



*Filinvest Development Corporation*

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August 17, 2007

**THE PHILIPPINE STOCK EXCHANGE INC.**

Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

Attention: Atty. Pete M. Malabanan  
Head, Disclosure Department

Gentlemen:

In connection with the special stockholders' meeting on September 7, 2007, we disclosed on August 15, 2007 our company's Definitive Information Statement to the Exchange via ODiSy. On August 16, 2007, the SEC instructed us to make certain revisions to the information statement. These revisions primarily consist of (a) additional information under Item 3 (page 13) on our company's acquisition of Pacific Sugar Holdings Corporation from ALG Holdings Corporation, and (b) clarification of the voting requirements under Item 19 (page 15) in connection with the items for consideration at the special meeting. In this regard, we hereby disclose to the Exchange the Definitive Information Statement containing the revisions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Abner C. Gener Jr.", written over a horizontal line.

**ABNER C. GENER JR.**  
Corporate Information Officer

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. September 7, 2007, 9:00 a.m., FAI Marketing Office, Filinvest Corporate City, Alabang, Muntinlupa City  
Date, time and place of the meeting of security holders

9. August 15, 2007  
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 or Amount of Debt 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 special stockholders' meeting of **FILINVEST DEVELOPMENT CORPORATION** (the "Company") is scheduled to be held on September 7, 2007 at 9:00 a.m. at the FCC Marketing Office, Corporate Avenue, Filinvest Corporate City, Alabang, Muntinlupa 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 August 15, 2007.

**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; and (c) 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 receipt 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. 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 special meeting on September 7, 2007 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 July 31, 2007, the total number of shares outstanding and entitled to vote in the special 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 August 17, 2007.

#### (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 July 31, 2007 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 ("ALG") <sup>1</sup> 173 P. Gomez Street, San Juan, Metro Manila/ Majority Owner of the Company	N.A.	Filipino	5,751,927,831 (R)	76.6%
Common	Trust for Michael Gotianun 173 P. Gomez Street, San Juan, Metro Manila/ Trustee is a Vice President of the Company	Michael Gotianun/ Trustee 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 6,167,265,551 shares, or 82.1%.

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 July 31, 2007 are as follows:

<sup>1</sup> Mr. Andrew L. Gotianun Sr. and Josephine G. Yap are typically named by ALG 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	4.52%
Common	Lourdes Josephine G. Yap	339,791,901 (D)	Filipino	4.52%
Common	Andrew L. Gotianun, Sr. and/or Mercedes T. Gotianun	7,575,000 (D)	Filipino	Negligible
Common	Michael T. Gotianun	38,218,799 (D)	Filipino	Negligible
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 728,663,169 shares or 9.7%.

(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 July 31, 2007.

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

Mr. Gotianun, 79, 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*

Ms. 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, 78, 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, 54, 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, 81, 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, 67, Filipino, 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.
<b>Michael Edward T. Gotianun</b> <i>Vice President</i>	Mr. Gotianun, 49, 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, 55, 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, 50, 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, 36, 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.

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**

No election of the members of the Board will be conducted, the same having been concluded in the annual stockholders' meeting on June 15, 2007.

(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	2007-Est.	18.7 Million	1.6 Million	-	20.3 Million
	2006	18.7 Million	1.6 Million	-	20.3 Million
	2005	18.9 Million	3.1 Million		22.0 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 special meeting of the stockholders on September 7, 2007 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 special 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

The Company has an authorized capital stock of ₱10 Billion divided into eight billion (8,000,000,000) common shares and two billion (2,000,000,000) preferred shares, with a par value of ₱1.00 each. At their annual meeting on June 15, 2007, the Company's stockholders approved the reclassification of the preferred shares into an additional two billion (2,000,000,000) common shares, amending for this purpose Article Seventh of its Amended Articles of Incorporation. The reclassification and amendment will become effective upon approval thereof by the Securities and Exchange Commission.

