

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Registrant as specified in its charter Filinvest Development Corporation

3. Philippines  
Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number 51048

5. BIR Tax Identification Code 000-053-167

6. No. 173 P. Gomez St. San Juan, Metro Manila 1500  
Address of principal office Postal Code

7. Registrant's telephone number, including area code (02)727-0431 to 55

8. April 30, 2008, 10:00 a.m., Ballroom 3, Mandarin Oriental, Makati Avenue, Makati City 1226  
Date, time and place of the meeting of security holders

9. March 31, 2008  
Approximate date on which the Information Statement is first to be sent or given to security holders

10. In case of Proxy Solicitations:

*Name of Person Filing the Statement/Solicitor:* \_\_\_\_\_

*Address and Telephone No.:* \_\_\_\_\_

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (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
Common	7,505,725,452

12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes  No

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:  
Philippine Stock Exchange; 5,958,123,852 common shares

**WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

**PART I.**

**A. GENERAL INFORMATION**

**Item 1. Date, Time and Place of Annual Meeting of Stockholders**

The annual stockholders' meeting of **FILINVEST DEVELOPMENT CORPORATION** (the "Company") is scheduled to be held on April 30, 2008, 10:00 a.m. at Ballroom 3, Mandarin Oriental, Makati Avenue, Makati City. The complete mailing address of the principal office of the Company is No. 173 P. Gomez Street, San Juan, Metro Manila, 1500.

This information statement shall be sent or given to stockholders beginning March 31, 2008.

**Item 2. Dissenters' Right of Appraisal**

A stockholder of the Company has the right to dissent and demand payment of the fair value of his shares in the following instances: (a) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence; (b) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code; (c) in case of investment of corporate funds in any other corporation or business or for any purpose other than the Company's primary purpose; and (d) in case of merger or consolidation.

The stockholder concerned must have voted against the proposed corporate action in order to avail himself of the appraisal right. As provided in the Corporation Code, the procedure in the exercise of the appraisal right is as follows:

- a) The dissenting stockholder files a written demand within thirty (30) days after the date on which the vote was taken. Failure to file the demand within the 30-day period constitutes a waiver of the right. Within ten (10) days from demand, the dissenting stockholder shall submit the stock certificates to the Company for notation that such shares are dissenting shares. From the time of the demand until either the abandonment of the corporate action in question or the purchase of the shares by the Company, all rights accruing to the shares shall be suspended, except the stockholder's right to receive payment of the fair value thereof.
- b. If the corporate action is implemented, the Company shall pay the stockholder the fair value of his shares upon surrender of the corresponding certificate/s of stock. Fair value is determined by the value of the shares of the Company on the day prior to the date on which vote is taken on the corporate action, excluding any appreciation or depreciation in value in anticipation of the vote on the corporate action.
- c. If the fair value is not determined within sixty (60) days from the date of the vote, it will be determined by three (3) disinterested persons (one chosen by the Company, another chosen by the stockholder, and the third one chosen jointly by the corporation and the stockholder). The findings of the appraisers will be final, and their award will be paid by the Company within (30) days following such award, provided the Company has sufficient unrestricted retained earnings. Upon such payment, the stockholder shall forthwith transfer his shares to the Company. No payment shall be made to the dissenting stockholder unless the Company has unrestricted retained earnings.
- d. If the stockholder is not paid within thirty (30) days from such award, his voting and dividend rights shall be immediately restored.

There is no matter to be taken up at the annual meeting on April 30, 2008 which entitles a dissenting stockholder to the exercise of the appraisal right.

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

No director or executive officer of the Company or nominee for election as such director or officer has any substantial interest, direct or indirect, in any matter to be acted upon at the annual stockholders' meeting, other than election to office. Likewise, none of the directors has informed the Company of his opposition to any matter to be taken up at the meeting.

## **B. CONTROL AND COMPENSATION INFORMATION**

### Item 4. **Voting Securities and Principal Holders Thereof**

#### (a) **Number of Shares Outstanding**

As of February 29, 2008, the total number of shares outstanding and entitled to vote in the annual stockholders' meeting is 7,505,725,452 shares. All of these are common shares, with each share entitled to one vote in accordance with the By-Laws of the Company.

#### (b) **Record Date**

The record date for purposes of determining the stockholders entitled to vote is March 30, 2008.

#### (c) **Cumulative Voting Rights**

Stockholders are entitled to cumulative voting in the election of directors of the Company, as provided for in the Corporation Code. Under Section 24 of the Corporation Code, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate 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 principle among as many candidates as he shall see fit: *Provided*, That the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the corporation multiplied by the whole number of directors to be elected. The stockholder must be a stockholder of record in order that he may exercise cumulative voting rights.

There are no conditions precedent to the exercise of the stockholders' cumulative voting right.

#### (d)(i) **Security Ownership of Certain Record and Beneficial Owners**

The names, addresses, citizenship, number of shares held, and percentage to total of persons owning more than five percent (5%) of the outstanding voting shares of the Company (all common) as of February 29, 2008 are as follows:

<b>Title of Class</b>	<b>Name and Address of Record Owner/ Relationship with Company</b>	<b>Name of Beneficial Owner/ Relationship with Record Owner</b>	<b>Citizenship</b>	<b>No. of Shares Held</b>	<b>Percentage Held</b>
Common	ALG Holdings Corporation ("ALGHC") <sup>1</sup> 173 P. Gomez Street, San Juan, Metro Manila/ Majority Owner of the Company	N.A.	Filipino	5,758,870,731 (R)	76.7%
Common	Trust for Michael Gotianun 173 P. Gomez Street, San Juan, Metro Manila/ Trustee is a Vice President of the Company	Michael Gotianun/ Beneficiary of Record Owner	Filipino	415,337,720 (R)	5.53%

Total number of shares of all above named record and beneficial owners as a group is 6,174,208,451 shares, or 82.23%.

Except as stated above, the board of directors and management of the Company have no knowledge of any person who, as of the date of the annual report was directly or indirectly the beneficial owner of more than five percent (5%) of the Company's outstanding shares of common stock or who has voting power or investment power with respect to shares comprising more than five percent (5%) of the Company's outstanding common stock.

#### (d)(ii) **Security Ownership of Management**

The names, citizenship, number of shares held and percentage to total of persons forming part of the management of the Company as of February 29, 2008 are as follows:

<sup>1</sup> Mr. Andrew L. Gotianun Sr. and Josephine G. Yap are typically named by ALGHC as its proxy to vote at the annual meeting of stockholders the shares owned and held by it in the Company.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Ownership
Common	Andrew L. Gotianun, Sr.	1,458 (D)	Filipino	Negligible
Common	Mercedes T. Gotianun	3,078,554 (D)	Filipino	Negligible
Common	Andrew T. Gotianun, Jr.	1,554 (D)	Filipino	Negligible
Common	Jonathan T. Gotianun	339,975,901 (D)	Filipino	4.5281%
Common	Lourdes Josephine G. Yap	340,091,901 (D)	Filipino	4.5311%
Common	Andrew L. Gotianun, Sr. and/or Mercedes T. Gotianun	27,325,000 (D)	Filipino	0.36%
Common	Michael Edward T. Gotianun	38,218,799 (D)	Filipino	0.509%
Common	Lamberto U. Ocampo	1 (D)	Filipino	Negligible
Common	Cirilo T. Tolosa	1 (D)	Filipino	Negligible
Common	Nelson M. Bona	20,000 (D)	Filipino	Negligible
N.A.	Pablito A. Perez	0	Filipino	N.A.
N.A.	Abner C. Gener Jr.	0	Filipino	N.A.

Total ownership of all directors and officers as a group is 748,713,171 shares or 9.97%.

(d)(iii) **Voting Trust Agreement**

There is no person who holds more than five percent (5%) of the common stock under a voting trust or similar agreement.

(e) **Change in Control**

No change in control of the Company has occurred since the beginning of its last fiscal year.

**Item 5. Directors and Executive Officers**

(a)(i) Members of the Board serve for a term of one year and until their successors shall have been duly elected and qualified. The business experience of the directors and officers of the Company named below cover at least the past five years. The following are the current directors and executive officers of the Company:

The table below sets forth the members of the Company's Board and its executive officers as of February 29, 2008.

**Andrew L. Gotianun, Sr.**  
*Chairman Emeritus and Director*

Mr. Gotianun, 80, Filipino, is the founder of the Filinvest group of companies and is presently serving in various capacities in the member companies of the group, including Filinvest Alabang, Inc. ("FAI"), EastWest Banking Corporation ("EWBC") where he is Chairman, and Pacific Sugar Holdings Corporation ("PSHC") where he is Chairman and President. He has been a director of the Company for more than five years.

**Jonathan T. Gotianun**  
*Chairman*

Mr. Gotianun, 53, Filipino, is a Director of Filinvest Land, Inc. ("FLI") and the President of Davao Sugar Central Company, Inc., High Yields Sugar Farms Corporation and Cotabato Sugar Central Company, Inc., and Vice-Chairman of EWBC. He served as director and Senior Vice President of Family Bank & Trust Co. until 1984. He obtained his Master's Degree in Business Administration from Northwestern University in 1976.

