nominee Corp., 651,139,379 shares were under the name of Alakor Securities Corporation (ASC).*

***Of the total shares of 651,139,379 shares (55.89%) under the name of ASC, National Book Store Inc. owns 444,137,061 shares (38.12%) while Alakor Corporation owns 117,729,308 shares (10.11%).*

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 129 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 are appointed by their Boards of Directors and the Company becomes aware of such proxies only when the appointments are 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.

- (e) **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 voting stock under a voting trust or similar agreement.
- (f) **Stock Ownership of Management.** The Company's directors (D), Chief Executive Officer (CEO), other officers (O) and nominees (N) own the following number of shares as of Record Date:

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

The total number of shares owned by the Company's directors, Chief Executive Officer, other officers and nominees for election as directors is 58,599,614 shares, or approximately 5.03% of the Company's outstanding capital stock. Except for the shares appearing on record in the names of the directors and officers above, the Company is not aware of any shares which said persons may have the right to acquire beneficial ownership of.

There has been **NO** change in the control of the Company since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

- (a) **Information.** The names, ages, citizenship, positions and periods of service of directors, executive officers and persons nominated to become such are as follows:

<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-present
Christopher M. Gotanco	59	Filipino	Director	1987-present
			President	1988-present
Augusto B. Sunico	80	Filipino	Director	1984-present
			Treasurer	1986-present
Roberto V. San Jose	66	Filipino	Director	1998-present
			Corporate Secretary	1979-present
Presentacion S. Ramos	66	Filipino	Director	1984-present
Francisco A. Navarro	66	Filipino	Director	1984-present
Patrick V. Caoile	49	Filipino	Director	1989-present
Victor V. Benavidez	56	Filipino	Director	1991-present
Adrian S. Ramos	29	Filipino	Director	2006-present
Renato C. Valencia	66	Filipino	Independent Director	2006-present
Ramoncito Z. Abad	61	Filipino	Independent Director	2007-present
Adrian S. Arias	46	Filipino	Executive Vice President	2005-present
			Assistant Corporate Secretary	1997-present
Illuminada P. Rodriguez	60	Filipino	VP-Finance and Administration	2005-present

Directors elected in the Annual Stockholders' Meeting have a term of office of one (1) year and serve as such until their successors are elected in the next succeeding Annual Stockholders' Meeting; *provided*, that a director elected to fill a vacancy in the Board shall only serve the unexpired term of his predecessor.

The Company's Nomination Committee is headed by Mr. Renato C. Valencia, Chairman, and the members are Messrs. Alfredo C. Ramos and Christopher M. Gotanco, with Ms. Illuminada P. Rodriguez (in her capacity as VP-Administration, as non-voting member).

All the Company's directors were elected in the 2008 Annual Stockholders' Meeting held on 27 June 2008 and have since served in such capacity.

There are **NO** arrangements that may result in a change in control of the Company.

Independent Directors. Pursuant to Securities Regulation Code (SRC) Sec. 38 and Rule 38.1, the Company is required to have at least two (2) independent directors. The Company's incumbent independent directors are Messrs. Renato C. Valencia and Ramoncito Z. Abad.

The Company's Amended By-Laws incorporating the provisions of SRC Rule 38 were approved by the Securities and Exchange Commission on September 14, 2006.

In line with the guidelines set by the Nomination Committee and approved by the Board of Directors, the Nomination Committee receives the names of nominees and screens them based on the policies and parameters for screening nominees for independent directorship. The final list of candidates, with the information required under Part IV(A) and (C) of Annex C of SRC Rule 12, is herewith attached. Mr. Noel T. Del Castillo nominated Mr. Renato C. Valencia, while Ms. Socorro M. Benavidez nominated Mr. Ramoncito Z. Abad for election as independent directors of the Company for fiscal year 2009. Mr. Del Castillo and Ms. Benavidez are not related to either or both Messrs. Valencia and Abad. Neither Mr. Del Castillo nor Ms. Benavidez has any business relationship to either or both Messrs. Valencia and Abad.

Messrs. Valencia and Abad possess the qualifications and none of the disqualifications of an independent director.

Business Experience of Executive Officers and Director-Nominees

Mr. Alfredo C. Ramos is the Chairman of the Board and Chief Executive Officer of the Company. He serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1962-present), mining (1988-present), retail (1988-present), oil and gas exploration (1989-present), property development (1991-present), shopping center (1992-present), financial services (1992-present), department store (1993-present) and transportation (1996-present), among others.

Mr. Christopher M. Gotanco is a Director and the President/COO/CFO of the Company. He serves as a director and/or executive officer in companies engaged in oil and gas exploration (1982-present), mining (1993-present), retail (1993-present), transportation (1996-present), property development (1996-present), and financial services (2007-present), among others.

Mr. Augusto B. Sunico is a Director and the Treasurer of the Company. He has served as a director and/or executive officer, and maintained business interests, in companies engaged in education (1980-present), oil and gas exploration (1984-present), mining (1991-present), property development (1991-present), financial services (1992-present), shopping center (1992-present) and stock brokerage (1994-present), among others.

Atty. Roberto V. San Jose is a Director and the Corporate Secretary of the Company. He has been in the active practice of law for more than forty (40) years.

Ms. Presentacion S. Ramos is a Director of the Company. She serves as a director and/or executive officer, and maintains business interests, in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1975-present), oil and gas exploration (1984-present), department store (1993-present), mining (1993-present) and stock brokerage (1996-present), among others.

Mr. Francisco A. Navarro is a Director of the Company. He serves as a director, and has headed the exploration and development groups, of various companies involved in oil and gas exploration (1982-present) and mining (1993-present), among others.

Mr. Patrick V. Caoile is a Director of the Company. He serves as a director and/or executive officer in companies engaged in oil and gas exploration (1989-present) and mining and aggregates (1993-present), among others.

Mr. Victor V. Benavidez is a Director of the Company. He serves as an officer of a stock brokerage firm (1996-present), among others.

Mr. Adrian S. Ramos is a Director of the Company. He serves as a director and/or executive officer in companies engaged in the printing, publication, sale and distribution of books, magazines and other printed media (1996-present), investment holdings (2005-present), securities (2005-present), property development and infrastructure (2006-present), mining (2006-present) and bulk water supply (2006-present), among others.

Mr. Renato C. Valencia was elected independent director of the Company in December 2006. He is the former administrator of the Social Security System. He serves as director and/or executive officer in companies engaged in banking (1998-present), investment holdings (1998 to present), education and technology (2003 to present), realty (2005) and insurance (2006).

Mr. Ramoncito Z. Abad was elected independent director of the Company in March 2007. He is the former president of Philippine National Construction Company (PNCC) (1989-1996) and the former Chairman of the Development Bank of the Philippines (1998-2001). He serves as director and/or executive officer in companies engaged in consumer distribution (1999-present) and construction (2000-present).

Atty. Adrian S. Arias is the Company's Executive Vice President and Assistant Corporate Secretary. He has been in active corporate law practice for more than fifteen (15) years and serves as director of a financial services company (2006-present).

Ms. Iuminada P. Rodriguez is the Vice President for Finance and Administration of the Company. She has served as an executive officer/director of companies involved in garments manufacturing and exporting (1990-present), oil and gas exploration and condominium corporation (1987 to present).

Directors with other directorship(s) held in reporting companies

<i>Alfredo C. Ramos</i>	<i>Anglo Philippine Holdings Corporation Atlas Consolidated Mining & Dev't. Corp MRT Holdings, Inc. MRT Dev't Corp. National Book Store, Inc. North Triangle Depot Comm'l Corp.</i>	<i>Philippine Seven Corporation. Shang Properties, Inc. Shangri-La Plaza Corp. The Philodrill Corporation United Paragon Mining Corp. Vulcan Industrial & Mining Corp.</i>
<i>Christopher M. Gotanco</i>	<i>Anglo Philippine Holdings Corporation Atlas Consolidated Mining & Dev't. Corp MRT Holdings, Inc. MRT Dev't Corp.. North Triangle Depot Comm'l Corp.</i>	<i>Penta Capital Investment Corp. Penta Capital Finance Corp. The Philodrill Corporation Vulcan Industrial & Mining Corp.</i>
<i>Augusto B. Sunico</i>	<i>Alakor Securities Corporation Anglo Philippine Holdings Corporation Manuel L. Quezon University Penta Capital Investment Corp. Penta Capital Finance Corp.</i>	<i>Shang-La Plaza Corporation The Philodrill Corporation United Paragon Mining Corp. Vulcan Industrial & Mining Corp</i>
<i>Presentacion S. Ramos</i>	<i>Alakor Securities Corporation Anglo Philippine Holdings Corporation Zenith Holdings Corp.</i>	<i>The Philodrill Corporation Vulcan Industrial & Mining Corp.</i>
<i>Roberto V. San Jose</i>	<i>Atlas Resources Management Group CP Group of Companies CP Equities Corporation</i>	<i>MAA Consultants, Inc. Mabuhay Holdings Corporation</i>

<i>Francisco A. Navarro</i>	<i>Anglo Philippine Holdings Corporation The Philodrill Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
<i>Adrian S. Ramos</i>	<i>Alakor Securities Corporation Anglo Philippine Holdings Corporation Atlas Consolidated Mining & Dev't. Corp</i>	<i>The Philodrill Corporation. United Paragon Mining Corp. Vulcan Industrial & Mining Corp.</i>
<i>Patrick V. Caoile</i>	<i>Anglo Philippine Holdings Corporation</i>	<i>Vulcan Industrial & Mining Corp.</i>
<i>Renato C. Valencia</i>	<i>Bases Conversion & Dev. Authority Civil Aeronautics Board Habitat for Humanity Phils. Hypercash Payment System, Inc.</i>	<i>Independent Insight, Inc. Metropolitan Bank & Trust Company Roxas Holdings, Inc. Triple Top AIM, Inc.</i>
<i>Ramoncito Z. Abad</i>	<i>Monheim Group of Distributors</i>	<i>Cybertech International Builders</i>

Significant Employees. Other than its executive officers, the Company has not engaged the services of any person who is expected to make significant contributions to the business of the Company. The Company is not dependent on the services of certain key personnel and there are no arrangements to ensure that these persons will remain with the Company and not compete upon termination.