At its special meeting on August 3, 2007, the Board of Directors of the Company approved a proposed equity fundraising of up to a maximum of 3,500,000,000 common shares, through primary and secondary offerings, with an option to issue convertible bonds to the public. The resolutions passed by the Board are as follows:

**"RESOLVED**, to authorize the Corporation to undertake an equity fundraising of up to a maximum of Three Billion Five Hundred Million (3,500,000,000) common shares, by way of primary and secondary offerings, with an option to offer and issue convertible bonds to the public, for such amounts and price, and under other terms and conditions as Management may deem to be in the best interest of the Corporation.

**"RESOLVED FURTHER**, to authorize the Corporation to issue such number of shares as are necessary to cover the above-mentioned transactions.

**"RESOLVED FURTHER**, to direct Management to evaluate all aspects relating to the proposed fundraising and the convertible bond flotation.

**"RESOLVED FURTHER**, that the Corporation's Chairman, Jonathan T. Gotianun, and the President, Josephine G. Yap, are hereby empowered, authorized and directed, whether acting singly or jointly, to sign, execute, deliver and file the necessary certifications, documents and papers, such as, but not limited to, the Registration Statement and Offering Prospectus, with the Securities and Exchange Commission and other government agencies; to secure rulings from pertinent Philippine Government agencies; and to perform any and all acts reasonably necessary to implement the foregoing resolutions.

**"RESOLVED FINALLY**, to approve the disclosures in the Registration Statement and Prospectus to be filed with the Securities and Exchange Commission, and assume responsibility for the information contained therein."

The Company will submit such proposed equity fundraising, as approved by the Board, to the stockholders for ratification and confirmation at the special meeting on September 7, 2007.

The common shares to be offered through the proposed equity fundraising have the same rights as the other common shares. Such common shares to be offered entitle the holders thereof to (a) the right to vote on matters involving the affairs

of the Company requiring the approval of stockholders under its Amended Articles of Incorporation and By-Laws and the Corporation Code, (b) the right to receive dividends declared by the Company, and (c) such other rights and privileges conferred upon holders of shares with full voting rights under the Corporation Code, except for any preemptive right or right to purchase or subscribe for notes, debentures, bonds or other securities issued by the Company as specifically withheld under its Amended Articles.

No preferred shares will be offered through the equity fundraising.

Article Seventh of the Amended Articles of the Company restricts the issuance or transfer of its shares of stock which would reduce the stock ownership of Filipino citizens to less than the percentage of the outstanding capital stock required by law to be owned by Filipino citizens. Other than this, there is no provision in the Amended Articles or the By-Laws of the Company that would delay, defer or prevent a change in control 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 special 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 interim financial statements of the Company for the quarter ended June 2007 will be made available to any interested stockholder upon written request.

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

**Result of Operations for the 1<sup>st</sup> Quarter of 2007**

The Company generated during the quarter a consolidated net income of ₱1.6 billion or a 952% increase from last year's ₱150 million.

*Real Estate Operations*

Real estate operations contributed ₱2.8B in net revenue. This was higher by 268% compared to same period last year, mainly as a result of recognized extraordinary gain amounting to ₱1.7 billion arising from the sale of FLI shares by FAI coinciding with the follow-on offering of FLI early this year. The gain is included in Other Income under Revenues in the consolidated statements of income.

Gross profit improved by 42% driven by increase in sales of lots, condominium and residential units, which expanded by 62%. Mall and rental revenues grew by 8% attributed mainly to the escalation in rental rates in PBCom Tower. Despite the increase in rate, occupancy remained at 100%.

Operating expenses were higher by ₱667 million or 125% as a result by and large of the expenses incurred for the sale of FLI shares by FLI in connection with its follow-on offering, such as underwriting fees and the related taxes. Significant expenditures were also incurred for selling and marketing, EDP charges, taxes and licenses as a result of improved sales, and transportation as a result of FLI's additional regional projects.