**Josephine Gotianun Yap**  
*President, Chief Executive Officer and Director*

Mrs. Yap, 52, Filipino, is a Director of FLI, the Executive Vice-President of FAI and the President of The Palms Country Club, Inc. She obtained her Master's Degree in Business Administration from the University of Chicago in 1977. She has been President of the Company since 2000.

**Mercedes T. Gotianun**  
*Director*

Mrs. Gotianun, 79, Filipino, is the senior advisor to FLI and a director of FAI. She was involved in the operations of Family Bank and Trust Co. since its founding in 1970 and was President and Chief Executive Officer of the bank from 1978 to 1984. She obtained her university degree from the University of the Philippines. She has been a director of the Company for over five years.

<b>Andrew T. Gotianun, Jr.</b> <i>Director</i>	Mr. Gotianun, 56, Filipino, is the Vice-Chairman of FLI. He served as director of Family Bank and Trust Co. from 1980 to 1984. He has been in the realty business for more than 16 years. He has been a director of the Company for over five years.
<b>Lamberto U. Ocampo</b> <i>Independent Director</i>	Mr. Ocampo, 82, Filipino, is also an independent director of FLI. He is a Civil Engineer by profession. He served as director of DCCD Engineering Corporation from 1957 to April 2001, as its Chairman of the Board from 1993 to 1995, and President from 1970 to 1992. He obtained his Master's Degree in Engineering from the University of California-Berkeley.
<b>Cirilo T. Tolosa</b> <i>Independent Director</i>	Mr. Tolosa, 68, Filipino, has been a director of FLI since 2007. He was a partner at the law firm Sycip Salazar Hernandez and Gatmaitan whose areas of expertise are corporate law, banking and real estate. He retired from the law firm in February 2005, and is at present a partner in the law firm Tolosa Romulo Agabin and Flores.
<b>Michael Edward T. Gotianun</b> <i>Vice President</i>	Mr. Gotianun, 50, is a director of FLI, FAI, and Festival Supermall, Inc. He served as a general manager at Filinvest Technical Industries from 1987 to 1990 and as loans officer at Family Bank and Trust Co. from 1979 to 1984. He obtained his Bachelor's Degree in Business Management from the University of San Francisco in 1979.
<b>Nelson M. Bona</b> <i>Senior Vice-President and Treasurer*</i>	Mr. Bona, 57, Filipino, was formerly Executive Vice-President of EWBC and Managing Director of Millennia Broadband Communications, Inc. and Filinvest Capital, Inc.
<b>Pablito A. Perez</b> <i>Corporate Secretary</i>	Mr. Perez, 51, Filipino, joined the Company in 2005. He is also the Corporate Secretary of FLI. He holds a Master of Laws degree from the University of Pennsylvania and is currently Deputy Dean of the San Beda College of Law.
<b>Abner C. Gener Jr.</b> <i>Assistant Corporate Secretary</i>	Mr. Gener, 37, Filipino, joined the Company in September 2000. He is also the Assistant Corporate Secretary of FLI and the Corporate Secretary of FAI.

The directors of the Company are elected at the annual stockholders' meeting to hold office until their respective successors have been duly appointed or elected and qualified. Officers are appointed or elected by the Board of Directors typically at its first meeting following the annual stockholders' meeting, each to hold office until his successor shall have been duly elected or appointed and qualified.

(a)(ii) ***Certain Relationships and Related Transactions***

In the normal course of business, the Company and the other members of the Filinvest group of companies enter into certain related-party transactions consisting of advances and inter-company charges. Noteworthy among the related-party transactions entered into by the Company since the last annual meeting of stockholders held on June 15, 2007, is the acquisition by the Company of 9,999,990 shares of ALG Holdings Corporation ("ALGHC") in Pacific Sugar Holdings Corporation, in exchange for the issuance by the Company of 1,550,000,000 shares to ALGHC.

On September 10, 2007, the Company entered into a memorandum of agreement with its subsidiary bank, EastWest Banking Corporation ("EWBC") for the construction of two-high rise residential condominium towers with an office podium on a 3,889 sqm.-lot of the Company in The Fort Global City in Taguig City. EWBC will own the office podium and locate its head office there.

To consolidate its ownership in EWBC, the Company paid ₱500 million to EWBC representing full payment of the Company's subscription to an additional 50,000,000 EWBC common shares. In a deed of exchange dated December 21, 2007, the Company also subscribed to 4,714,105 shares of another subsidiary, FDC Forex Corporation ("FFC"), to be issued out of the increase in the latter's capital stock, in exchange for the same number of shares that the Company owns in EWBC. The Company will further subscribe to an additional ₱1 billion-worth of FFC shares, and FFC will in turn subscribe to ₱1 billion-worth of EWBC shares.

There were no transactions during the last two years, or any proposed transactions, to which the Company was or is to be a party, in which any director or executive officer of the Company, any nominee for election as such director or executive officer, any security holder, or any member of the immediate family of any of the foregoing persons, had or is to have a direct or indirect material interest.

(a)(iii) ***Election of Members of the Board***

**(a)(iii) Election of the Members of the Board**

There will be an election of the members of the Board during the annual stockholders' meeting. The stockholders of the Company may nominate individuals to be members of the Board of Directors. The deadline for submission of nominees is April 23, 2008.

All nominations for directors, including the independent directors, shall be addressed to the following:

THE NOMINATION COMMITTEE  
c/o THE CORPORATE SECRETARY  
FILINVEST DEVELOPMENT CORPORATION  
2<sup>nd</sup> Floor, FDC Building, 173 P. Gomez St.  
San Juan, Metro Manila  
Fax No. 725-6328

and signed by the nominating stockholders together with the acceptance and conformity by the nominees on or before April 23, 2008 at 5:00 p.m. All nominations should include (i) the curriculum vitae of the nominee, (ii) a statement that the nominee has all the qualifications and none of the disqualifications, (iii) information on the relationship of the nominee to the stockholder submitting the nomination, and (iv) all relevant information about the nominee's qualifications.

The Nomination Committee created under the Company's Manual on Corporate Governance endorsed the nominees of ALG Holdings Corporation to the Board of Directors, as well as the nominees for independent directors of Mr. Luis T. Fernandez, a stockholder, for reelection at the upcoming annual stockholders' meeting, in accordance with the qualifications and disqualifications set forth in the Manual, as follows:

Qualifications

- (1) He is a holder of at least one (1) share of stock of the Company;
- (2) He shall be at least a college graduate or have sufficient experience in managing the business to substitute for such formal education;
- (3) He shall be at least twenty one (21) years old;
- (4) He shall have proven to possess integrity and probity; and
- (5) He shall be assiduous.

Disqualifications

- (1) Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions;
- (2) Any person finally found by the Securities and Exchange Commission or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or Bangko Sentral ng Pilipinas, or any rule, regulation or order of the Securities and Exchange Commission or Bangko Sentral ng Pilipinas;
- (3) Any person judicially declared to be insolvent;
- (4) Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and
- (5) Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment.

- (6) All other grounds for disqualification under the Articles of Incorporation and By-Laws of the Company.

#### Temporary Disqualifications

- (1) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists;
- (2) Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month-period during said incumbency. This disqualification applies for purposes of the succeeding election;
- (3) Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- (4) Being under preventive suspension by the Company;
- (5) If the independent director becomes an officer or employee of the Company he shall be automatically disqualified from being an independent director;
- (6) Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

#### Recommended Directors For 2008-2009

The Nomination Committee of the Board of Directors of the Company has determined that the following, a majority of whom are incumbent directors, possess all the qualifications and none of the disqualifications for directorship set out in the Company's Manual on Corporate Governance, duly adopted by the Board pursuant to SRC Rule 38.1 and SEC Memorandum Circular No. 16, Series of 2002. Below is the list of candidates prepared by the Nomination Committee:

Andrew L. Gotianun Sr.  
Mercedes T. Gotianun  
Andrew T. Gotianun, Jr.  
Jonathan T. Gotianun  
Josephine G. Yap  
Lamberto U. Ocampo (as independent director)  
Cirilo T. Tolosa (as independent director)

#### Independent Directors

The Nomination Committee, upon nomination by Mr. Luis T. Fernandez and following the guidelines provided under the Club's Manual on Corporate Governance, named Lamberto U. Ocampo and Cirilo T. Tolosa as nominees for this year's annual meeting as independent directors. Messrs. Ocampo and Tolosa are incumbent independent directors of the Company. The Nomination Committee has determined that these nominees for independent directors continue to possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Manual of Corporate Governance.