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

Involvement in Certain Legal Proceedings. For the past five (5) years up to the date this Information Statement is sent to stockholders, the Company is not aware of:

- (1) Any bankruptcy petition filed by or against any business of which any director, nominee for election as director, executive officer, underwriter or control person of the Company was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (2) Any conviction by final judgment, including the nature of the offense, 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 involving any director, nominee for election as director, executive officer, underwriter or control person of the Company;
- (3) Of any director, nominee for election as director, executive officer, underwriter or control person of the Company being subject to 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 his involvement in any type of business, securities, commodities or banking activities; and,
- (4) Of any director, nominee for election as director, executive officer, underwriter or control person of the Company being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Related Party Transactions. There had been **NO** transaction during the last two years 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 director, or owner of more than 10% of the Company's voting stock, or voting trust holder of 10% or more of the Company's shares, or any member of the immediate family (including spouse, parents, children, siblings, and in-laws) of any of these persons, had or is to have a direct or indirect material interest.

In the ordinary and regular course of business, the Company had transactions with related parties (i.e. companies with shareholders common with the Company) which principally consist of advances TO related parties and loans/advances FROM related parties. The identities of these related parties, including the amounts and details of the transactions are disclosed in Note 14 of the Company's 2008 Audited Financial Statements, a copy of which is included in this Information Statement.

- (1) Business purpose of the arrangement. The business purpose of related party transactions is to address immediate working capital requirements of related parties (in the case of advances TO related parties) or of the Company (in the case of loans/advances FROM related parties).
- (2) Identification of the related parties' transaction business with the registrant and nature of the relationship. See Note 14 of the Company's 2008 Audited Financial Statements.
- (3) How transaction prices were determined by parties. All transactions with related parties are based on prevailing market/commercial rates at the time of the transaction.
- (4) If disclosures represent that transactions have been evaluated for fairness, a description of how the evaluation was made. There are **NO** disclosures representing that the transactions with related parties have been evaluated for fairness inasmuch as the bases of all transactions with related parties were the prevailing market/commercial rates at the time of the transaction over which neither the Company nor the related parties have any control or influence whatsoever.
- (5) Any on-going contractual or other commitments as a result of the arrangement. **NONE**, other than the repayment of money lent or advanced.
- (6) There were **NO** transactions with parties that fall outside the definition of "related parties" under SFAS/IAS No. 24. Neither were there any transactions with persons with whom the Company or its related parties have a relationship that enabled the parties to negotiate terms of material transaction that may not be available from other, more clearly independent parties on an arms' length basis.

Parent of the Company. **NO** person holds more than 50% of the Company's voting stock, and the Company has **NO** parent company.

- (b) **Resignation or Declination to Stand for Re-Election.** NO director elected in the 2008 Annual Stockholders' Meeting has resigned or declined to stand for re-election to the Board of Directors.

Item 6. Compensation of Directors and Executive Officers

The aggregate compensation paid to the Company's Chief Executive Officer and other officers named below as a group for the two most recently completed fiscal years (2008 and 2007) and the ensuing fiscal year (2009) are:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Alfredo C. Ramos	Chairman/CEO	2007	P2,755,000.00	-	-
Christopher M. Gotanco	President	2008	P2,990,718.00	-	-
Adrian S. Arias	EVP	2009 (est)	P3,289,790.00	-	-
Illuminada P. Rodriguez	VP-Finance & Admin				
All officers and directors as a group unnamed		2007	P3,457,500.00	-	-
		2008	P3,575,718.00	-	-
		2009 (est)	P3,933,290.00	-	-

For the years 2007 and 2008, there were **NO** bonuses and other compensation paid to directors and executive officers, except the 13th month pay which has been included in the amounts above.

For the most recently completed fiscal year and the ensuing fiscal year, directors received and will receive a per diem of ₱5,000 per month to defray their expenses in attending board meetings. There are no other arrangements for compensation of directors, as such, during the last fiscal year and for the ensuing fiscal year.

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. 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 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 10 years. Based on this policy, the retirement pay of some officers of the Company may exceed P2,500,000.

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

Item 7. Independent Public Accountants

The auditing firm of KPMG Manabat Sanagustin & Company, with address at the 22nd floor, Philamlife Tower, 8767 Paseo De Roxas, Makati City, was appointed external auditor of the Company in the 2006, 2007 and 2008 Annual Stockholders' Meetings with Ms. Emerita H. Escueta being the partner-in-charge in 2006, and Mr. Ricardo G. Manabat in 2007 and 2008.

The fees of the external auditor in the past two (2) years are as follows:

<u>Year</u>	<u>Audit & Audit Related Fees</u>	<u>Tax Fees</u>	<u>Other Fees</u>
2006	P247,508.50	0	0
2007	P311,472.00	0	0
2008	P320,320.00	0	0

For the past three (3) years, the Company has not engaged the services of the above-named auditor except for the audit and review of the annual financial statements in connection with statutory and regulatory filings for the years 2006, 2007 and 2008. The amounts under the caption "*Audit & Audit Related Fees*" for the years 2006, 2007 and 2008 pertain to these services. The Audit Committee has an existing policy prohibiting the Company from engaging the external auditor to provide services that may adversely impact its independence, including those expressly prohibited by regulations of the Securities & Exchange Commission (SEC).

KPMG Manabat Sanagustin & Co. has been the Company's independent external auditor for the past ten (10) years. Mr. Ricardo G. Manabat was the partner-in-charge for five (5) years until 2003. In compliance with SRC Rule 68 Paragraph 3(b)(iv) (Rotation of External Auditors), Mr. Manabat was succeeded by Ms. Emerita H. Escueta also of KPMG Manabat Sanagustin & Co. for 2004-2006. For 2007 and 2008, Mr. Manabat was again the partner-in-charge of the Company's independent external auditor.

The Company **NEVER** had any disagreement with its auditor, KPMG Manabat Sanagustin & Co., nor with Mr. Manabat and Ms. Escueta, on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedures and the Company did not engage any new independent external auditor, either as principal accountant to audit the Company's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary, during the two most recent fiscal years or any subsequent interim period.

NO independent accountant engaged by the Company as principal accountant, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned, or has declined to stand for re-election after completion of the current audit, or was dismissed. The auditor's representatives are expected to be present at the Meeting and will have the opportunity to make a statement and respond to appropriate questions.

The Company's audit committee is headed by Mr. Renato C. Valencia, as Chairman, and the members are Messrs. Ramoncito Z. Abad, Adrian S. Ramos and Patrick V. Caoile.

The Audit Committee reviews and recommends to the Board and the stockholders the appointment of the external auditor and the fixing of the audit fees for the Company.

In view of difficulties encountered in the preparation of our financial statements, particularly in coordinating the exchange of information among of the auditors of our affiliated firms, the Company has decided on using a common auditor with our affiliates. For 2009, SyCip Gorres, Velayo and Co., is recommended to stockholders for appointment as independent external auditor of the Company.

Item 8. Compensation Plans

NO action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. Issuance and Exchange of Securities

Items 9-10. Not applicable

Item 11. Financial and Other Information

See the Company's 2008 Annual Report on SEC Form 17-A and 2008 Audited Financial Statements accompanying this Information Statement.

Items 12-13. Not applicable

Item 14. Restatement of Accounts

Effective January 1, 2006, the Company adopted Philippine Financial Reporting Standards (PFRS) 6, *Exploration for and Evaluation of Mineral Resources*, Amendment to PAS 19, *Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures*, Amendment to PAS 39, *Financial Instruments: Recognition and Measurement* and International Financial Reporting Interpretations Committee (IFRIC) 4, *Determining Whether an Arrangement Contains a Lease*. The adoption of these standards had no material effect on the financial position, results of operation or cash flows of the Company. Additional disclosures required by the new standards have been included in the financial statements.

Effective January 1, 2007, the Company adopted (a) PFRS 7, *Financial Instruments: Disclosures* requires extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and quantitative and qualitative disclosures on the nature and extent of risks, (b) Amendment to PAS 1, *Presentation of Financial Statements - Capital Disclosures* requires the entity to disclose its objectives, policies and processes for managing capital; quantitative data about what the entity regards as capital; whether the entity has complied with any capital requirements; and if it has not complied, the consequences of such non-compliance. The adoption of these standards and interpretation did not have a material effect on the Company's financial statements. Additional disclosures required by the new standards have been included in the financial statements.