*Financial and Banking Operations*

Financial and banking services recorded a positive growth of 12% in net revenues, contributing ₱372M to the total consolidated net revenue mainly supported by Interest Income, which grew by 32%. Higher interest income was mainly sourced from loans, credit card loans, and securities. Other Income slowed down by 54% as a result of losses incurred from trading government securities.

With the growth in the volume of business, operating expenses increased by 28% due to higher salary and employee benefits, and credit card service charges.

On the financials, total assets were at ₱95 billion, stockholders' equity at ₱46 billion while total liabilities stood at ₱49 billion, posting a conservative debt-to-equity ratio of 0.12:1 which was a remarkable improvement from 2006's yearend ratio of 0.32:1.

Total assets expanded by ₱9 billion largely due to increases in Cash and Cash Equivalents, Loans and Receivables, and Other Assets. Cash and Cash Equivalents ballooned to ₱15 billion or 71% higher than December 2006 level due to increase in overnight lendings of EWBC, proceeds from rediscounting of receivables, and partial availment of credit loan facility. Loans and Receivables went up by ₱1.7 billion or 13% mainly credited to successful auto loan and credit card campaigns. The growth in Other Assets of ₱750 million was a temporary difference resulting from net inward/outward reconciliation in clearing accounts between bank branches which regularizes over one or two days depending on the volume of transactions.

Total liabilities remained steady at ₱49 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. Long-term debt went down significantly by ₱6 billion or 54%. Deposit liabilities meanwhile expanded to ₱27 billion or 9% increase due to successful deposit campaigns of EWBC. Accounts and Accrued Expenses went up by ₱2.7 billion with the increased BSP Bills Purchase Payable used to support the higher reserve requirement by the Central Bank.

Interests of the minority went up to ₱14 billion or by 183% caused by the issuance of new common shares by FLI and the divestment of FLI shares by FAI resulting to a decline in consolidated effective ownership by 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, the development projects of its real estate subsidiaries, and the new branches of its bank subsidiary the expenses incurred as a consequence thereof can be adequately covered by the operating cash flow. 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

	<i>As of and for the</i> <b>Three-Month Period Ended</b> <b>March 31, 2007</b>	<i>As of December 31, 2006</i> <b>&amp; for the Three-Month Period</b> <b>Ended March 31, 2006</b>
<b>Earning per share (basic)</b>	P 0.290 /share	P 0.023 /share
Net Income (Annualized)		
Weighted average number of outstanding shares		
<b>Price Earnings Ratio</b>	17.25 times	124.96 times
Closing Price		
Earnings Per Share		
<b>Return on Gross Revenue</b>	40.15%	9.24%
Net Income		
Total Revenue		
<b>Debt to equity ratio</b>	0.12:1	0.32:1
Notes Payable & Long-term Debt		
Total Stockholders' Equity		
<b>EBITDA to Total Interest Paid</b>	11.76 times	3.17 Times
EBITDA		
Total Interest Payment		

Earnings per share stood at ₱0.29 while Price Earnings (PE) Ratio is 17.25 times. The growth in EPS is due to higher net income during the period. The decline in PE ratio was primarily due to the significant improvement in EPS, with the stock trading at a closing price of ₱5 per share in March 2007 versus ₱2.90 per share in the same period last year.

The higher net income pulled up Return on Gross Revenue by 31% and EBITDA to Total Interest Paid by 8.59 times.

Retirement of higher-cost long-term debts pulled down Debt-to-Equity ratio to 12:1.

### Notes to Financial Statements

There are no known trends, events or uncertainties that have had or that are reasonably expected to have favorable or unfavorable impact on net sales or revenues or income from continuing operations of the Company.

The operating activities of the Company are carried uniformly over the calendar year. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

There are no seasonal aspects that had a material effect on the Company's financial conditions or results of operations.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the Company.

There are no 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.

#### (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 questioned before 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 declared that the flooding was not attributable to FLI and granted its petition for review on *certiorari*.