Before the annual meeting, a stockholder of the Company may nominate individuals to be independent directors, taking into account the following guidelines:

- A. "Independent director" means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any corporation that meets the requirements of Section 17.2 of the Securities Regulation Code and includes, among others, any person who:
  - i. is not a director or officer or substantial stockholder of the Company or of its related companies or any of its substantial shareholders (other than as an independent director of any of the foregoing);

- ii. is not a relative of any director, officer or substantial stockholder of the Company, any of its related companies or any of its substantial stockholders. For this purpose, "relative" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
  - iii. is not acting as a nominee or representative of a substantial stockholder of the Company, any of its related companies or any of its substantial stockholders;
  - iv. has not been employed in any executive capacity by the Company, any of its related companies or by any of its substantial stockholders within the last five (5) years;
  - v. is not retained as professional adviser by the Company, any of its related companies or any of its substantial stockholders within the last five (5) years, either personally or through his firm;
  - vi. has not engaged and does not engage in any transaction with the Company or with any of its related companies or with any of its substantial stockholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial stockholder, other than transactions which are conducted at arm's length and are immaterial or insignificant.
- B. When used in relation to the Company subject to the requirements above:
- i. Related company means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and
  - ii. Substantial shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.
- C. An independent director shall have the following qualifications:
- i. He shall have at least one (1) share of stock of the Company;
  - ii. He shall be at least a college graduate or he shall have been engaged in or exposed to the business of the Company for at least five (5) years;
  - iii. He shall possess integrity/probity; and
  - iv. He shall be assiduous.
- D. No person enumerated under Section II(5) of the Manual of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes:
- i. He becomes an officer or employee of the Company, or becomes any of the persons enumerated under item (A) hereof;
  - ii. His beneficial security ownership exceeds 10% of the outstanding capital stock of the Company;
  - iii. Fails, without any justifiable cause, to attend at least 50% of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family;
  - iv. Such other disqualifications as the Manual on Corporate Governance may provide.

The Nomination Committee receives nominations for independent directors as may be submitted by the stockholders. After the deadline for the submission thereof, the Nomination Committee meets to consider the qualifications as well as grounds for disqualification, if any, of the nominees based on the criteria set forth in the Company's Manual on Corporate Governance and Rule 38 of the Securities Regulation Code. All nominations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. The Nomination Committee shall then prepare a Final List of Candidates enumerating the nominees who passed the screening. The name of the person or group of persons who recommends nominees as independent directors shall be disclosed along with his or their relationship with such nominees.

Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nomination shall be entertained or allowed on the floor during the annual meeting.

The conduct of the election of independent directors shall be made in accordance with the standard election procedures of the Company and its by-laws. It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent directors. He shall ensure that independent directors are elected during the annual meeting. Specific slots for independent directors shall not be filled up by unqualified nominees. In case of failure of election for independent directors, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.

(a)(iv) **Other Significant Employees**

The Company has no significant employees other than those already mentioned above.

(a)(v) **Family Relationships**

Mr. Andrew L. Gotianun, Sr. is married to Ms. Mercedes T. Gotianun, and together they are the parents of Messrs. Andrew T. Gotianun, Jr., Jonathan T. Gotianun and Michael Edward T. Gotianun, and Ms. Josephine G. Yap.

(a)(vi) **Involvement in Certain Legal Proceedings**

The Company is not aware of any legal proceedings where its directors or executive officers have been impleaded in their capacity as directors or executive officers of the Company.

The Company is not aware of the occurrence of any of the following events within the past five years up to the date of this annual report: (a) any bankruptcy petition filed by or against any business in which any of its directors or officers was a general partner or officer either at the time of the bankruptcy or within two years prior to that time; (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, of, or any criminal proceeding, domestic or foreign, pending against, any of its directors or officers in his capacity as such director or officer; (c) 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 of any of its directors or officers in any type of business, securities, commodities or banking activities, and (d) any finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or electronic marketplace or self regulatory organization that any of its directors or officers has violated a securities or commodities law, and the judgment has not been reversed, suspended or vacated, which occurred during the past five years.

Item 6. **Compensation of Directors and Executive Officers**

(a)(i) **Summary Compensation Table**

(a) Name and Principal Position	(b) Year	(c) Salary (P)	(d) Bonus (P)	(e) Other Annual Compensation	TOTAL
Jonathan T. Gotianun <i>Chairman</i>					
Josephine G. Yap <i>President and Director</i>					
Andrew L. Gotianun Sr. <i>Director</i>					
Mercedes T. Gotianun <i>Director</i>					
Andrew T. Gotianun Jr. <i>Director</i>					
Lamberto U. Ocampo <i>Independent Director</i>					
Cirilo T. Tolosa <i>Independent Director</i>					
All officers and directors as a group unnamed	2008-Est.	36.0 Million	7.2 Million	-	43.2 Million
	2007	36.0 Million	7.2 Million	-	43.2 Million
	2006	18.7 Million	1.6 Million	-	20.3 Million

(a)(ii) **Compensation as Directors**

Except for a per diem of ₱25,000 being paid to each director for every meeting attended, there are no other arrangements for the payment of compensation or remuneration to the directors in their capacity as such.

(a)(iii) **No Action to be Taken on Bonus, Profit Sharing, Warrants, Etc.**

There is no action to be taken at the annual meeting of the stockholders on April 30, 2008 with respect to any bonus, profit sharing or other compensation plan, contract or arrangement, and pension or retirement plan, in which any director, nominee for election as a director, or executive officer of the Company will participate. Neither is there any proposed grant or extension to any such person of any option, warrant or right to purchase any securities of the Company.

**Item 7. Independent Public Accountants**

The auditing firm of Sycip, Gorres, Velayo & Co. ("SGV") is the current independent auditor of the Company. The Company has not engaged any other independent auditor in the past. There have been no disagreements with SGV on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

In compliance with SEC Memorandum Circular No. 8, series of 2003, the Company changed engagement partners of the said auditing firm in the latter part of 2003. Since then, the engagement partner assigned to the Company is Mr. Ramon D. Dizon.

**Item 8. No Action to be Taken on any Compensation Plan**

There is no action to be taken at the annual stockholders' meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

**C. ISSUANCE AND EXCHANGE OF SECURITIES**

**Item 9. Authorization or Issuance of Securities other than for Exchange**

(1) Common or Preferred Stock

There is no action to be taken at the annual stockholders' meeting with respect to the authorization or issuance of any securities otherwise than for exchange for outstanding securities of the Company.

(2) Debt Securities

There are no debt securities to be registered by the Company and offered to the public.

**Item 10. Modification or Exchange of Securities**

There is no action to be taken at the annual stockholders' meeting with respect to the modification of any class of securities of the Company, or the issuance or authorization of any class of securities of the Company in exchange for outstanding securities of any other class.

**Item 11. Financial and Other Information**

(a) **Information Required**

(1) **Audited Financial Statements**

The audited financial statements of the Company for the year ended 2007 are attached to form an integral part hereof.

(2) **Management's Discussion and Analysis and Plan of Operation**

**Result of Operations**

• **2007**

On June 29, 2007, to further diversify its business, the Company acquired from its parent company, ALG Holdings Corporation ("ALGHC"), a 100% ownership interest in Pacific Sugar Holdings Corporation ("PSHC") in exchange for

1,550,000,000 shares of its common stock. PSHC wholly owns and controls three subsidiaries, namely, Davao Sugar Central Company, Inc. ("DSCC"), Cotabato Sugar Central Company, Inc. ("CSCC"), and High Yield Sugar Farms Corporation ("HYSFC"). PSHC and its subsidiaries are primarily engaged in the business of sugarcane farming and milling and trading its products. DSCC owns and operates a raw sugar mill and a refinery in Guhing, Hagonoy, Davao del Sur while CSCC owns and operates a raw sugar mill located in Kilada, Matalam, North Cotabato. HYSFC, on the other hand, is engaged in sugarcane planting in Mindanao. This acquisition allows the Company to tap into the productive sugar industry and opportunities to venture into allied businesses such as alternative fuel production. The assignment likewise provides an expanded and well-diversified revenue base for the Company.

In February 2007, the residential property development subsidiary of the Company, Filinvest, Land Inc. ("FLI"), achieved a record-breaking success with its follow-on offering where it issued 3.7 billion new common shares. The follow-on offering was more than five times oversubscribed, raising around \$204 million for both the primary and secondary offerings. The offering raised additional funds for FLI's ₱5 billion capital expenditure budget for 2007.

In the same month, the Filinvest Group's commercial property development arm Filinvest Alabang, Inc. ("FAI") sold 2,509,852,590 shares of its holdings in FLI at ₱1.60 per share to outside investors during the aforementioned FLI follow-on offering. Proceeds received from this transaction amounted to about ₱3.8 billion.

In accordance with the Philippine Interpretation Committee (PIC) release on revenue recognition of real estate sales, the Company has voluntarily changed its revenue recognition policy on the sale of subdivision lots and housing units to full accrual method from the installment method in accounting for its real estate sales. Revenue from sales of substantially completed projects, where collectivity of sales price is reasonably assured, is accounted for using the full accrual method. Collectivity of sales price is reasonably assured when at least 20% of the total price has been paid.

