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SEC Registration Number

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(Company's Full Name)

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

Gonzalo G. Ordoñez

(Contact Person)

859 - 0600

(Company Telephone Number)

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Month Day
(Fiscal Year)

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(Form Type)

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Month Day
(Annual Meeting)

Broker/Dealer

(Secondary License Type, If Applicable)

MRD

Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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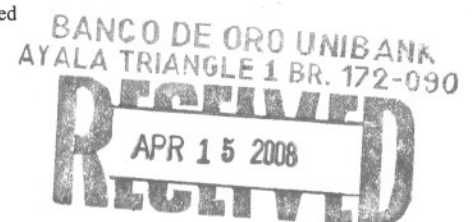
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FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
AND SUBSIDIARY
ANNUAL AUDITED FINANCIAL REPORT
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DECEMBER 31, 2007

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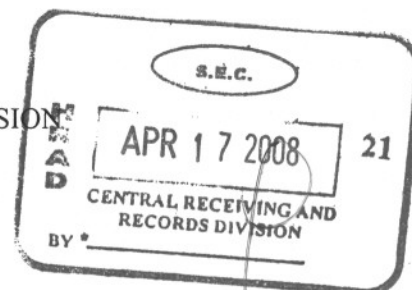
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REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
Metro Manila, Philippines



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Information Required of Brokers and Dealers Pursuant to Rule 52.1-5 of the Securities Regulation Code (SRC).

Report for the Year Beginning January 1, 2007 and Ending December 31, 2007.

IDENTIFICATION OF BROKER OR DEALER

Name of Broker/Dealer: First Metro Securities Brokerage Corporation

Address of Principal Place of Business: Unit 1515, 15th Floor,
Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Name and Phone Number of Person to Contact with Regard to this Report:

Name: Mr. Gonzalo G. Ordoñez Tel. No.: 859-0600
Fax No.: 859-0699

IDENTIFICATION OF ACCOUNTANT

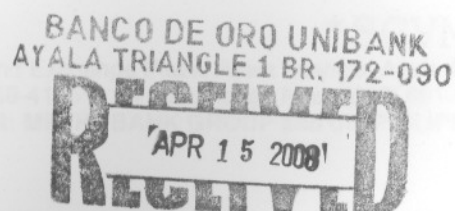
Name of Independent Auditors whose opinion is contained in this report:

Name: SyCip Gorres Velayo & Co. Tel. No.: 891-0307
BOA/PRC Reg. No. 0001 Fax No.: 818-1377
SEC Accreditation No. 0012-FR-1

Address: 6760 Ayala Avenue, Makati City

CPA Certificate No. 90190
SEC Accreditation No. 0326-A
Tax Identification No. 152-884-691
PTR No. 0015689

January 3, 2008, Makati City





INDEPENDENT AUDITORS' REPORT

- 2 -


STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of First Metro Securities Brokerage Corporation, a wholly owned subsidiary of First Metro Investment Corporation, (the Parent Company) is responsible for all information and representations contained in the financial statements and the schedules referred therein as of and for the year ended December 31, 2007 and 2006. The financial statements have been prepared in conformity with Philippine Financial Reporting Standards and reflect amounts that are based on the best estimates and informed judgment of management with appropriate consideration to materiality.


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

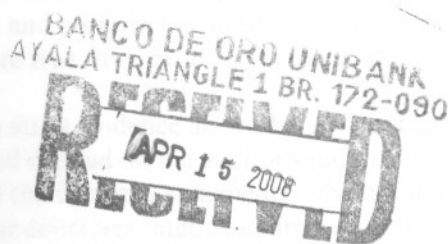
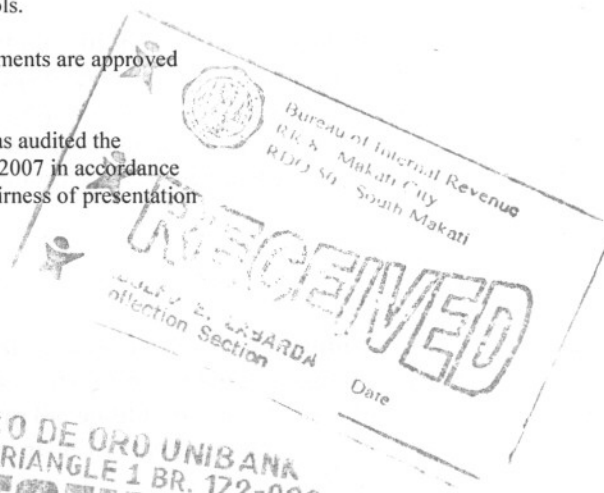
The board of directors (BOD) reviews the financial statements before such statements are approved and submitted to the Stockholder of the Company.

SyCip Gorres Velayo & Co., the independent auditors appointed by the BOD, has audited the financial statements of the Company as of and for the year ended December 31, 2007 in accordance with Philippine Standards on Auditing and has expressed their opinion on the fairness of presentation upon completion of such audit, in their report to the Stockholder and the BOD.