- 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 is now pending with the RTC of General Santos City (Br. 36).

- 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. The case is pending decision with the Supreme Court.

- 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. *Alberto D. Hilapo et al. vs. Republic of the Philippines, et al.* (Civil Case No. 99-0075, RTC-Muntinlupa, Br. 256); *Alberto D. Hilapo, et al. vs. Hon. Alberto L. Lerma, et al.* (CA G.R. SP No. 77969, Court of Appeals); *Alberto D. Hilapo, et al. vs. Republic of the Philippines, et al.* (G.R. No. 161639, Supreme Court)

The plaintiffs in Civil Case No. 99-075 claim to be the owners of the 244-hectare parcel of land known as the Alabang Stock Farm which is the subject of a joint venture between the Republic of the Philippines and the Company. Civil Case No. 99-0075 is a civil action seeking 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 RTC of Muntinlupa City dismissed the case. The plaintiffs filed a petition for *certiorari* (CA G.R. SP No. 77969) with the Court of Appeals seeking the reversal of the dismissal. When the Court of Appeals dismissed their petition, they assailed such dismissal before the Supreme Court. In its Resolution dated July 30, 2007, the Supreme Court denied their petition for review for lack of merit.

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

As in Civil Case No. 99-075 (see above), 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.

- j. *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.

- k. *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.

- i. *Special Task Force created by virtue of Executive Order No. 525 dated April 10, 2006 vs. Alcasabas, et al.*  
I.S. Nos. 2007-001 and 2007-011  
Department of Justice, Manila

On the complaint of a Special Task Force created by the government for enhancement of revenue collection, the Department of Justice (DOJ) recently began 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 complaint together with officers and personnel of the district office of the BIR. The investigation is ongoing.

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 special 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**

To further diversify its business, the Company acquired on June 29, 2007 a 100% ownership interest in Pacific Sugar Holdings Corporation ("PSHC") from ALG Holdings Corporation ("ALGHC"), the parent of the Company. PSHC wholly owns three Mindanao-based sugar companies, namely, Davao Sugar Central Co., Inc. ("DSCC"), Cotabato Sugar Central Co., Inc. ("CSCC") and High Yield Sugar Farms Corporation ("HYSFC", together with PSHC, DSCC and CSCC, the "Sugar Subsidiaries"), and has its principal place of business in San Juan, Metro Manila. The acquisition of PSHC will afford the Company the opportunity to enjoy the healthy and strong operating cashflows and earnings generated by the Sugar Subsidiaries, as well as to capitalize on the productive sugar industry and embark on such allied businesses as alternative fuel production and power co-generation. Its venture into sugar milling and refinery operations and allied businesses will transform the Company into a more dynamic and diversified business enterprise with an expanded and well-balanced revenue base coming from its residential and commercial development operations and banking and manufacturing businesses.

Pursuant to the "Deed of Assignment and Exchange" executed between it and ALGHC on June 29, 2007, the Company issued to ALGHC 1,550,000,000 common shares in exchange for 9,999,990 common shares of ALGHC in PSHC at an assumed value of ₱10.00 per share of the Company.

In fixing the price to be paid by the Company for the shares of ALGHC in PSHC, the parties were primarily guided by the valuation range of ₱15.5 billion to ₱29.2 billion established by Manabat Sanagustin & Co. (an independent thirty party valuer and member of the KPMG network) of the sugar businesses of the Sugar Subsidiaries. The parties opted to be conservative and agreed on using the minimum valuation of ₱15.5 billion.

After a thorough study and in consultation with independent advisors to determine the most equitable as well as advantageous exchange ratio from the standpoint of the Company, a decision was reached to use an imputed exchange ratio of ₱10.00 per share. Using the minimum value of ₱15.5 billion as a basis, this translates to a total of 1,550,000,000 shares that will be issued by the Company to ALGHC in exchange for all ALGHC's shares in PSHC.