Net income for the year amounted to ₱2.9 billion or an increase of 39% over last year. A one-time gain of ₱ 2.4 billion was recorded to effect the changes in equity interest in FLI resulting from the primary and secondary offerings as discussed.

#### *Real Estate Operations*

Real estate operations contributed ₱4.0 billion in net revenue, lower by 14% compared to last year. Sales of lots, condominium and housing units, and membership club shares amounted to ₱4.0 billion, 22% higher than last year's ₱3.2 billion. Higher sales came from the residential sector particularly the low cost and affordable housing segments. Also contributing to the increased sales are new projects launched by FLI in the regional areas and additional residential condominium of FAI. Mall and rental revenues continuously improved to ₱1.2 billion from ₱1.1 billion in 2006. This was due to the escalation of rental rates and improved tenant occupancy in PBCom Tower (which is 50%-owned by FLI's subsidiary, Filinvest Asia Corporation ["FAC"]). Despite the higher rent in PBCom Tower, occupancy remained at 100%. Adding to the growing number of tenants were the new locators at Plaz@s D and A owned by another FLI subsidiary, Cyberzone Properties, Inc. ("CPI"), in Northgate Cyberzone, Filinvest Corporate City, which opened during the year.

With the significant prepayment of high-cost long-term debts, interest expense went down largely causing the total operating expenses to decline by 5% to ₱2.4 billion from ₱2.5 billion in 2006. Higher expenditures were incurred for selling and marketing, EDP charges, taxes and licenses (as a consequence of improved sales), and transportation (as a result of FLI's additional regional projects).

#### *Financial and Banking Operations*

Financial and banking services net revenue went up by 52%, from ₱1.3 billion in 2006 to ₱1.9 billion in 2007, mostly coming from interest income with the increase in loans, particularly auto and credit card loans. Interest income from securities investment contributed likewise. In spite of increases in interest income, cost of financial and banking services declined by 1% as a result of the EastWest Banking Corporation's move to improve its deposit mix in favor of the low cost deposits.

With the growth in the volume of business, operating expenses increased by 22% principally from higher salary and employee benefits, and credit card service charges.

#### *Sugar Operations*

A total of ₱118.5 million was contributed by PSHC and its sugar subsidiaries to the net revenue of the Group since the purchase of PSHC on June 29 to September 30, 2007, the end of PSHC's fiscal year. Operating expenses amounted to ₱60.1 million.

## Financial Condition

As of December 31, 2007, total consolidated assets were at ₱114.7 billion, stockholders' equity at ₱58 billion while total liabilities at ₱ 57.6 billion. The yearend debt-to-equity ratio was 0.17:1 which was a remarkable improvement from 2006's yearend of 0.33:1.

Total assets expanded by ₱29.0 billion largely due to the acquisition of PSHC and its subsidiaries on June 29, 2007 where Goodwill was recognized amounting to ₱10 billion. The 1.55 billion common shares issued by the Company were valued at its closing price of ₱7.20 per share on the date of subscription. PSHC and the businesses of its subsidiaries were valued by an independent firm at minimum of ₱15.5 billion.

Cash and Cash Equivalents ballooned to ₱14.8 billion or 71% higher than the December 2006 level, mainly sourced from additional loans availed by the Company and its real estate subsidiaries (₱4.2 billion), proceeds from rediscounting of receivables (which caused an increase in accounts payable by ₱1.5 billion or 27%) and increase in volume of deposits (which caused an increase in deposit liabilities by ₱5.4 billion or 22%). Funds generated by the Company and its real estate subsidiaries are intended to finance ongoing and future developments and for the investment opportunities.

Property and Equipment grew by ₱5.7 billion or 538% mainly due to the additional development works in the Northgate Property located at Filinvest Corporate City, which is operated by FLI's subsidiary, CPI. Also contributing to the increase is the addition of PSHC's properties and equipment consisting mainly of the sugar mills in Davao del Sur and North Cotabato amounting to ₱1.5 billion.

Loans and Receivables from real estate operations was higher by ₱1.5 billion or 21% which is generally attributed to attractive in-house financing schemes offered by the Company during the period.

Loans from financial and banking services went up by ₱4.3 billion or 33% mainly credited to successful auto loan and credit card campaigns. Also intercompany loans amounting to ₱1.6 B and outstanding as of December 31, 2006 were fully paid during the period, paving for higher available funds loaned to other customers.

Other significant movements in assets were in Land and Land Developments, Loans and receivables from Sugar manufacturing operations, Inventories, Investments in Securities *i.e.* Financials Assets at Fair Value Through Profit or Loss (FVPL), Available-for-Sale (AFS), Held-to-Maturity (HTM). The completed additional buildings in Northgate Cyberzone were reclassified to Investment Property from Property and Equipment. Also, the remaining land in Northgate Cyberzone available for building constructions was reclassified to Property and Equipment prompting the decline in Land and Land Developments. The acquisition of PSHC resulted to additions of its Loans and Receivables and Inventories. Regular maturities in investment in securities in AFS and HTM caused its decline by 35% and 5%, respectively.

Total liabilities went up to ₱57.1 billion. Serious efforts were made to retire higher-cost long-term debts with funds mainly sourced from FLI's primary and secondary follow-on offerings. Additional loans were obtained to fund development projects and to support financial plans by the Company, minimizing the effect of prepayments. Long-term debt slightly went down by ₱1 billion or 10% only.

Deposit liabilities meanwhile expanded to ₱30.2 billion due to successful deposit campaigns of EWBC. Accounts and Accrued Expenses went up by ₱1.5 billion or 27% with the inclusion of PSHC accounts payables, increases in customers' deposits and advances, rediscounted receivables, and proportionate share in joint venture accounts of FLI which were taken up during the period. Bills and acceptances payable increased by 140% with the increase in borrowings from *Bangko Sentral ng Pilipinas* (BSP) mainly used to support the higher reserve requirement by the Central Bank.

Common stock issued went up by 26% due to the additional 1.55 billion shares issued to ALGHC in exchange for a 100% ownership interest in PSHC. The shares with a par value of ₱1.00 each share were valued at its closing price of ₱7.20 per share on the date of exchange, and the excess of the price over the par value was credited to additional paid-in capital causing it to increase by ₱9.6 billion.

Cash dividends were declared during the period by both the parent company and subsidiary FAI from their respective unappropriated retained earnings. The Company declared a total cash dividend of ₱119 million or ₱0.02 per share, while FAI declared ₱0.045 per share or a total of ₱270 million.

Interests of the minority shareholders went up to ₱13 billion or by 162% caused by the issuance of new common shares by FLI and divestment of FLI shares by FAI resulting to a decline in consolidated effective ownership of the Company in FLI, from 65% to 47%.

The Company has no material commitments for capital expenditures, except for the ongoing development of its Seascope Project in Cebu, project developments of its real estate subsidiaries, and the initial expenses necessary for the new branches of its bank subsidiary, which expenditures can be adequately covered by the operating cash flow and availment of medium and long term development loans. There are no events or uncertainties that are reasonably expected to have a material impact on the Company's short term or long-term liquidity or on the Company's revenues from continuing operations.

### Performance Indicators

	<u>As of and for the Year Ended December 31, 2007</u>	<u>As of and for the Year Ended December 31, 2006</u>
<b>Earning per share (basic)</b>	₱0.431 /share	₱0.349 /share
<u>Net Income</u>		
Weighted average number of outstanding shares		
<b>Price Earnings Ratio</b>	3.16 times	3.15 times
<u>Closing Price</u>		
Earnings Per Share		
<b>Return on Net Revenue</b>	48 %	35 %
<u>Net Income</u>		
Total Net Revenue		
<b>Debt to equity ratio</b>	0.17: 1	0.33: 1
<u>Notes Payable &amp; Long-term Debt</u>		
Total Stockholders' Equity		
<b>EBITDA to Total Interest Paid</b>	14.13 times	2.66 times
<u>EBITDA</u>		
Total Interest Pament		

Earnings per share was ₱0.431 while Price Earnings (PE) Ratio is 10.44 times. The growth in EPS is due to higher net income during the period as earlier discussed. Higher PE ratio was primarily due to the significant improvement in EPS, with the stock closing at ₱1.36 per share in December 2007 versus ₱1.10 per share in December 2006.

The higher net income pulled up Return on Net Revenue and EBITDA to Total Interest Paid. Likewise the lower cost of debt caused by lower borrowing rates caused the significant improvement in EBITDA to Total Interest Paid.

Retirement of higher-cost long-term debts pulled down Debt-to-Equity ratio to 0.18:1.

(Note: In the computation of annualized net income, the gain resulting from changes in equity interest in FLI was considered.)

### Other Disclosures

1. The operating activities of the Company are carried out uniformly over the calendar year.
2. Except as disclosed above, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
3. There are no changes in estimates of amounts reported in the previous period that have material effects in the current period.
4. Except for those discussed above, there are no issuances, repurchases and repayments of debt and equity securities.

5. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the interim period, except as discussed in the results of operations and financial conditions.
6. The Company derives its revenues from the following reportable segments:

Real estate which involves acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential housing and condominiums and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

Banking and financial services which involve commercial and banking operations, including generations of savings, current and time deposits in pesos and foreign currencies; commercial mortgage and agribusiness loans; payment services, provision of credit card facilities, fund transfer, international trade settlements and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; and safety deposit facilities.

Sugar Milling Operations (on the results of its operations for the period July to September 2007), which involves planting and harvesting of sugar cane, milling of canes into raw sugars, conversions of raw sugars into refined sugar and trading of the products.

7. Except as discussed above, there are no material events subsequent to September 30, 2007 up to the date of this report that have not been reflected in the financial statements for the interim period.
8. There have been no changes in the composition of the Company during the interim period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations, except as discussed in the Developments of the Company and Management Discussion on its Results of Operations.
9. There are no changes in contingent liabilities or contingent assets since December 31, 2006.
10. There are no material contingencies and any other events or transactions affecting the current interim period.
11. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
12. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.
13. There are no significant elements of income or loss, except as discussed above, that did not arise from the Company's continuing operations.
14. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

#### • 2006

Consolidated net income for 2006 amounted to ₱2.08 billion or 191% higher than 2005's ₱0.71 billion as a result of the following:

Real estate operations posted 7% growth in net revenue, to ₱4.7 billion from ₱4.3 billion in 2005.

Sale of lots, condominium and residential units, and membership club shares collectively grew by 14% to ₱3.25 billion. Sale of lots and house and lot packages almost came from all real estate sectors, and new projects generated substantial contribution to sales. In the residential sector, sales came mostly from *Palm Ridge* in Batangas (affordable), *Sta. Isabel* in Mission Hills (middle-income), *Villa Mercedes II* in Davao (middle-income), and *Brentville* in Laguna (high-end). The residential farm estate sector contributed increases in the number of lots sold in *Forest Farm* and *Nusa Dua*, in addition to the transfer of lots to FLI's subsidiary, Filinvest All Philippines Inc. Higher recorded sales for *Bellevue*, *Belevedere* and *Blue Isle* subdivisions spurred the growth in sales of socialized housing sector. Intensive marketing activities, promotions and incentives, the availability of affordable financing packages, and attractive pricing, coupled with strong OFW demand and strong government support, are the major reasons cited for the good project sale performance. In the commercial development sector, sale of condominiums has improved mainly due to strong performance of FAI in

selling *Westparc Alder* and *Westparc Birch* condominium units. For club shares, 118 shares were sold in 2006 compared to 77 in the previous year. Deferred gross profit went down by 65% as a result of lower sales booked under the installment method, and part of the sales booked during the year came from bank-financing, deferred cash payment, and PAG-IBIG financing.

In the leasing sector, Mall and rental revenues, accounting for 21% of consolidated net revenue, provided an increase of 26% over the previous year's. The Festival Supermall continuously provided a steady source of revenue. Latest additions to its 600-roster of stores were known brands such as Powerbooks, People R People, and EP Espada from Thailand. Additions to the dining choices were Las Paellas, The Old Spaghetti House, Cabalen, Sid Sports Bar, Giligan's Island, and Aplaya. In the office sector, FAC maintained its 100% occupancy status in PBCOM Tower while rental rates escalated by 20%. The stronger demand for BPO/contact center locations was cited as the major reason for the good rental revenue performance. The same reason was referred to for the almost 100% occupancy of CPI's buildings in Northgate Cyberzone. Capitalizing on its location, which is south of Metro Manila, the zone has expanded to reach a GLA of 61,533 sq. meters to accommodate the strong demand for BPO offices. In 2006, newest additions to its growing list of tenants are, Genpact LLC, eTelecare, Firstsource Solutions, and Verizon Communications Phil. Further, the Convergence Block which caters to the 24/7 community in area, opened in the third quarter of 2006 and houses Informatics International College, Advanced Research and Competency Development Institute, YBM school.

Other income growth was attributed to higher amortization during the year of deferred income arising from the exchange of parcels of land between FDC, FAI and FLI in 1996 which gain was initially deferred subject to the eventual development and sale of lots to a third party.

Real estate operating expenses grew by 10% mainly as a result of: higher selling and marketing expenses as a result of product launchings, special events, advertisements and overhead costs incurred by newly established sales offices as part of the Company's aggressive marketing campaign during the year, in addition to the higher brokers' commissions and incentives as a result of increase in sales; higher interest expense due to increase in loans but however expected in 2007 to taper off with the replacement of high-cost loans and prepayments of some loans; higher provision for impairment of assets; and higher miscellaneous expenses resulting from the integration of FLI's computer systems and expenses relating to a corporate advertising campaign in 2006.

Banking operations net revenue remained steady in 2006 registering ₱1.3 billion. Interest income slightly declined which was attributed to lower interest rates, specifically in regular government securities that went down to 4% during the year compared to 7% in 2005. This decline was offset by the growth in Other Income mainly coming from service charges, fees and commissions. Banking operating expenses increased by 18% mainly: from higher provision for probable losses; increased Gross Receipt Tax for Other Income, from 5% in 2005 to 7% in 2006; and all other operating expenses as a result of expanded activities during 2006.

Extraordinary gain of ₱631.6 million arose from the conversion by FDC of FLI bonds purchased from Reco Grandhomes Pte. Ltd. ("Reco"), a Singaporean company, into common shares of FLI. This resulted in an increase in the Filinvest Group's interest ownership in the net assets of FLI to 57% and reducing the minority interest to 43%. The Group recognized ₱ 631.6-million gain on changes in equity interest in a subsidiary.

As a result, the Group posted in 2006 ₱2.6 billion of Income Before Income Tax or a 185% increase over 2005's. Income tax was at the same level, bringing the Net Income to ₱2.1 billion.

The Group's total assets stood at ₱85.7 billion, an increase of ₱7.4 billion or 9% over 2005 level of ₱78.2 billion. The growth mainly came from increases in Cash and Cash Equivalents, Loans and Receivables, AFS Financial Assets, and Land and land development, partially offset by decline in Other Assets.

Cash and cash equivalents, which was at ₱8.7 billion, increased by 78% over last year, mainly due to the new BSP Circular 539 implemented during the year mandating banks to change the liquidity reserve requirement from government securities bought directly from the BSP to term deposits in the reserve deposit account. This resulted to change in the accounting classification of government securities as part of the reserve requirement, from Held-to-maturity financial asset to Cash and Cash equivalent. This explained the drop of the Held-to-maturity asset by ₱1.6 billion in 2006 compared to 2005. Other reason for the growth in Cash and Cash equivalents is the increase in liquidity funded from higher deposit level during the year.

The increase in Loans and receivables from real estate operations was due to the higher journalized sales in 2006. Loans and receivables from banking financial services was mainly brought about by upsurge in auto loans, which increased from ₱2.9 billion in 2005 to ₱4.5 billion in 2006, as EWBC focused more on consumer financing.

AFS financial assets grew by ₱2.2 billion as a result of reclassification of some securities held by EWBC previously categorized as Financial Assets at Fair Value Through Profit and Loss (FVPL) in 2005. These securities were not to be traded within the year and therefore reclassified as AFS financial assets in 2006. This also explained the drop in FVPL in 2006 by ₱1.8 billion or 73%. Other reason for the increase in AFS is the higher volume of placements during the year.

Increases in Subdivision lots, condominium and residential units for sale, and Land and land development were due to completed and continuing projects developed during 2006. Several new projects were also introduced.

Other assets declined by 25% or ₱409 million, attributed to the conversion into FLI shares on September 29, 2006 of FLI bonds owned by the Company, the premium of which was classified under Other Assets in 2005.

Total liabilities got higher by 14% or ₱6 billion as Deposit liabilities significantly increased by almost ₱5 billion or 24%, mainly credited to new deposit campaigns launched in 2006. Bills and acceptances payable likewise grew by ₱1 billion as EWBC borrowed from the Trust fund to support the requirement of the new BSP Circular 539, as discussed earlier. Note however that EWBC gained a 5% spread over the borrowing rate of 7% from the Trust fund, through investing in BSPs special accounts (RDA and SDA) at 7.5% interest.

Retained earnings' growth of ₱1.9 billion or 16% was related to the net income of ₱1.2 billion earned during the year and the adjustment to minority interest for additional equity in affiliates amounting to ₱697 million.

Minority interest dropped by ₱297 million or 6% as the effective shareholdings of the Company in FLI rose to 65% in 2006 compared to 53% in 2005, by way of asset swap as, previously discussed.