NO ACTION is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. Other Matters

Item 15. Action With Respect to Reports

The following will be submitted to the stockholders for approval/ratification at the Meeting:

- (a) Minutes of the 2008 Annual Stockholders' Meeting;

Approval of the Minutes of the 2008 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes to the events that transpired during the said meeting. This does not constitute a second approval of the same matters taken up at the 2008 Annual Stockholders' Meeting, which have already been approved.

- (b) Management Report for the year ended 31 December 2008 (a copy containing the information required by SRC Rule 20A is enclosed). Approval of the Management Report constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

- (c) Acts and Resolutions of the Board of Directors and Management from the date following the last Annual Stockholders' Meeting (27 June 2008) to the present (31 July 2009) including, but not limited to, the following:

1. Authorizing the Company to declare 10% stock dividend in favor of stockholders of record as of 31 October 2008 and payable on 26 November 2008 (27 June 2008);
2. Designating Mr. Alfredo C Ramos as the Company's Proxy to the Annual Stockholders' Meeting of Atlas Consolidated Mining & Development Corporation and authorizing Mr. Christopher M. Gotanco to sign and execute the corresponding proxy therefore (27 June 2008);
3. Designating Vicente R. Paterno as the Company's Proxy to the Annual Stockholders' Meeting of Philippine Seven Corporation and authorizing Mr. Christopher M. Gotanco and Atty. Adrian S. Arias to sign and execute the corresponding proxy therefor (27 June 2008);
4. Authorizing the Company to deliver to Land Bank of the Philippines (LBP) an additional 5,000,000 shares of Atlas Consolidated Mining and Development Corporation, as collateral for the Company's P200 Million Short Term Loan and authorizing Mr. Christopher M. Gotanco to sign, execute and deliver the corresponding third amendment to the contract of pledge and other documents. (19 Sept. 2008);
5. Authorizing the Company to issue scripless shares, store and maintain records of issuance, transfers and cancellations thereof, and to participate in a system that supports the issuance, storage and maintenance of the records of issuance, transfer and cancellations of securities data in electronic form through linkage with the Electronic Direct Registration (EDR) of PASTRA.NET (19 Sept. 2008);

6. Authorizing the Company extend its Share Buy Back Program up to 30 June 2009. (17 Dec. 2008)
7. Authorizing the Company to ratify and approve the resolution adopted by the Company's Audit Committee at its meeting held last 19 November 2008 reclassifying certain financial assets of the Company (17 Dec. 2008);
8. Authorizing the Company to deliver to Land Bank of the Philippines an additional 65,000,000 shares of Atlas Consolidated Mining and Development Corporation, as collateral for the Company's P200 Million Short Term Loan and authorizing Mr. Christopher M. Gotanco to sign, execute and deliver the corresponding third amendment to the contract of pledge and other documents. (17 Dec. 2008);
9. Authorizing the Company to renew its P200 million Short Term Loan with Land Bank of the Philippines to augment the Company's working capital funds (17 Dec. 2008);
10. Authorizing the Company to exercise its pre-emptive rights to subscribe 27,234,066 shares and to oversubscribe to an additional 400 Million shares of The Philodrill Corporation in the latter's Stock Rights Offering (17 Dec. 2008);
11. Authorizing the Company sell its 20% equity in a non-operating company, K2 Sales and Management Corporation (17 Dec. 2008);
12. Authorizing the direct write-off of: (i) P22,078,133.70 investment in Bulacan Water Supply Project; (ii) P208,719.82 accounts receivable from Ocean Composite Yachts, Inc.; and, (iii) P30,836,587.54 worth of accounts receivable from Europhil Textiles, Inc. (22 April 2009);
13. Authorizing the Company to declare cash dividend equivalent to P0.15 per share to stockholders of record as of May 8, 2009 and payable on May 29, 2009 and authorizing the machine generated signature Mr. Christopher M. Gotanco and Atty. Adrian S. Arias to be affixed in the Company's dividend checks (22 April 2009);
14. Authorizing the Company to grant US\$11.5 Million loan to Atlas Consolidated Mining and Development Corporation (22 April 2009);
15. Authorizing the Company to open a US\$ Account with Land Bank of the Philippines (22 April 2009);
16. Authorizing the Company extend its Share Buy Back Program up to December 31, 2009 (22 April 2009); and,
17. Approval of the Company's audited financial statements for the year ended 2008 (07 May 2009).

- (d) Appointment of KPMG Manabat Sanagustin & Company as the Company's independent external auditor for 2009.

Item 16. Matters Not Required to be Submitted

Proofs of transmittal to stockholders of the required Notice for the Meeting and of the presence of a quorum at the Meeting form part of the Agenda for the Meeting and will not be submitted for approval by the stockholders.

Item 17. Amendment of Articles of Incorporation and By-Laws

NO amendment to the Company's articles of incorporation or by-laws is being proposed at the Meeting.

Item 18. Other Proposed Action

NO action on any matter, other than those stated in the Agenda for the Meeting, is proposed to be taken, except matters of incidence that may properly come at the Meeting.

Item 19. Voting Procedures

- (a) In the election of directors, the eleven (11) nominees with the greatest number of votes will be elected directors.
- (b) If the number of nominees for election as directors does not exceed the number of directors to be elected, the Secretary of the Meeting shall be instructed to cast all votes represented at the Meeting equally in favor of all such nominees. However, if the number of nominees for election as directors exceeds the number of directors to be elected, voting shall be done by ballot, cumulative voting will be followed, and counting of votes shall be done by two (2) election inspectors appointed by the stockholders present or represented by proxy at the Meeting.

In accordance with SRC Sec. 38 and SRC Rule 38, only nominees whose names appear in the Final List of Candidates for Independent Directors shall be eligible for election as Independent Directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared and no further nomination shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

Messrs. Renato C. Valencia and Ramoncito Z. Abad are nominated for election as independent directors of the Company for fiscal year 2009.

- (c) For corporate matters that will be submitted for approval and for such other matters as may properly come at the Meeting, a vote of the majority of the shares present or represented by proxy at the Meeting is necessary for their approval. Voting shall be done *viva voce* or by the raising of hands and the votes for or against the matter submitted shall be tallied by the Secretary.

PART II

INFORMATION REQUIRED IN A PROXY FORM

Part II and its required disclosures are not relevant to the Company since the Company is not requesting or soliciting proxies.

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed at Mandaluyong City on June 4, 2009.



ADRIAN S. ARIAS
Assistant Corporate Secretary

Materials accompanying this Information Statement

1. Notice of the 2009 Annual Meeting of Stockholders with Agenda
2. Management Report on SEC Form 20A
3. Final List of Candidates for Independent Directors
4. Audited Financial Statements for 2008
5. Unaudited Financial Statements for the Interim Period 31 March 2009
6. Minutes of the Meetings of Stockholders - June 27, 2008 and September 19, 2008

The Company undertakes to provide, without charge, upon the written request of a stockholder, a copy of the Company's Annual Report on SEC Form 17-A. Such request should be addressed to the Corporate Secretary, Anglo Philippine Holdings Corporation, 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

The Annual Stockholders' Meeting of Anglo Philippine Holdings Corporation will be held on the following date and place:

**FRIDAY, 31 JULY 2009, 3:00 P.M.,
Santan Room, EDSA Shangri-La Manila
Ortigas Center Mandaluyong City, Philippines**

The agenda for the Meeting shall be, as follows:

1. Call to Order
2. Proof of Notice and Certification of Quorum
3. Approval of Minutes of Stockholders' Meetings - June 27, 2008 and September 19, 2008
4. Management Report and Audited Financial Statements for 2008
5. Approval of the Company's Annual Report
6. Ratification of Corporate Acts
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

Registration for the Meeting begins at 2:00 p.m. For purposes of the Meeting, stockholders of record as of **08 May 2009** are entitled to notice of and to vote at the Meeting. If you will not be able to attend the Meeting but would like to be represented thereat, you may submit your proxy form, duly signed and accomplished, to the Corporate Secretary at the 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City, no later than **24 July 2009**. Corporate stockholders should also provide a notarized secretary's certificate attesting to the appointment of the corporation's proxy for the Meeting as well as the execution and delivery of the proxy form.

THE COMPANY IS NOT SOLICITING PROXIES.

Makati City, Metro Manila, Philippines, 4 June 2009.

ROBERTO V. SAN JOSE
Corporate Secretary

"Helping Build the Filipino Future"

ANGLO PHILIPPINE HOLDINGS CORPORATION

6th Floor, Quad Alpha Centrum
125 Pioneer Street, Mandaluyong City, Philippines
Tel (632) 631-5139; 635-6130; Fax (632) 631-3113

MANAGEMENT REPORT ACCOMPANYING INFORMATION STATEMENT PURSUANT TO SRC RULE 20(4)

I. Audited Financial Statements

The audited financial statements of Anglo Philippine Holdings Corporation (the “Company”) for the fiscal year ended 31 December 2008 and the corresponding Statement of Management's Responsibility are attached hereto.

The unaudited interim financial statements of the Company for the first semester ended 31 March 2009 are also attached hereto.