At the special meeting, the Company will secure stockholders' approval of its acquisition of PSHC and its issuance of 1,550,000,000 shares to ALGHC.

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

There is no action to be taken at the special 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 ₱2.6 million in 2006 and ₱2.4 in 2005, 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. EastWest Banking Corporation, 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 the Seascapes Resort Town, a master-planned resort community located in Mactan, Cebu that offers private lots, casitas, villas, condominium units and a beach club.
5. 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.
6. PSHC, one of the major sugar producers in the country, through its wholly-owned sugar milling subsidiaries, DSCC and CSCC, and HYSFC, a major sugar planter in Mindanao.

**D. OTHER MATTERS**

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

The minutes of the last annual meeting of the stockholders held on June 15, 2007 will be submitted to the stockholders for approval.

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

As discussed in Items 9 and 13 of Part C of this Information Statement, the Company will seek the approval of the stockholders on (a) the proposed equity fundraising of up to a maximum of 3,500,000,000 common shares, through primary and secondary offerings, with an option to issue convertible bonds to the public, in compliance with the requirements of the Philippine Stock Exchange, and (b) the acquisition by the Company of PSHC in exchange for 1,550,000,000 common shares to be issued to ALGHC.

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

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

## Item 18. Other Proposed Action

There are no other matters to be taken up at the special stockholders' meeting on September 7, 2007.

## Item 19. Voting Procedures

(a) *Vote required for approval.* The approval of the minutes of the annual stockholders' meeting held on June 15, 2007 and the proposed equity fundraising of up to a maximum of 3,500,000,000 common shares, 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 acquisition by the Company of PSHC from ALGHC and its issuance of 1,550,000,000 common shares to ALGHC, shall be decided by the vote of stockholders representing a majority of the outstanding capital stock of the Company. 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	3.70	5.00
Second Quarter	7.90	4.95	7.20
2006			
First Quarter	3.15	1.18	2.90
Second Quarter	4.05	2.65	2.75
Third Quarter	3.35	2.26	2.85
Fourth Quarter	4.05	1.18	1.20
2005			
First Quarter	1.78	1.36	1.50
Second Quarter	1.36	1.14	1.16
Third Quarter	1.14	1.08	1.12
Fourth Quarter	1.24	1.18	1.20
2004			
First Quarter	1.00	1.00	1.00
Second Quarter	1.02	1.00	1.00

Third Quarter	0.98	0.98	0.98
Fourth Quarter	1.02	0.95	1.02

On July 31, 2007, the closing price of the Company's shares was ₱7.20 per share.

Common shares issued and outstanding as of July 31, 2007 were 7,505,725,452. Also as of this date, the number of stockholders of record of the Company was 4,944.

**Top 20 Stockholders  
As of July 31, 2007**

<i>Name of Shareholder</i>	<i>Number of Common Shares Held</i>	<i>Percentage to Total Outstanding Shares</i>
ALG Holdings Corporation	5,751,927,831	76.6%
Trust for Michael Edward T. Gotianun	415,337,720	5.53%
Jonathan T. Gotianun	339,975,901	4.51%
Josephine G. Yap	339,791,901	4.51%
PCD Nominee Corporation (Filipino)	229,265,260	3.05%
PCD Nominee Corporation (non-Filipino)	183,000,134	2.43%
FDC Equities Investment Limited	79,733,354	1.06%
Michael Edward T. Gotianun	38,218,799	0.50%
Ricardo Alonzo	23,214,024	0.30%
East West Banking Corp. FAO Trust Account No.135	19,750,000	0.26%
Hongkong Bank OBO Manila A/C 000-118976/150	10,119,500	0.13%
Andrew L. Gotianun, Sr. &/or Mercedes T. Gotianun	7,575,000	0.10%
East West Banking Corp. FAO Trust Account No.132	6,942,000	0.09%
Hongkong Bank OBO Manila A/C 000-118976/150	5,764,100	0.07%
Hongkong Bank on behalf of Manila A/C 118976/150	4,128,515	0.05%
Mercedes T. Gotianun	3,078,554	0.04%
Helen Reyes	2,183,380	0.02%
Manuel Castillo	2,161,190	0.02%
Emily Benedicto	2,000,000	0.02%
Hongkong Bank OBO Manila A/C 118976/150	1,814,999	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 2006 WILL BE PROVIDED, WITHOUT ANY CHARGE, TO ANY STOCKHOLDER OF THE COMPANY UPON WRITTEN REQUEST ADDRESSED TO:**