## • 2005

Real estate operations posted 16% growth in net revenue, to ₱3.9 billion from ₱3.4 billion in 2004. Mall and rental revenues increased by 8% or ₱71 million with the increased occupancy in Festival Supermall, FAI lots, Westgate Center, South Station bargain center and Northgate Cyberzone, all in Filinvest Corporate City, Alabang, Muntinlupa City. The Filinvest Group welcomed new tenants such as Wilcon Builder's Depot and Alabang Home Depot in Filinvest Corporate City; 84 new stores were added in Festival Supermall; and Westgate's newest establishments included Belo Medical Center, Gymboree, Zong Restaurant, UCC Coffee, Wine Depot, Med Express, Cest Si Bon French Restaurant, and Westgate Alabang Home Depot. FLI expanded its sales by 7% with mostly coming from the middle-income sector, beefed up by a strong OFW demand. This was offset by the decline in sale of lots and residential condominium units of FAI, which decreased by 57% and 42%, respectively. It was however partially eased with the improvement in sale of commercial condominium units, which increased by 1281%. Coupled with the lower sale of club shares, which went down by 42%, and higher deferred gross profit due to more sales booked under installment method, total gross profit declined by 3%. Other income rose to ₱1.6 billion, up by 90% from ₱825 million in 2004, mainly sourced from interest in installment contracts receivable, investment in bonds, and gain from the exchange of land.

Real estate operating expenses grew by 25% mainly as a result of higher fuel costs which increased tripping and transportation expenses; higher travel expenses because of more regional projects; fees incurred for the increase in capitalization of FLI; incidental expenses for various loan availments, and higher marketing expenses, and taxes and licenses.

Banking operations net revenue escalated by 68%, to ₱1.3 billion from ₱764 million in 2004. With EWBC's focus on consumer financing, interest income grew by 35% mainly supplied by auto loans, credit card, salary loans, and investments, which increased loans receivables by 11%. With EWBC's aggressive deposit campaigns and introduction of new products, volume of deposits grew by 15%, which brought costs of financial services to ₱1.2 billion or a 28% increase from ₱922 million in 2004. Operating expenses was at ₱1.2 billion, a 31% increase over 2004's with the new personal banking centers and advertising costs for the new products and product lines. The bank capped a successful year with a net income of ₱117 million, an increase of 139% from ₱84 million earned the previous year.

As a result, the Group's EBITDA rose by 14%, to ₱2.6 billion. Depreciation and amortization increased by 40% due to decomponetization of Festival Supermall and CPI's buildings, changing the useful life thereof from 50 to 20 years, as required by the new reporting standards. Interest expenses slightly increased by 30% mitigated by the Group's taking advantage of the low interest rates while obtaining new loans of ₱4.4 billion, a move which improved the Company's maturity schedule from 2.3 to four years and savings of over ₱100 million a year in terms of interest costs.

The consolidated net income for 2005 registered a 33% growth, to ₱1.2 billion from ₱885 million the previous year.

Cash and cash equivalents stood at ₱3.6 billion, an increase of 9% over 2004's, brought about by cash proceeds from loan availments. Long-term debt was at ₱11 billion, up by 21%. On December 12, 2005, the Company purchased the

bonds issued by FLI on February 7, 2002 amounting to ₱1.2 billion to Reco. Prior to the purchase and amendment of the subscription agreement on December 14, 2005, the maturity date of the bond was February 7, 2007 with interest rate at 10% payable semi-annually and the bonds, unless previously redeemed or converted and cancelled, can be redeemed at an amount such that the annualized internal rate of return in the bonds is equivalent to 19% per annum. The new agreement between FLI and the Company set the maturity of the bonds on December 14, 2010 with interest rate of 12.2% payable quarterly and redemption price equivalent to the face value of the bonds.

The Group's receivables rose by 51% primarily due to higher installment receivables of FLI. Moreover, the year 2005 recorded higher receivables from financial institutions as a result of more affordable financing packages offered by banks to customers. Subdivision Lots, Condominiums, and Residential Lots for Sale increased to ₱7.7 billion from 2004's ₱7 billion mainly as a result of land and housing developments for *Brentville*, *Mandala Farm Estate*, *Aldea del Sol*, *Fuente de Villa Abrille* and other new projects set up during the year. Other Assets were higher by 33% with the increase in prepayments, additional costs of computer systems, and deferred charges incurred in connection with newly-availed long-term debts.

Accounts payable and accrued expenses increase of 10% was due to temporary advances and payments outstanding as of yearend. Unrealized gross profit on Installment Contracts Receivable, Sale of Condominium units and Club shares increased by 56% with higher sales booked by FLI during the year. Estimated liability for land and property development was up by 151% with the provisions for new and ongoing projects such as *Samanea*, *Timberland Heights*, *Forest Farm*, the new regional projects, *Villa Montserrat*, and *Palms Pointe*.

With the growth in net income, Retained Earnings stood at ₱12 billion, at 7% growth over last year.

### (3) Legal Proceedings

The Filinvest group is subject to lawsuits and legal actions in the ordinary course of its real estate development and other allied activities. However, it does not believe that any such lawsuits or legal actions will have a significant impact on the financial position or result of operations of the Group. Noteworthy are the following cases involving the Company and its subsidiaries, FLI and FAI:

- a. *FLI vs. Abdul Backy, et al.*  
G.R. No. 174715  
Supreme Court

This is an offshoot of a civil action for the declaration of nullity of deeds of conditional and absolute sales of certain real properties located in Tumbler, General Santos City executed between the Company's subsidiary, FLI, and the plaintiffs' patriarch, Hadji Gulam Ngilay. The Regional Trial Court ("RTC") of Las Piñas City (Br. 253) decided the case in favor of FLI. On appeal, the Court of Appeals rendered a decision partly favorable to FLI. FLI's petition for review on *certiorari* to question that portion of the decision declaring as void the deeds of sale of properties covered by free patents issued in 1991, is now pending with the Supreme Court.

- b. *Emelita Alvarez, et al. vs. FDC*  
DARAB Case No. IV-RI-010-95  
Adjudication Board, Department of Agrarian Reform

On or about March 15, 1995 certain persons claiming to be beneficiaries under the Comprehensive Agrarian Reform Program (CARP) of the National Government filed an action for annulment/cancellation of sale and transfer of titles, maintenance of peaceful possession, enforcement of rights under CARP plus damages before the Regional Agrarian Reform Adjudicator, Adjudication Board, Department of Agrarian Reform. The property involved, located in San Mateo, Rizal, was purchased by the Company from the Estate of Alfonso Doronilla. A motion to dismiss is pending resolution.

- c. *FLI vs. Flood Affected Homeowners of Meritville Alliance*  
G.R. No. 165955  
Supreme Court

On March 27, 1996 certain alleged flood-affected homeowners of Meritville, a subdivision developed by FLI in a topographically depressed area of Las Piñas City, filed a complaint with the Housing and Land Use Regulatory Board (HLURB) against FLI to require elevation of the portions of the subdivision (with an aggregate area of approximately 0.6 hectares) frequently visited by flooding on which 77 housing units have been constructed. FLI has assailed with the Supreme Court the decision of the Court of Appeals affirming the decisions of the Office of the President and the Board of Commissioners of the HLURB adverse to FLI. In its Decision dated August 10, 2007, the Supreme Court granted the

petition of FLI and reversed the appellate court's decision. The reconsideration sought by the homeowners was denied with finality by the Supreme Court's Resolution October 10, 2007.

- d. *Republic of the Philippines vs. Rolando Pascual, et al.*  
Civil Case No. 7059  
Regional Trial Court

The National Government through the Office of the Solicitor General filed suit against Rolando Pascual, Rogelio Pascual and FLI for cancellation of title and reversion in favor of the Government of properties subject of a joint venture agreement between the said individuals and FLI. The Government claims that the subject properties covering about 73.33 hectares are not alienable and disposable being part of the forest lands. The case was dismissed by the RTC, General Santos City (Br. 36) on November 16, 2007 for lack of merit. The Office of the Solicitor General has appealed the dismissal to the Court of Appeals.

- e. *Adia vs. FLI*  
CA-G.R. CV No. 87424  
Court of Appeals

Various CLOA holders based in Brgy. Hugo Perez, Trece Martirez City filed a complaint with the RTC of Trece Martirez against FLI for recovery of possession with damages, claiming that in 1995 they surrendered possession of their lands to FLI so that the same can be developed pursuant to a joint venture arrangement allegedly entered into with FLI. They now seek to recover possession of said lands pending the development thereof by FLI. The RTC rendered a decision ordering FLI to vacate the subject property. FLI appealed the decision to the Court of Appeals where it is pending.

- f. *FDC vs. Commissioner of Internal Revenue*  
G.R. No. 146941  
Supreme Court

This case involves a petition for review on *certiorari* filed by the Company with the Supreme Court to assail the Court of Appeal's Decision dated August 18, 2000. This Decision affirmed the denial by the Court of Tax Appeals of the refund of the amount of ₱3,173,868.00 representing creditable withholding taxes overpaid by the Company for the years 1995 and 1996. In Its Decision dated August 10, 2007, the Supreme Court granted the Company's petition and order the Commissioner of Internal Revenue to refund or, in the alternative, issue a tax credit certificate for, the amount of ₱3,173,868.00 in favor of the Company.