II. Disagreements with Accountants on Accounting and Financial Disclosure. NONE

III. Management's Discussion and Analysis or Plan of Operations

(a) Full fiscal years

(1) Financial Condition, Changes in Financial Condition and Results of Operations

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
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	2,334,730,849
Total Liabilities	1,907,536,814	1,905,612,320	1,189,034,005
Net Worth	1,434,245,509	1,465,078,849	1,145,696,844
Issued & Subscribed Capital	1,165,000,000	1,062,000,000	1,072,000,000

Changes in Financial Condition (2006-2008)

Revenues increased from 2006-2007 but significantly decreased in 2008 due to (i) decreasing Interest Income (from P170 million in 2006 to P136 million in 2007 to P68 million in 2008) due to payment of receivables; (ii) foreign exchange loss in 2008 on 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 Consolidated Mining and Development Corp. Other Income from P66 million in 2007 to P98 million in 2008 due to collection of higher service fees.

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.

Total Assets increased from P2.33 billion in 2006 to P3.37 billion in 2007 due to increased in the value of the Company's investments in Shang Properties Inc. and Atlas, but dropped to P3.34 billion in 2008 due to write-off of a portion of receivables from Europhil and Ocean Composite Yachts, Inc. and a similar write-off of investment and advances in the Bulacan Water Project.

Total Liabilities increased from P1.2 billion in 2006 to P1.9 billion in 2007 due to additional long term debt obtained by the Company to purchase additional shares of Atlas, and remained unchanged at P1.90 billion in 2008.

The decrease of P31 million in the Company's Net Worth 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.

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.

Results of Operations - Full Year

Natural Resources

The Company owns 11.67% of **Atlas Consolidated Mining & Development Corporation** (hereafter, "Atlas") which has two (2) significant subsidiaries: (i) *Berong Nickel Corporation*, which continued its steady production of nickel laterite ore in 2008; and, (ii) *Carmen Copper Corporation*, which commenced production in September 2008. 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 requested the DOE for the final 15-year contract term extension using Vitol GPC's 2009 work program and budget proposal. In *SC 14 (Tara)*, Blade Petroleum and Venturoil submitted for 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 of the 3D seismic data to rectify data quality issues which will help in the selection

of drilling prospects. In *SC 53 (Mindoro)*, Pitkin is conducting a magneto-telluric survey prior to running its seismic survey 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 at 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 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 Aqualas, Inc. (AAI) in exchange for shares of the latter remains pending. AAI is an Atlas subsidiary.

Other Investments

The Company's other investments include minority interests in: (1) **Philippine Seven Corporation (PSC)**, the Philippine franchise holder of the 7-Eleven chain of convenience stores; and, (2) **Batangas Assets Corporation (BAC)**, a holding company organized for the purpose of investing in the Calabarzon area.

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

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 NTDCC 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 share 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.

(2) Yearend Results

For the year ended 2008, the Company posted a Net Income of P26.7 million compared to P494.5 million in 2007.

(3) Future Prospects

The Company remains optimistic on its future prospects on account of: (i) the renewed vigor in the natural resources-based sector, with new oil wells to be drilled in 2008 and Atlas increasing nickel production in Berong and attaining a steady copper production level in Toledo; and, (ii) a strong property development portfolio, with NTDCC's growing Trinoma operations and SPI's strong condominium sales/rentals and commencement of new high-rise developments.

(b) Interim Periods

(1) Financial Condition, Changes in Financial Condition and Results of Operation

Comparative financial highlights for the 1st quarters of fiscal years 2008 and 2007 are presented below:

	<u>31 March 2009</u>	<u>31 March 2008</u>
Revenues	(19,217,255)	45,046,528
Net Income/Loss	(34,916,246)	19,004,546
Total Assets	3,311,586,009	3,413,739,893
Total Liabilities	1,912,254,746	1,932,251,514
Net Worth	1,399,331,263	1,481,488,379
Issued and Outstanding Capital	1,165,000,000	1,060,750,000

Changes in Financial Condition - 1st Quarter 2009 vs. 1st Quarter 2008

The Company posted negative revenue of P19.2 million for the 1st quarter of 2009 due to equity losses from investee companies, compared to the positive revenue of P45 million for the 1st quarter of 2008. Consequently, the Company registered a net loss of P35 million for the 1st quarter of 2009 compared to a net income of P19 million a for the 1st quarter of 2008.

Total assets decreased from P3.4 billion in March 2008 as compared to P3.3 billion in March 2009 due to write-off of a portion of receivables from Europhil and Ocean Composite Yachts, Inc. and a similar write-off of investment and advances in the Bulacan Water Project, and due to equity losses from investee companies.

Total Liabilities decreased due to payment of the loan from East West Bank Corporation.

Net Worth is lower at P1.40 billion as of March 2009 compared to P1.48 billion as of March 2008 due to an increase in the number of outstanding shares resulting from the issuance of stock dividend in November 2008 and due to the net loss incurred by the Company as of March 2009.

Changes in Financial Condition - 1st Quarter 2009 vs. Full Year 2008

Comparative financial highlights for the 1st quarter 2009 and yearend 2008 are presented below:

	<u>31 March 2009</u>	<u>31 December 2008</u>
Revenues	(19,217,255)	187,297,336
Net Income/Loss	(34,916,246)	26,712,870
Total Assets	3,311,586,009	3,341,782,323
Total Liabilities	1,912,254,746	1,907,536,814
Net Worth	1,399,331,263	1,434,245,509
Issued and Outstanding Capital	1,165,000,000	1,165,000,000

The Company posted negative revenue of P19.2 million for the 1st quarter of 2009 due to equity losses from investee companies, compared to the positive revenue of P187.3 million as of end-2008. Consequently, the Company registered a net loss of P35 million for the 1st quarter of 2009 compared to a net income of P26.7 million as of end-2008.

The decreased in total assets in March 2009 compared to end-2008 was mainly due to the equity losses of investee companies. Total Liabilities increased from P1.91 billion as of end-2008 to P1.92 billion as of end-March 2009 due to increase in accrued interests on loans. The Company's Net Worth decreased from P1.43 billion as of end-2008 to P1.40 billion as of end-March 2009 due to the net loss incurred during the first quarter of 2009.

Results of Operations – 1st Quarter, 2009

Natural Resources

The Company owns 11.67% of **Atlas Consolidated Mining & Development Corporation** which has two (2) significant subsidiaries: *Berong Nickel Corporation* and *Carmen Copper Corporation*, both of which have achieved steady production in 2009.

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.

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 is awaiting the DOE's approval of the final 15-year contract term extension for the block. In *SC 14 (Tara)*, the consortium has approved the extension of the exclusivity of the option granted to Blade Petroleum and Venturoil up to September 2009. In *SC 41 (Sulu Sea)*, Tap Oil continues to reprocess the 3D seismic data and expects to complete the same by mid-2009. In *SC 53 (Mindoro)*, Pitkin has completed its magneto-telluric survey and plans to run its seismic program in the area by October 2009. 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 and equity in other exploration blocks.

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 continues to record high occupancy and lease-out rates.

The Company owns 4.5% of **Shang Properties, Inc. (SPI)** which continues to complete construction works at The St. Francis Shangri-La Place, as excavation works at its Fort Bonifacio project is almost complete and the design of its One Shangri-La Place project is being finalized.

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 continues to generate 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. Average ridership stands 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 Aquatlas, Inc. (AAI) in exchange for shares of the latter remains pending. AAI is an Atlas subsidiary.

Other Investments

The Company's other investments include minority interest in: (1) *Philippine Seven Corporation* (PSC), the Philippine franchise holder of the 7-Eleven chain of convenience stores; and, (2) *Batangas Assets Corporation* (BAC), a holding company organized for the purpose of investing in the Calabarzon area.

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.

Key Performance Indicators

For the comparative interim periods (31 March 2009 and 31 March 2008), the top five (5) key performance indicators of the Company are as follows:

	<u>31 March 2009</u>	<u>31 March 2008</u>
Current Ratio	1.14 : 1	1.47 : 1
<u>Current Assets</u>	<u>358,764,935</u>	<u>1,545,865,330</u>
Current Liabilities	314,466,574	1,054,913,305
Debt to Equity Ratio	1.37:1	1.32 : 1
<u>Total Liabilities</u>	<u>1,912,254,746</u>	<u>1,932,251,514</u>
Stockholders Equity	1,399,331,263	1,481,488,379
Equity to Debt Ratio	0.73:1	0.77 : 1
<u>Stockholders Equity</u>	<u>1,399,331,263</u>	<u>1,481,488,379</u>
Total Liabilities	1,912,254,746	1,932,251,514
Book Value per share	1.34	1.40
<u>Stockholders Equity</u>	<u>1,399,331,263</u>	<u>1,481,488,379</u>
Weighted Average Number of shares	1,042,841,667	1,060,750,000
Earnings per share	(0.03)	0.02
<u>Net Income</u>	<u>(34,914,246)</u>	<u>19,004,546</u>
Weighted Average Number of shares	1,042,841,667	1,060,750,000

Current ratio decreased from 1.47 as of end-March 2008 to 1.14 as of end-March 2009 due to the decrease in Current Assets brought about by the reclassification of the investment in SPI from Held-for-Trading to Investment in Associates and the conversion of receivables from UPMC to Investment in Associates. On the contrary, there is a decrease in Current Liabilities due to the conversion of short term loans to long term debt.