**ABNER C. GENER JR.  
ASSISTANT 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 14<sup>th</sup> day of August 2007 in San Juan, Metro Manila.

**FILINVEST DEVELOPMENT CORPORATION**

By:



**ABNER C. GENER JR.**  
Assistant Corporate Secretary  
and Compliance Officer

## **NOTICE OF THE SPECIAL STOCKHOLDERS' MEETING**

Please take note that the special meeting of the stockholders of **FILINVEST DEVELOPMENT CORPORATION** will be held on September 7, 2007 at 9:00 a.m. at the FCC Marketing Office, Corporate Avenue, Filinvest Corporate City, Alabang, Muntinlupa City, M.M., for the purpose of taking up the following matters:

1. Call to order;
2. Certification of notice and quorum;
3. Approval of the minutes of the annual stockholders' meeting held on June 15, 2007;
4. Approval of the acquisition of Pacific Sugar Holdings Corporation from ALG Holdings Corporation ("ALGHC") and the issuance of 1,550,000,000 common shares to ALGHC as consideration;
5. Approval of the proposed equity fundraising of up to a maximum of 3,500,000,000 common shares, by way of primary and secondary offerings, with option to issue convertible bonds to the public; and
6. Adjournment.

Stockholders of record as of August 17, 2007 shall be entitled to attend and vote at said meeting and/or any adjournment thereof.

(ORIG. SGD.)  
**PABLITO A. PEREZ**  
Corporate Secretary

**MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING OF  
FILINVEST DEVELOPMENT CORPORATION**

Held on June 15, 2007 at 9:00 a.m.  
FCC Marketing Office, Alabang, Muntinlupa City

**I. CALL TO ORDER; CERTIFICATION OF QUORUM**

The Chairperson, Mr. Jonathan T. Gotianun, called the meeting to order and presided over the same. The Secretary, Mr. Abner C. Gener Jr., certified that out of the 5,955,725,452 issued and outstanding shares, 5,340,566,777 shares representing 90% were present, in person or by proxy, and that therefore, there is a quorum for the transaction of business by the stockholders.

**II. READING AND APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING**

Upon motion duly made and seconded, the stockholders unanimously APPROVED the Minutes of the Annual Stockholders' Meeting held on May 26, 2006 as presented.

**III. PRESENTATION OF THE PRESIDENT'S REPORT AND APPROVAL OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2006**

Upon inquiry from the Chair, the Secretary confirmed that the stockholders were furnished copies of the Company's audited financial statements for the year ended December 31, 2006. The President, Ms. Josephine G. Yap, then presented a report on the Company's operations for the year ended December 31, 2006, based on the financial statements and the 2006 Annual Report of the Company. The President's report was supplemented by informational graphical presentations rendered by the Treasurer, Mr. Nelson M. Bona, on the financial highlights of the Company for 2006, and by Mr. Joseph M. Yap, the President of the Company's real estate subsidiary, Filinvest Land, Inc. ("FLI"), on the operations and financials of FLI for 2006.

After the presentation and upon proper motion duly made and seconded, the stockholders NOTED the President's Report and APPROVED the Company's Audited Financial Statements for the year ended December 31, 2006.