- g. *Padua, et al. vs. DENR, et al.*  
CA-G.R. SP No. 93908  
Court of Appeals

This involves a petition for *mandamus* to compel the Department of Environment and Natural Resources and Lands Management Bureau to give due course to "Miscellaneous Sales Patents" filed by individual petitioners in 1969 covering a 3,000 square meter-parcel of land that now forms part of the Filinvest Corporate City. The petitioners also seek to nullify the "Joint Venture Agreement" dated April 14, 1993 between the Republic of the Philippines and the Company for the horizontal development and subdivision of the Alabang Stock Farm. The petition is pending with the Court of Appeals.

- h. *Heirs of Rufino Hilapo and Gregoria Arevalo vs. Republic of the Philippines, et al.* (Civil Case No. 99-320, RTC-Muntinlupa, Br. 256)

The plaintiffs in this case claim to be the owners of the 244-hectare parcel of land known as the Alabang Stock Farm. It seeks principally the annulment of Transfer Certificate of Title No. 185552 issued in the name of the Republic of the Philippines which covers the entire Alabang Stock Farm area subject of the Joint Venture Agreement dated April 14, 1993, as well as the transfer certificates of title derived therefrom. The plaintiffs likewise seek the reconveyance of the Alabang Stock Farm in their favor. By its Resolution dated December 19, 2002, the RTC of Muntinlupa City required the plaintiffs to pay the docket fees corresponding to the value of the property subject of this case. To date, the plaintiffs have not done so. The case is still pending with the trial court.

Incidentally, in G.R. No. 161639 which is an offshoot of Civil Case No. 99-075 commenced by the administrators of the estate of Rufino Hilapo and Gregoria Arevalo having the same subject matter as Civil Case No. 99-320, the Supreme Court already declared Sales Certificate No. 279, on which the claim of ownership by the plaintiffs of the Alabang Stock Farm is founded, to be fraudulent or otherwise of dubious authenticity.

- i. *Luciano Paz vs. The Republic of the Philippines* (Civil Case No. 00-059, RTC-Muntinlupa City); *Luciano Paz vs. Hon. N.C. Perello, et al.* (CA G.R. SP No. 66677, Court of Appeals); *Luciano Paz vs. Republic of the Philippines, et al.* (G.R. No. 157367, Supreme Court)

In a petition instituted with the RTC of Muntinlupa City (Civil Case No. 00-059) petitioner sought the cancellation of the title of the Republic of the Philippines over the Alabang Stock Farm and the titles derived therefrom. The trial court dismissed the case on June 4, 2001. The petitioner then instituted a special civil action for *certiorari* (CA G.R. SP No. 66677) with the Court of Appeals seeking the nullification of the dismissal of Civil Case No. 00-059. On August 1, 2002, the Court of Appeals promulgated a decision denying due course and dismissing the petition in CA G.R. SP No. 66677. In April 2003, the petitioner filed a petition for review on *certiorari* (G.R. No. 157367) with the Supreme Court seeking the reversal of the dismissal of CA G.R. SP No. 66677 and Civil Case No. 00-059. The case is still pending with the Supreme Court.

- j. *Commissioner of Internal Revenue vs. FDC and FAI* (CTA Case No. 6128, Court of Tax Appeals); *Commissioner of Internal Revenue vs. FDC and FAI* (CA-G.R. SP No. 74510, Court of Appeals); *FDC and FAI vs. Commissioner of Internal Revenue* (CA-G.R. SP No. 72992, Court of Appeals); *Commissioner of Internal Revenue vs. FDC and FAI* (G.R. Nos. 163653 and 167689, Supreme Court)

The Bureau of Internal Revenue (BIR) assessed the Company with deficiency income taxes for taxable years 1996 and 1997 in the sums of ₱150,074,066.27 and ₱5,716,972.03, respectively. It also assessed the Company deficiency documentary stamp taxes for 1996 and 1997 in the sums of ₱10,425,487.06 and ₱5,796,699.40, respectively. Finally, it assessed FAI with deficiency income tax of ₱1,477,494,638.23.

After exhausting its remedies at the administrative level, the Company and FAI questioned the assessments on both legal and factual grounds before the Court of Tax Appeals (CTA) in CTA Case No. 6182. After proceedings were duly had, the CTA found merit in the Company's and FAI's petition and, in its Decision dated September 10, 2002, set aside all the assessments except for the assessment of the Company's alleged deficiency income tax for 1997 amounting to ₱5,691,972.03, which it ordered the Company to pay.

The Company appealed the CTA Decision, but only insofar as it upheld the 1997 deficiency income tax assessment against the Company. In its Decision dated December 16, 2003 in CA-GR SP No. 72992, the Court of Appeals granted the Company's petition for review and annulled the said assessment.

The BIR also appealed the CTA Decision. The Court of Appeals denied the BIR's appeal in CA-GR SP No. 74510 and upheld the CTA Decision.

The BIR appealed the decisions of the Court of Appeals in CA-GR SP Nos. 72992 and 74510 with the Supreme Court. The BIR's petitions for review are docketed as G.R. Nos. 163653 and 167689. Upon motion by the Company, the Supreme Court ordered the consolidation of G.R. Nos. 163653 and 167689.

- k. *Special Task Force created by virtue of Executive Order No. 525 dated April 10, 2006 vs. Florendo, et al.*  
I.S. No. 2007-001

*Special Task Force created by virtue of Executive Order No. 525 dated April 10, 2006 vs. Alcasabas, et al.*  
I.S. No. 2007-011  
Department of Justice, Manila

On the complaints of a Special Task Force created by the government for enhancement of revenue collection, the Department of Justice recently conducted a formal investigation of alleged capital gains tax and documentary stamp tax deficiencies due on certain raw land acquisitions of FLI in Calamba and San Pedro, Laguna in 2004. The members of the Board of Directors and three senior officers of FLI are named respondents in the complaints together with officers and personnel of the district office of the BIR. With the termination of the preliminary investigation, the cases are now submitted for resolution.

The Company is not aware of any other information as to any other legal proceedings known to be contemplated by government authorities or any other entity.

**Item 12. No Action to be Taken on Mergers, Consolidations, Acquisitions and Similar Matters**

There is no action to be taken at the annual stockholders' meeting with respect to any merger or consolidation involving the Company, the acquisition by the Company of another entity, going business or of the assets thereof, the sale or other transfer of all or any substantial part of the assets of the Company, or the liquidation or dissolution of the Company.

**Item 13. Action to be Taken on Acquisition or Disposition of Property**

There is no action to be taken at the annual stockholders' meeting with respect to any acquisition or disposition of property by the Company requiring the approval of the stockholders.

**Item 14. No Action to be Taken on Restatement of Accounts**

There is no action to be taken at the annual stockholders' meeting with respect to any restatement of any asset, capital or surplus account of the Company.

**1. Part III, Paragraph (B) of Annex "C", Changes in and Disagreements with Accountants on Accounting and Financial Disclosures**

(1) There have been no changes during the two most recent fiscal years or any subsequent interim period in independent accountant who was previously engaged as principal accountant to audit the Company's financial statements.

(2) There have been no disagreements with the Company's independent accountants on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

**Information on Independent Accountant**

(a) **Audit and Audit-Related Fees**

The aggregate fees billed to the Filinvest group for professional services rendered by the external auditor for the examination of the annual financial statements amounted to ₱2.7 million in 2007 and ₱2.6 million in 2006, net of VAT. There are no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the Group's financial statements.

(b) **Tax Fees**

For each of the last two fiscal years, SGV did not render tax accounting, compliance, advice and planning and any other form services for which it billed the Company and the Filinvest group in general the corresponding professional fees.

(c) **All Other Fees**

For each of the last two fiscal years, SGV did not render services in addition to the services described above for which it billed the Company and the Group in general the corresponding professional fees.

(d) **Approval Policies and Procedures for Independent Accountant's Services of Management/Audit Committee**

In giving its stamp of approval to the audit services rendered by the independent accountant and the rate of the professional fees to be paid, the Audit Committee, with inputs from the management of the Company, makes a prior independent assessment of the quality of audit services previously rendered by the accountant, the complexity of the transactions subject of the audit, and the consistency of the work output with generally accepted accounting standards.