Debt-to-Equity/Equity-to-Debt Ratios and Book Value per share declined slightly due to lower net income posted in March 2009 compared to March 2008 and due to payment of dividends to stockholders in 2008. Earnings per share declined slightly due to the loss incurred by the Company as of end-March 2009.

Between end-2008 and end-March 2009, the top five (5) key performance indicators of the Company are as follows:

	<u>31 March 2009</u>	<u>31 December 2008</u>
Current Ratio	1.14 : 1	1.14: 1
<u>Current Assets</u>	<u>358,764,935</u>	<u>351,154,790</u>
Current Liabilities	314,466,574	308,050,538
Debt to Equity Ratio	1.37:1	1.33 : 1
<u>Total Liabilities</u>	<u>1,912,254,746</u>	<u>1,907,536,814</u>
Stockholders Equity	1,399,331,263	1,434,245,509
Equity to Debt Ratio	0.73:1	0.75 : 1
<u>Stockholders Equity</u>	<u>1,399,331,263</u>	<u>1,434,245,509</u>
Total Liabilities	1,912,254,746	1,907,536,814
Book Value per share	1.34	1.37
<u>Stockholders Equity</u>	<u>1,399,331,263</u>	<u>1,434,245,509</u>
Weighted Average # of shares	1,042,841,667	1,042,841,667
Earnings/(Loss) per share	(0.03)	0.03
<u>Net Income/(Loss)</u>	<u>(34,914,246)</u>	<u>26,712,870</u>
Weighted Average # of shares	1,042,841,667	1,042,841,667

Key indicators are essentially the same as of the end of 2008 compared to the 1st quarter of 2009 with slight increase in Debt to Equity Ratio and a slight decrease Equity to Debt Ratio and Book Value per Share. On the contrary, Earnings per share declined 100% mainly due to the loss incurred by the Company during the 1st quarter of 2009.

(c) Discussion and Analysis of Material Events and Uncertainties

1. 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.
2. 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.
3. 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.

4. 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 paragraph 1 above.
5. There are **NO** significant elements of income or loss that did not arise from the Company's continuing operations.
6. There have been **NO** material changes from 2006-2008 in one or more line items of the Company's financial statements, **EXCEPT** the following:
 - 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 P1.165 billion in 2008 (net of 13 million treasury shares) 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.
- l. 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.
7. There have been **NO** material changes from 31 March 2008 to 31 March 2009 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
- a. In Revenues: (i) Interest income decreased from P23.7 Million in March 2008 to P0.74 Million in March 2009 due to settlement of certain loans by affiliates; (ii) there was an Equity Share in Net Loss of Associate amounting to P38.5 Million during the first quarter of 2009, (iii) Other Income decreased from P21.4 Million during the first quarter of 2008 to P18.5 Million in 2009 due to lower service fees collected by the Company.
 - b. The Company posted a Net loss of P34.9 Million in March 2009 as compared to a net income of P19 Million mainly due equity share in net loss of its investee companies.
 - c. Cash & cash equivalents decreased from P17.9 Million in March 2008 to P9.7 Million in March 2009 due to payment of the Company's income taxes payable and other expenses.
 - d. Held-for-trading investments decreased from P512.7 Million in March 2008 to P13.67 Million in March 2009 due to reclassification of SPI to Investment in Associates and due to decrease in the market value of Philippine Seven Corp.
 - e. Accounts Receivable decreased due to conversion of certain account receivables into UPMC equity.
 - f. Investment in Associates increased from P1.2 Billion in March 2008 to P2.74 Billion in March 2009 due to reclassification of SPI. and Philodrill (from Short Term Investments), NTDCC (from Investment and Advances) and UPMC (from Accounts Receivable) to Investment in Associates.
 - g. Available-for-sale investments decreased due to the reclassification of NTDCC to Investment in Associates and due to the write-off of the Bulacan Water Project investment.
 - h. Short term loans payables decreased to P200 Million in March 2009 from P987.7 Million in March 2008 due restructuring of short term loans to Long Term Debt and due to full payment of the loan from East West Banking Corporation.
 - i. Income Taxes Payable increased from P11 Million in March 2008 to P19.9 Million in March 2009 due to increase in income taxes payable in 2008.

- j. Accounts Payable and Accrued Expenses increased from P56.3 Million in March 2008 to P94.6 Million in March 2009 due to additional interest and accrued expenses booked by the Company.
 - k. Long Term Debt increased from P846.1 Million in March 2008 to P1.6 Billion in March 2009 due to the restructuring of short term loans to Long Term Debt.
 - l. Stockholders' Equity decreased from P1.48 Billion in March 2008 to P1.40 billion in March 2009 due to the lower Net Income generated by the Company and due to payment of dividends to stockholders.
8. There have been **NO** material changes from 31 December 2008 to 31 March 2009 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
- a. Cash and cash equivalents decreased from P19.9 Million as of end-2008 to P9.7 Million as of March 2009 due to payment of interest and general administrative expenses.
 - b. Accounts receivable increased from P315.4 Million to P333.2 Million due to accrued service fees and interest receivables from affiliates.
 - c. Investment in associates decreased from P2.780 billion to P2.742 Billion due to equity losses from investee companies during the 1st quarter 2009.
 - d. Accounts Payable increased due to additional accrued interest payable booked by the Company.
 - e. Retained Earnings and stockholders equity decreased due to the net loss incurred by the Company for the 1st quarter of 2009.
9. 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.
10. 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.

Employees

As of 31 December 2008 and 31 March 2009, the Company has twelve (12) full-time employees (including officers) who are not subject to any collective bargaining agreement.

IV. Brief Description of the General Nature and Scope of Business of the Company

The Company was incorporated in 1958 as an oil and mineral exploration company. In 1996, the Company changed its primary purpose to investments holding focused on infrastructure, property development and natural resources. Since then, the Company has maintained, and will continue to maintain, investments in natural resources, property development, infrastructure and diversified businesses.

Filipinas Energy Corporation, the Company's wholly-owned subsidiary, is a petroleum and mineral exploration company which began setting its business and organization in 2006.

V. Market Price and Dividends

The Company's shares are listed and traded in the Philippine Stock Exchange. As of June 19, 2009, the Company's share is traded at P1.18 per share. 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>	
	<i>High</i>	<i>Low</i>
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

Holders

As of 08 May 2009 (the "Record Date"), common shares outstanding stood at 1,165,000,000 shares and shareholders of record totaled 3,184. The Company's top 20 Stockholders as of Record Date are as follows:

<u>Stockholders</u>	<u>Total Shares</u>	<u>Percentage</u>
PCD NOMINEE CORP.	1,056,573,238*	90.6929%
ALAKOR SECURITIES CORPORATION	26,632,466	2.2860%
ALAKOR CORPORATION	9,494,767	0.8150%
VULCAN INDUSTRIES CORP.	8,800,000	0.7553%
JOSE D. SANGALANG	7,392,000	0.6345%
SAN JOSE OIL COMPANY INC.	4,693,332	0.04028%
FERNANDO GONZALEZ	2,933,330	0.2517%
ALYROM PROPERTY HOLDINGS, INC.	2,924,900	0.2510%
VULCAN INDUSTRIAL & MINING CORP.	1,466,666	0.1258%
SOLEDAD V. NAVARRO	1,375,550	0.1180%
NATIONAL BOOK STORE INC.	1,275,445	0.1094%
ALAKOR SECURITIES CORPORATION (FAO:ELEVEN SEVEN PROFITMAKER, INC.)	1,100,000	0.0944%
ANSALDO GODINEZ & CO., INC.	1,021,345	0.0876%
TRENDLINE SECURITIES CORP.	1,021,345	0.0876%
MARIANO GO BIAO	990,000	0.0849%

SANTIAGO TANCHAN III	972,398	0.0834%
JALANDONI, JAYME, ADAMS & CO., INC.	964,700	0.0828%
S.J. ROXAS & CO., INC A/C#2.19.038	935,000	0.0802%
CONSTANTINE TANCHAN	881,466	0.0756%
JACK F. CONLEY	825,000	0.0708%

**Of the total 1,056,573,238 shares under the name of PCD Nominee Corp., 651,139,379 shares were under the name of Alakor Securities Corporation (ASC). Of the total shares of 651,139,379 shares (55.89%) under the name of ASC, National Book Store Inc. owns 444,137,061 shares (38.12%) while Alakor Corporation owns 117,729,308 shares (10.11%).*

Dividends

Cash Dividend	Amount	Declaration Date	Record Date	Payment Date
2009 – CD 4	P0.15/share	April 22, 2009	May 08, 2009	May 29, 2009
2008 - CD 3	P0.05/share	April 25, 2008	May 30, 2008	June 25, 2008
2007 – CD 2	P0.05/share	July 27, 2007	October 15, 2007	November 8, 2007
CD 1	P0.10/share	April 30, 2007	May 17, 2007	June 8, 2007
Stock Dividend	Rate	Declaration Date	Record Date	Payment Date
2008 - SD 1	10%	Sept. 19, 2008	October 31, 2008	Nov. 26, 2008

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.