**IV. APPROVAL OF THE RECLASSIFICATION OF PREFERRED SHARES OF STOCK INTO COMMON SHARES OF STOCK AND THE CORRESPONDING AMENDMENT OF ARTICLE SEVENTH OF THE AMENDED ARTICLES OF INCORPORATION**

The next order of business is the proposed reclassification of two billion (2,000,000,000) existing and unissued preferred shares of stock, each with a par value of One Peso (₱1.00), into two billion (2,000,000,000) common shares, also with a par value of One Peso (₱1.00) each, and the corresponding amendment of Article Seventh of the Amended Articles of Incorporation. Upon inquiry from the Chair, the Secretary confirmed that stockholders holding at least two-thirds of the outstanding capital stock of the Company are present in person or represented by proxy at the meeting.

Upon motion duly made and seconded, the stockholders unanimously APPROVED the proposed reclassification and the amendment of Article Seventh of the Company's Amended Articles to read as follows:

**"SEVENTH.** – That the authorized capital stock of the Corporation shall be Ten Billion (P10,000,000,000.00), Philippine Currency, consisting of 10,000,000,000 shares of Common Stock with a par value of One Peso (P1.00) per share.

"Every holder of Common Stock shall be entitled to one vote for each share of Common Stock of any class held by him.

"That no issuance or transfer of shares of stock of the Corporation which would reduce the stock ownership of Filipino citizens to less than the percentage of the outstanding capital stock required by law to be owned by Filipino citizens, shall be allowed or permitted to be recorded in the books of the Corporation. This restriction shall be printed or indicated in all the certificates of stock to be issued by the Corporation.

"No stockholder of the Corporation shall, because of his ownership of stock, have a preemptive right or other right to purchase, subscribe for, or take any stock or any part of the notes, debentures, bonds, or other securities convertible into a carrying option or warrant to purchase stock of the Corporation issued, optioned or sold by it after its incorporation. Any part of the capital stock and any part of the notes, debentures, bonds or other securities convertible into carrying options or warrants to purchase stock of the Corporation may any time be issued, optioned for sale, and sold or disposed of by the Corporation pursuant to the resolution of its Board of Directors to such persons and upon such terms as may to such Board seem proper without first offering such stock or securities or any part thereof to existing stockholders.

"All the foregoing conditions, restrictions and limitations shall be printed on the corresponding stock certificates of the Corporation."

#### **V. RATIFICATION OF ALL ACTS OF DIRECTORS AND MANAGEMENT FOR THE YEAR 2006**

On motion duly made and seconded, the stockholders APPROVED, RATIFIED and CONFIRMED all acts, transactions, resolutions and proceedings of the Board of Directors and officers of the Company for the year 2006, including those described in the Information Statement distributed to the stockholders prior to the meeting.

#### **VI. ELECTION OF THE BOARD OF DIRECTORS FOR THE CY 2007-2008**

The Chairperson then proceeded to the next item in the agenda, which is the election of directors of the Company for the year 2007-2008. The Secretary announced the names of the nominees submitted by the majority shareholder, ALG Holdings Corporation, to the Office of the Corporate Secretary. In addition, the Nominations Committee, after pre-screening, named Messrs. Lamberto U. Ocampo and Cirilo T. Tolosa as the nominees for the board seats allotted for the independent directors of the Company. The Secretary confirmed that there were no other nominations submitted within the period allowed under the Company's By-laws.

On motion duly made and seconded, the stockholders elected the following as members of the Board of Directors for the ensuing year:

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

**VII. APPOINTMENT OF EXTERNAL AUDITORS**

On motion duly made and seconded, the auditing firm of Sycip Gorres Velayo & Co. was appointed as the Company's external auditors for the year 2007-2008.

**VIII. ADJOURNMENT**

There being no other matters to discuss, the meeting was adjourned at 10:45 a.m.

PREPARED BY:

(ORIG. SGD.)  
**ABNER C. GENER JR.**  
Secretary of the Meeting

ATTESTED BY:

(ORIG. SGD.)  
**JONATHAN T. GOTIANUN**  
Chairperson of the Meeting