**Information on Subsidiaries**

The subsidiaries of the Company include the following:

1. FLI, which is one of the country's leading real estate developers, providing a wide range of real estate products to customers from diverse income segments. Its projects include integrated residential township developments and stand-alone residential subdivisions which offer lots and/or housing units to customers in the low-cost segment and in the middle-income and the high-end markets;

2. FAI, which is the Filinvest group's commercial property and condominium developer. It developed the 244-hectare Alabang Stock Farm into a mixed-use urban center known as the Filinvest Corporate City in Alabang, Muntinlupa City;
3. EWBC, which is the Filinvest group's vehicle in providing financial and banking services to the public;
4. Seascapes Beach Club and Spa, Inc., which would operate a private membership club in the Seascapes Resort Town, a master-planned resort community located in Mactan, Cebu;
5. Seascapes Residence Club, Inc., primarily engaged in the development and management of casitas, villas and other properties in the Seascapes Resort Town for the enjoyment and benefit of its members;
6. FDC Forex Corporation, engaged in the business of dealing in currencies, options, futures and forwards;
7. FDC Capital (Cayman Islands) Ltd., whose business was limited to the issuance of US\$150 million convertible bonds guaranteed by the Company. With most of the bonds successfully retired, it is now no longer operational;
8. PSHC, one of the major sugar producers in the country, through its wholly-owned sugar milling subsidiaries, Davao Sugar Central Company, Inc. and Cotabato Sugar Central Company, Inc., and High Yield Sugar Farms Corporation, a major sugar planter in Mindanao.

#### **D. OTHER MATTERS**

##### **Item 15. Action with Respect to Reports**

The minutes of the special meeting of the stockholders held on September 7, 2007 will be submitted to the stockholders for approval.

##### **Item 16. Action to be Taken on Matters Not Required to be Submitted**

There is no action to be taken at the annual stockholders' meeting with respect to any matter which is not required to be submitted to a vote of the stockholders.

##### **Item 17. No Amendment of Articles of Incorporation and By-Laws Required to be Submitted**

There is no action to be taken at the annual stockholders' meeting with respect to any amendment of the Company's Articles of Incorporation and By-Laws.

##### **Item 18. Other Proposed Action**

The following are the other matters to be taken up during the annual stockholders' meeting:

- (a) Presentation of the President's report;
- (b) Presentation and approval of the Company's audited financial statements for the year ended 2007;
- (c) General ratification of corporate acts since the last stockholders' meeting;
- (d) Appointment of external auditors for 2008.

The above items are part of the agenda of the annual stockholders' meeting of the Company to be held on April 30, 2008. The President's report discusses the operational highlights of the Company since the last annual stockholders' meeting. The audited financial statements refer to financial operations, balance sheet and income statement of the Company for the year ended 2007. The general ratification of the acts of the Board and the management since the last annual meeting refers to the approval by the stockholders of all actions and matters taken up and approved by the Board and the management relating to the Company's operations, including the opening of bank accounts and designation of signatories to the said accounts, the procurement of loans and credit lines, and the execution of various agreements.

##### **Item 19. Voting Procedures**

(a) *Vote required for approval.* The approval of the minutes of the special stockholders' meeting held on September 7, 2007 and the audited financial statements for the year ended 2007, the ratification of corporate acts, and the appointment of external auditors for 2008, shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. The voting procedure shall be as follows:

1. The chairperson announces that the particular item is subject to motion for approval by the stockholders.
2. A stockholder moves for the approval of the item.
3. Another stockholder seconds the motion.

4. The chairperson of the meeting states that the motion is carried in case no objection on the floor is raised.
5. Should there be an objection, the approval or denial of the motion shall be decided by the required vote of stockholders as stated above, a quorum being present.

(b) *Method by which votes will be counted.* The vote on any item for consideration need not be by ballot, unless demanded by a stockholder or his proxy. On a vote by ballot, each ballot shall be signed by the stockholder voting, or in his name by his proxy if there be such proxy, and shall state the number of shares voted by the stockholder or proxy concerned. The ballots shall then be counted by the Corporate Secretary with the assistance of representatives of the external auditor. The results of the voting shall be announced after the counting.

#### Item 20. Market for Registrant's Common Equity and Related stockholder Matters

##### Cash Dividend

At its meeting on June 29, 2007, the Board declared a cash dividend of two centavos (₱0.02) per share. The payment of cash dividends in the future will depend upon the Company's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividends imposed by the terms of loan agreements). Pursuant to the loan agreements entered into by the Company and certain financial institutions, the Company needs the lender's prior consent in cases of cash dividend declaration.

##### Market Information

The shares of the Company are listed on the Philippines Stock Exchange (PSE). The following table shows, for the periods indicated, the high, low and period end closing prices of the shares as reported in the PSE.

STOCK PRICES	<u>High</u>	<u>Low</u>	<u>Period end</u>
2007			
First Quarter	6.00	3.75	5.00
Second Quarter	7.90	5.00	7.20
Third Quarter	7.60	5.30	5.40
Fourth Quarter	7.00	4.90	4.90
2006			
First Quarter	3.05	1.18	2.90
Second Quarter	3.80	2.65	2.75
Third Quarter	3.30	2.60	2.65
Fourth Quarter	3.65	2.60	3.65
2005			
First Quarter	1.74	1.00	1.50
Second Quarter	1.50	1.10	1.16
Third Quarter	1.12	1.02	1.12
Fourth Quarter	1.32	1.06	1.20

On February 29, 2008, the closing price of the Company's shares was ₱3.90 per share.

Common shares issued and outstanding as of February 29, 2008 were 7,505,725,452. Also as of this date, the number of stockholders of record of the Company was 4,804.

##### Top 20 Stockholders As of January 31, 2008

<i>Name of Shareholder</i>	<i>Number of Common Shares Held</i>	<i>Percentage to Total Outstanding Shares</i>
ALG Holdings Corporation	5,758,870,831	76.7%
Trust for Michael Edward T. Gotianun	415,337,720	5.53%
Lourdes Josephine Gotianun-Yap	340,091,901	4.53%
Jonathan T. Gotianun	339,975,901	4.52%

PCD Nominee Corporation (Filipino)	227,843,473	3.03%
PCD Nominee Corporation (non-Filipino)	184,856,476	2.46%
FDC Equities Investment Limited	79,733,354	1.06%
Michael Edward T. Gotianun	38,218,799	0.51%
Andrew L. Gotianun, Sr. and/or Mercedes T. Gotianun	27,325,000	0.36%
Ricardo Alonzo	23,214,024	0.31%
Hongkong Bank OBO Manila A/C 000-118976/150	15,883,600	0.21%
Hongkong Bank on behalf of Manila A/C 118976/150	4,128,515	0.05%
Paul Gerard B. Del Rosario	3,121,000	0.04%
Mercedes T. Gotianun	3,078,554	0.04%
Efren C. Gutierrez	3,001,388	0.04%
Helen Reyes	2,183,380	0.02%
Emily Benedicto	2,000,000	0.02%
Hongkong Bank OBO Manila A/C 000-118976/150	1,814,999	0.02%
Pua Yok Bing	1,765,200	0.02%
H. K. Hedinger	1,640,860	0.02%

### **Recent Sale of Unregistered Securities**

There are no securities sold by the Company in the past three (3) years which were not registered under the Code.

### **Dividends**

The declaration of dividends is contingent upon the Company's earnings, cash flow, financial condition, capital investment requirements and other factors (including certain restrictions on dividend declaration imposed by the terms of agreements to which the Company is a party).

### **Compliance with Lending Practices on Corporate Governance**

The Company is in substantial compliance with its Manual for Corporate Governance as demonstrated by the following: (a) the election of two (2) independent directors to the Board; (b) the appointment of members of the audit, nomination and compensation committees of the Company; (c) the conduct of regular quarterly board meetings and special meetings, the faithful attendance of the directors at these meetings and their proper discharge of duties and responsibilities as such directors; (d) the submission to the SEC of reports and disclosures required under the Securities Regulation Code; (e) the Company's adherence to national and local laws pertaining to its operations; and (f) the observance of applicable accounting standards by the Company.

In order to keep itself abreast with the leading practices on corporate governance, the Company encourages the members of top level management and the Board to attend and participate at seminars on corporate governance initiated by accredited institutions.

The Company welcomes proposals, especially from institutions and entities such as the SEC, PSE and the Institute of Corporate Directors, to improve corporate governance.

There is no known material deviation from the Company's Manual on Corporate Governance.

**UNDERTAKING: A COPY OF THE ANNUAL REPORT ON SEC FORM 17-A FOR THE YEAR ENDED 2007 WILL BE PROVIDED, WITHOUT ANY CHARGE, TO ANY STOCKHOLDER OF THE COMPANY UPON WRITTEN REQUEST ADDRESSED TO:**

**PABLITO A. PEREZ  
CORPORATE SECRETARY  
FILINVEST DEVELOPMENT CORPORATION  
FDC BUILDING, 173 P. GOMEZ STREET  
SAN JUAN, METRO MANILA**

**PART II**

**SIGNATURE PAGE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct in all material respects. Pursuant to the requirements of the Securities Regulation Code, the Company has duly caused this statement to be signed on its behalf by the undersigned hereunto duly authorized, this 6<sup>th</sup> day of March 2008 in San Juan, Metro Manila.

**FILINVEST DEVELOPMENT CORPORATION**

By:



**ABNER C. GENER JR.**  
Assistant Corporate Secretary