Recent Sales of Unregistered Securities

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

VI. Corporate Governance

- (a) The Company uses the evaluation system established by the SEC in its Memorandum Circular No. 5, series of 2003, including the accompanying Corporate Governance Self-Rating Form (CG-SRF) to measure or determine the level of compliance of the Board of Directors and top-level management with the Company's Corporate Governance Manual.
- (b) The Company undertakes a self-evaluation process every semester and any deviation from the Company's Corporate Governance Manual is reported to the Management and the Board together with the proposed measures to achieve compliance.

There has been **NO** deviation from the Company's Manual of Corporate Governance.

- (c) Except as indicated below, the Company is currently in full compliance with the leading practices on good corporate governance embodied in the CG-SRF:
1. The Company has a draft Code of Conduct for the Board, CEO and staff, as well as existing policies and procedures that can identify and resolve potential conflicts of interest.
 2. The Company has an organizational plan supported by a business plan and budget set by Management and approved by the Board, and has clearly defined operational and financial performance measures.
 3. Employees and officers undergo professional development programs subject to meeting the criteria set by the Company. Succession plan for senior management is determined by the Board as the need arises.
- (d) The Company shall adopt such improvement measures on its corporate governance as the exigencies of its business will require from time to time.

The Company undertakes to provide, without charge, upon the written request of a stockholder, a copy of its Annual Report on SEC Form 17-A. Such request should be addressed to the Corporate Secretary, Anglo Philippine Holdings Corporation, 6th Floor, Quad Alpha Centrum, 125 Pioneer Street, Mandaluyong City 1550, Philippines.

**FINAL LIST OF CANDIDATES
FOR ELECTION AS INDEPENDENT DIRECTOR**

(A) **Candidates for Election as Independent Director**

(1) **Identity, names and ages of candidates for election as Independent Director**

Name	Age	Current Position	Period of service	
Renato C. Valencia.	67	Independent Director	2006	Present
Ramoncito Z. Abad	62	Independent Director	2007	Present

Directors elected in the Annual Meeting of Stockholders have a term of office of one (1) year and serve as such until their successors are elected and qualified in the next succeeding Annual Meeting of Stockholders; *provided*, that a director who was elected to fill in a vacancy arising in the Board shall only serve the unexpired portion of his predecessor.

Business Experience During the Past Five (5) Years of Candidates for Independent Directors

Mr. Renato C. Valencia was elected independent director of the Company in December 2006. He is the former administrator of the Social Security System and currently serves as a director/executive officer of the Bases Conversion Development Authority, Civil Aeronautics Board, Metropolitan Bank & Trust Company, among others.

Mr. Ramoncito Z. Abad was elected independent director of the Company in March 2007. He is the former Chairman of the Development Bank of the Philippines and currently serves as a director/executive officer of the Monheim Group of Distributors and Cybertech International Builders.

Candidates for Independent Director with directorship(s) held in reporting companies

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.
Ramoncito Z. Abad	Monheim Group of Distributors	Cybertech International Builders

(3) **Family Relationships**

The candidates for election as independent directors of the Company are **NOT** related by consanguinity or affinity, either with each other or with any other member of the Company's Board of Directors.

(4) Involvement in Certain Legal Proceedings

The Company is not aware of: (1) any bankruptcy petition filed by or against any business of which an independent director, person nominated to become an independent director 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 independent director, person nominated to become an independent director; (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 an independent director, person nominated to become an independent director of the Company; and, (4) judgment against an independent director, person nominated to become an independent director 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.

There had been **NO** transaction during the last two years, nor is any transaction presently proposed, to which the Company was or is to be a party in which any independent director of the Company, or nominee for election as an independent director, 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.

(C) Security Ownership of Candidates for Independent Directors

The candidates for independent directors own the following number of voting shares:

Type	Name of beneficial owner	Amount and nature of Beneficial ownership			Citizenship	Percent Of Class
		Direct	Indirect			
Common	Renato C. Valencia	1,100	0	Filipino	<0.01%	
Common	Ramoncito Z. Abad	1,100	0	Filipino	<0.01%	

As of 08 May 2009 (the "Record Date"), the aggregate number of shares owned by the candidates for election as independent director is 2,200 shares, or less than 0.01% of the Company's outstanding capital stock.

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 Company / Town / Province)

Lumen P. Rodriguez

Contact Person

+63(2)6356130

Company Telephone Number

1 2

Month

3 1

Day

A A F S

FORM TYPE

Month

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

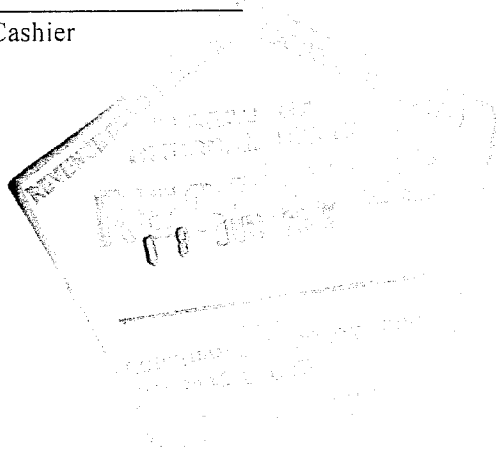
File Number

_____ LCU

Document I.D.

_____ Cashier

STAMPS



Remarks = pls. use black ink for scanning purposes.

ANGLO PHILIPPINE HOLDINGS CORPORATION

FINANCIAL STATEMENTS
December 31, 2008, 2007 and 2006

Q. 8 JUN. 2009



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

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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

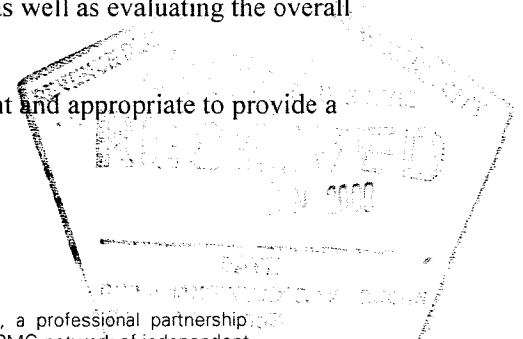
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial 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.

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

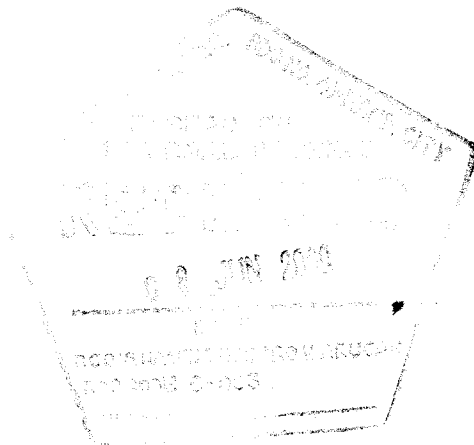
Issued July 10, 2007; Valid until July 9, 2010

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

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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

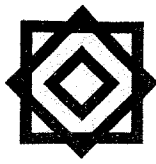
We have audited the accompanying financial statements of Anglo Philippine Holdings Corporation as of and for the year ended December 31, 2008 on which we have rendered our report thereon dated May 7, 2009.

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

08 JUN 2009

AUGUSTO B. SUNICO
Treasurer/Director

JUN 04 2009

PASIG CITY

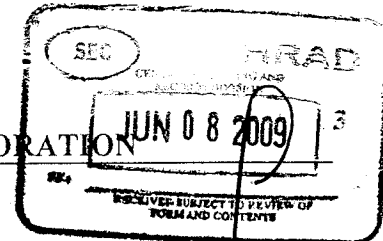
SUBSCRIBED AND SWORN to before me on this ____ day of _____ 2009 at Mandaluyong City.

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. 242011
Series of 2009.

ATTY. BENIGNO M. PUNO
NOTARY PUBLIC
PTR # 5102600-010700-Pasig City
IBF # 760000-010700-Pasig City
VALID UNTIL DEC. 31, 2010
TIN # 113-225-074-908
MOLE Code No. 14016511

ANGLO PHILIPPINE HOLDINGS CORPORATION
BALANCE SHEETS



		December 31	
	Note	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.

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ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF INCOME

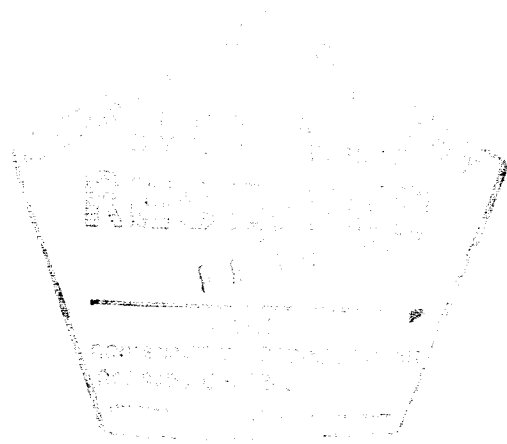
		Years Ended December 31		
	<i>Note</i>	2008	2007	2006
REVENUES				
Interest income	16	P68,140,181	P136,190,783	P170,174,174
Equity in net earnings of associates	8	20,508,894	26,124,812	18,431,906
Foreign exchange gains - net		-	76,474,502	75,986,607
Gain on fair value changes of held-for-trading investments		-	140,347,228	142,020,328
Gain on sale of investment		-	184,625,249	-
Other revenues	17, 24	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	11, 12, 14, 19	49,752,674	32,640,453	15,029,037
Impairment losses on receivables and deferred exploration costs	6, 10	31,045,307	40,049,058	20,967,405
General and administrative expenses	18	25,663,851	31,005,901	20,601,766
Loss on fair value changes of available-for-sale investments	7	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	21	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	22	P0.03	P0.47	P0.37

See Notes to the Financial Statements.

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	<i>Note</i>	Years Ended December 31		
		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	16	(68,140,181)	(136,190,783)	(170,174,174)
Interest expense	19	40,244,112	24,610,572	14,283,789
Impairment losses on receivables and deferred exploration costs	6, 10	31,045,307	40,049,058	20,967,405
Loss on fair value changes of available-for-sale investments	7	22,078,134	-	-
Equity in net earnings of associates	8	(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	5	10,809,635	(140,347,228)	(142,020,328)
Pension expense	20	2,273,300	4,132,666	4,043,353
Depreciation	9	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	20	(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

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Years Ended December 31

	Note	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).

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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.

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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.

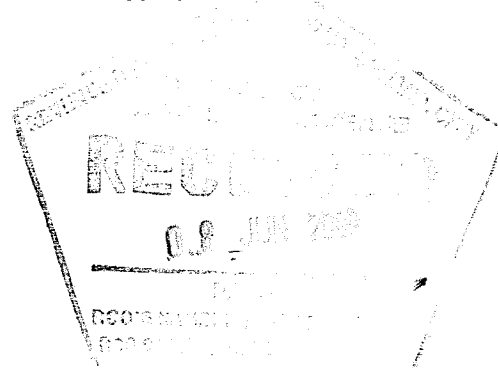
Financial Instruments

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.

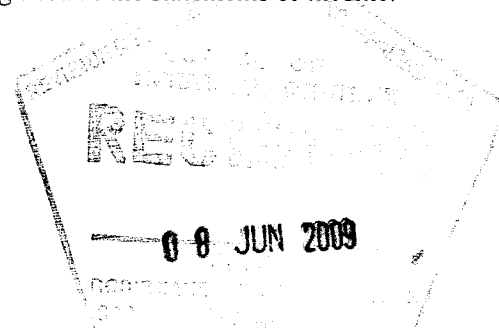
The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent expenditures are added to the carrying amount of the asset when it is probable that future economic 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:

	Number of Years
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

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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.

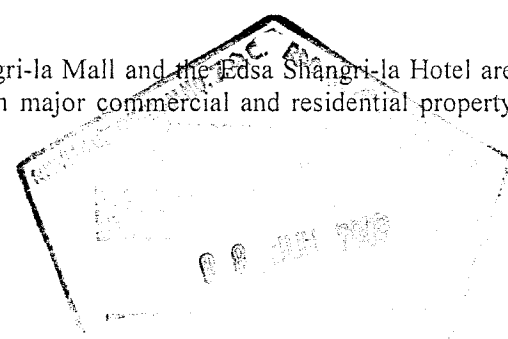
The President and the Chairman of the Company can exercise significant influence over the operating and financial policies of ACMDC as Chairman of the BOD of the said investee.

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/Calauit, 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.

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- 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	11, 12	47,408,519	24,729,169
Accrued expenses, taxes and others		17,594,028	12,549,441
Accrued guarantee fee	11, 14	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

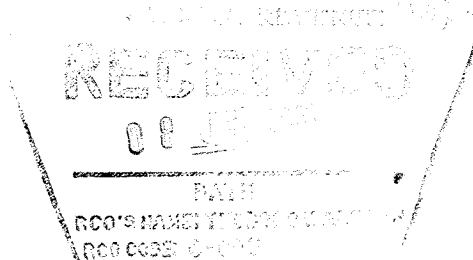
Significant transactions with related parties are as follows:

- 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	6, 8	-	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	1,062,312,426
	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.

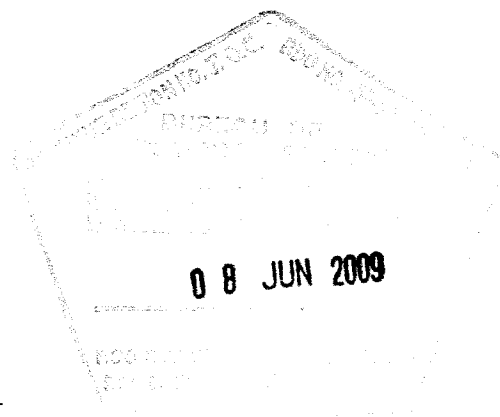
16. Interest Income

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

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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:

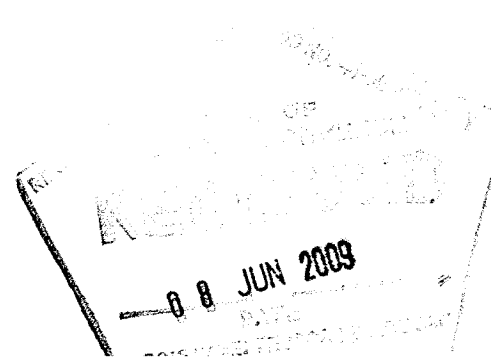
	2008	2007	2006
Current tax expense	P33,083,093	P48,357,746	P33,501,900
Deferred tax expense (benefit) on origination and reversal of temporary differences	(24,730,020)	(16,081,444)	13,408,479
	P8,353,073	P32,276,302	P46,910,379

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

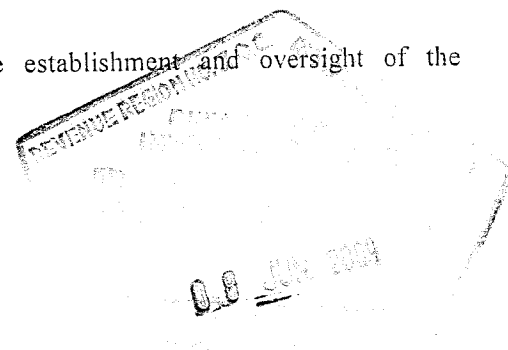
The Company has exposure to the following risks from its use of financial instruments:

- 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.

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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.

**UNAUDITED FINANCIAL STATEMENT
FOR THE INTERIM PERIOD
31 MARCH 2009**

ANGLO PHILIPPINE HOLDINGS CORPORATION
BALANCE SHEET

	31-Mar-09 Unaudited	31-Dec-08 Audited
ASSETS		
Current Assets		
Cash & cash equivalents	9,668,854	19,919,358
Held-for-trading investments	13,676,126	13,676,126
Accounts Receivable - net	333,186,272	315,392,727
Prepaid expenses and other current assets	2,233,683	2,166,579
Total Current Assets	358,764,935	351,154,790
Non-current Assets		
Available-for-sale investments	19,608,736	19,608,736
Investment in associates	2,742,859,440	2,780,298,254
Property and equipment-net	20,328,874	20,696,518
Deferred exploration costs	155,807,873	155,807,873
Deferred tax assets	14,216,152	14,216,152
Total Noncurrent Assets	2,952,821,074	2,990,627,533
TOTAL ASSETS	3,311,586,009	3,341,782,323
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Current Liabilities		
Short term loan payables	200,000,000	200,000,000
Income taxes payable	19,904,456	19,904,456
Accounts payable & accrued expenses	94,562,118	88,146,082
Total Current Liabilities	314,466,574	308,050,538
Non-Current Liabilities		
Long-term debt	1,589,287,696	1,589,787,696
Pension liability	8,500,477	9,698,580
Total Noncurrent Liabilities	1,597,788,172	1,599,486,276
TOTAL LIABILITIES	1,912,254,746	1,907,536,814
STOCKHOLDERS' EQUITY		
Capital Stock		
Authorized - 2,000,000,000 shares at P1.00 par value per share, 1,178,000,000 shares are issued and subscribed of which 13,000,000 shares are in Treasury Stocks		
Issued and Outstanding	1,170,611,970	1,170,611,970
Subscribed - net of subscription receivable of P1,367,688	6,020,342	6,020,342
Additional paid-in-capital	4,658,460	4,658,460
Retained Earnings	1,181,290,772	1,181,290,772
Treasury stock	245,606,566	280,520,812
	(27,566,075)	(27,566,075)
Total Stockholders' Equity	1,399,331,263	1,434,245,509
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	3,311,586,009	3,341,782,323

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENT OF INCOME

	Jan - Mar. 2009	Jan - Mar. 2008
REVENUES		
Interest Income	740,264	23,662,309
Equity Share in Net Income/(Loss) of Associates	(38,506,898)	-
Other Income	18,549,379	21,384,219
	(19,217,255)	45,046,528
COST AND EXPENSES		
Interest expenses and bank charges	11,277,440	10,917,684
Unrealized Forex (Gain)/Loss	-	4,084,803
Gen and Administrative Expenses	4,419,551	5,605,353
	15,696,991	20,607,840
INCOME BEFORE PROVISION FOR INCOME TAX	(34,914,246)	24,438,688
Provision for Income Tax	-	5,434,143
NET INCOME	(34,914,246)	19,004,545
WEIGHTED AVERAGE NUMBER OF SHARES	1,042,841,667	1,062,000,000
INCOME PER SHARE**	(0.03)	0.02

**** Income per share computation (Net Income/Weighted Average Number of Shares)**

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	31-Mar-09	31-Mar-08
CAPITAL STOCK - P1 par value, 2000,000,000 shares are authorized shares, 1,178,000,000 are issued and subscribed of which 13,000,000 shares are in treasury stocks		
Balance at beginning of year	1,170,611,970	1,064,611,970
Issuance during the first quarter	-	-
Balance	1,170,611,970	1,064,611,970
Subscribed	7,388,030	7,388,030
Subscription receivable	(1,367,688)	(1,367,688)
	6,020,342	6,020,342
ADDITIONAL PAID-IN CAPITAL	4,658,460	4,658,460
PAID-UP CAPITAL	1,181,290,772	1,075,290,772
Retained Earnings		
Balance at beginning of year	280,520,812	412,845,443
Net Income/(Loss) for the first quarter	(34,914,246)	19,004,546
Balance	245,606,566	431,849,989
Treasury Stock	(27,566,075)	(25,652,382)
	1,399,331,263	1,481,488,379

ANGLO PHILIPPINE HOLDINGS CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE PERIOD

	Jan. 1 to Mar 31 2009	Jan. 1 to Mar 31 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss/incidental income	(34,914,246)	(67,266,583)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	367,644	(334,999)
Decrease (increase) in:		
Receivables	(17,793,545)	19,559,580
Prepayments and other current assets	(67,103)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	6,416,036	(6,627,417)
Income Taxes Payable	-	(1,486,852)
Dividend Tax Payable	-	(2,193,864)
Pension Liability	(1,198,103)	3,761,935
Net cash used in operating activities	(47,189,317)	(54,588,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in deferred exploration and other charges	-	195,608
Decrease (increase) in:		
Investment in associates	37,438,813	37,438,813
Acquisitions of property and equipment	-	-
Net cash used in investing activities	37,438,813	37,634,421
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	(112,054,690)
Payment of borrowings	(500,000)	64,112,801
Purchase of Treasury Stocks	-	2,595,017
Cash dividends paid to stockholders	-	53,037,500
Net cash provided by financing activities	(500,000)	7,690,627
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,250,504)	(9,263,151)
CASH AND CASH EQUIVALENTS, BEGINNING	19,919,358	21,223,142
CASH AND CASH EQUIVALENTS, END	9,668,854	11,959,992

MINUTES OF THE ANNUAL MEETING OF STOCKHOLDERS

ANGLO-PHILIPPINE HOLDINGS CORPORATION

Held on June 27, 2008 at 3:00 p.m.
at the Palawan A and B Rooms, EDSA Shangri-La Manila
Ortigas Center, Mandaluyong City, Philippines

1. Call to Order

The Chairman, Mr. Alfredo C. Ramos, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Roberto V. San Jose, recorded the minutes of the proceedings.

2. Certification of Notice and Quorum

The Corporate Secretary certified that notice of the meeting was sent to all the stockholders in accordance with the By-laws of the Corporation. He further certified that, there being present in person or by proxy stockholders holding at least 65.5% of the outstanding capital stock, a quorum existed for the transaction of business. The list of stockholders in attendance is available at the office of the Corporation.

3. Approval of Minutes of Previous Meeting

The Chairman informed the stockholders that the next item in the agenda was the approval of the Minutes of the Annual Meeting of the Stockholders held on July 27, 2007. It appearing that the minutes of the said meeting had previously been distributed to the stockholders, on motion duly made and seconded, the reading of the minutes was dispensed with, and the same were unanimously approved.

4. Management Report

The next matter in the agenda was the Annual Report of Management. The President, Mr. Christopher M. Gotanco, presented the management report, copies of which were previously distributed to the stockholders together with the audited financial statements as of the fiscal year ended December 31, 2007. He emphasized that this year was the 50th year of existence of the Company, and

that the Company declared a cash dividend, for the first time, on its 49th year. Two (2) other dividends had been declared since that time, and the Board, at its meeting just prior to the stockholders' meeting, declared a 10% stock dividend, for the approval and confirmation of which a special stockholders' meeting will be called later this year as required by the Corporation Code. He expressed the hope that the Company would be able to declare regular dividends in the coming years.

A 10-minute audio-visual presentation of the Company was then made, showing briefly the history of the Company, its vision and mission statements, and its future plans. Mr. Francisco Navarro then reported on the Corporation's oil exploration activities.

After the reports, questions from the stockholders were entertained.

There being no more questions from the stockholders, and upon motion duly made and seconded, the Annual Report of Management, as presented by the President and Mr. Navarro, as well as the financial statements as of December 31, 2007, were duly noted and made part of the records of the Corporation.

5. Ratification and Approval of Corporate Acts

The Chairman stated that he would entertain a motion for the ratification of the acts of the Board of Directors, officers and management of the Corporation from the last annual stockholders' meeting to the present.

Whereupon, on motion duly made and seconded, the following resolution was unanimously approved:

"RESOLVED, that all acts, proceedings, transactions and agreements of the Board of Directors and Officers for and on behalf of the Corporation from the last stockholders' meeting up to the present be, as they hereby are, approved, confirmed and ratified."

6. Election of Directors

The Chairman then proceeded to take up the matter of electing directors for the Corporation for the year 2008-2009. Upon nomination duly made and seconded, the following were elected directors for the current year:

1. ALFREDO C. RAMOS
2. CHRISTOPHER M. GOTANCO

3. FRANCISCO A. NAVARRO
4. PRESENTACION S. RAMOS
5. AUGUSTO B. SUNICO
6. ADRIAN S. RAMOS
7. PATRICK V. CAOILE
8. VICTOR V. BENAVIDEZ
9. ROBERTO V. SAN JOSE
10. RENATO C. VALENCIA
11. RAMONCITO Z. ABAD

The Chairman then acknowledged Messrs. Abad and Valencia as the Corporation's independent directors.

7. Appointment of External Auditor

On motion duly made and seconded, the auditing firm KPMG Manabat Sanagustin & Co. was re-appointed external auditors of the Corporation for the current year.

8. Other Matters

On other matters, the President stated that while the success and present sound financial position of the Company could be attributed to many factors, among which was the dedication and loyalty of the staff and directors, both past and present, and the continuing support of the stockholders to the management, however, he would like to particularly cite the contribution of the Chairman, Mr. Alfredo C. Ramos. He stated that Mr. Ramos had been the moving force behind the Company, devoting not only time and effort but also putting at risk his personal and family resources in the form of advances and guarantees during the difficult times encountered by the Company in the past. He therefore moved for the approval of the following resolution:

"RESOLVED, that in recognition of his vision, efforts, dedication and sound stewardship which have been instrumental in enabling Anglo Philippine Holdings Corporation to surmount the many difficulties it encountered over the years in order to attain its present position as a financially sound, stable and responsible

Corporation, the stockholders express, as they hereby express, their gratitude and appreciation to Mr. Alfredo C. Ramos, Chairman of Anglo Philippine Holdings Corporation.”

9. Adjournment

There being no further business to transact, the meeting was thereupon adjourned.

ATTEST:

(SGD.) ALFREDO C. RAMOS
Chairman of the Meeting

(SGD.) ROBERTO V. SAN JOSE
Corporate Secretary

**MINUTES OF THE SPECIAL MEETING
OF STOCKHOLDERS**

ANGLO-PHILIPPINE HOLDINGS CORPORATION

September 19, 2008, 3:00 p.m.
6th Floor, Quad Alpha Centrum, 125 Pioneer, Mandaluyong City

1. Call to Order

Mr. Christopher M. Gotanco, as acting Chairman, called the meeting to order and presided over the same. The Corporate Secretary, Mr. Roberto V. San Jose, recorded the minutes of the proceedings.

2. Certification of Notice and Quorum

The Corporate Secretary certified that notice of the meeting was sent to all the stockholders in accordance with the By-laws of the Corporation. He further certified that, there being present in person or by proxy stockholders holding at least 73.77% of the outstanding capital stock, a quorum existed for the transaction of business. The list of stockholders in attendance is available at the office of the Corporation.

3. Approval of the Declaration of a 10% Stock Dividend

The acting Chairman noted that the Company's Board of Directors had previously approved the declaration of a Ten Percent (10%) stock dividend last June 27, 2008 and the same is now being submitted for approval by the stockholders in accordance with the requirements of the Corporation Code.

The proposed 10% stock dividend will be declared in favor of stockholders as of October 31, 2008 and, subject to compliance with the requirements of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), to be paid/issued on November 26, 2008.

After some discussion and clarification, upon motion duly made and seconded, stockholders representing at least 2/3 of the Company's outstanding capital stock unanimously approved the declaration of a Ten Percent (10%) stock

dividend to stockholders as of October 31, 2008 and, subject to compliance with the requirements of the SEC and PSE, to be paid/issued on November 26, 2008.

4. Adjournment

There being no further business to transact, the meeting was thereupon adjourned.

ATTEST:

(SGD.) CHRISTOPHER M. GOTANCO
Chairman of the Meeting

(SGD.) ROBERTO V. SAN JOSE
Corporate Secretary