Roberto Juanchito T. Dispo
Chairman


Francisco G. Co
President


Gonzalo G. Ordoñez
Chief Operating Officer



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SGVMC110233

Unit 1515 15/F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue cor. Paseo de Roxas, Makati City 1200
Office Nos.: (632) 759-4133 to 34 Exchange Nos.: (632) 891-9514 to 17 Fax No.: (632) 759-4135

MEMBER: METROBANK GROUP and the PHILIPPINE STOCK EXCHANGE

INDEPENDENT AUDITORS' REPORT

The Stockholder and the Board of Directors
First Metro Securities Brokerage Corporation
Unit 1515, 15th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited the accompanying financial statements of First Metro Securities Brokerage Corporation, a wholly owned subsidiary of First Metro Investment Corporation, and Subsidiary (the Group), and the parent company financial statements of First Metro Securities Brokerage Corporation (the Parent Company), which comprise the consolidated and the parent company statements of financial condition as of December 31, 2007 and 2006, and the consolidated and the parent company statements of income, the consolidated and the parent company statements of changes in equity and the consolidated and the parent company statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



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

Opinion

In our opinion, the consolidated and the parent company financial statements present fairly, in all material respects, the financial position of the Group and of the Parent Company as of December 31, 2007 and 2006, and their financial performance and their cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Aris C. Malantic

Aris C. Malantic

Partner

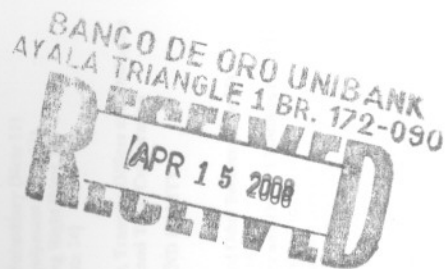
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PTR No. 0015689, January 3, 2008, Makati City

February 28, 2008



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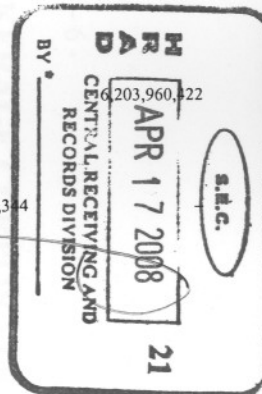
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FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
AND SUBSIDIARY

STATEMENTS OF FINANCIAL CONDITION

	Group		Parent Company					
			December 31					
	2007	2006	2007		2006		2005	
			Money	Security Valuation	Money	Security Valuation	Money	Security Valuation
			Balance	Long Short	Balance	Long Short	Balance	Long Short
ASSETS								
Cash and Cash Equivalents (Note 6)	P143,723,478	P72,898,396	P91,927,903		P20,628,555			
Securities at Fair Value through Profit or Loss (Note 7)	66,288,428	39,668,410	66,288,428	P64,491,439	39,668,410	P23,992,636		
Available-for-Sale Investments (Note 7)	65,157,118	80,380,112	65,157,118		80,380,112			
Receivable from								
Clearing House and Other Brokers (Note 8)	41,947,183	-	41,947,183		-			
Customers (Note 9)	51,248,045	29,188,162	51,248,045	6,223,881,101	P411,340	29,188,162	3,972,257,442	P-
Others (Note 10)	3,147,731	1,952,168	2,709,273		1,493,471			
Investment in a Subsidiary (Note 11)	-	-	50,000,000		50,000,000			
Property and Equipment (Note 12)	11,677,558	3,310,204	11,677,538		3,310,184			
Exchange Trading Right (Note 13)	4,750,000	4,750,000	4,750,000		4,750,000			
Other Assets (Note 14)	446,379	1,240,186	428,359		1,222,526			
	<u>P388,385,920</u>	<u>P233,387,638</u>	<u>P386,133,847</u>		<u>P230,641,420</u>			
Securities in Box, Transfer Offices and Philippine Depository and Trust Corporation				8,952,160,100				
LIABILITIES AND EQUITY								
Liabilities								
Payable to								
Clearing House and Other Brokers (Note 15)	P-	P14,997,340	P-		P14,997,340			
Customers (Note 16)	104,858,287	17,522,051	104,858,287	2,741,785,978	17,522,051	2,207,710,344		
Accrued Expenses and Other Liabilities (Note 17)	11,666,539	3,398,728	11,634,041		3,365,128			
Income Tax Payable (Note 18)	15,121,493	2,090,509	15,121,493		2,089,110			
Deferred Tax Liability (Note 18)	14,204,985	4,889,438	14,204,985		4,889,438			
Retirement Liability (Note 19)	763,686	2,240,062	763,686		2,240,062			
	<u>146,614,990</u>	<u>45,138,128</u>	<u>146,582,492</u>		<u>45,103,129</u>			
Equity								
Capital Stock (Note 21)	130,000,000	130,000,000	130,000,000		130,000,000			
Retained Earnings								
Unappropriated (Note 21)	98,299,911	46,292,415	96,080,336		43,581,196			
Appropriated (Note 21)	10,627,237	4,793,999	10,627,237		4,793,999			
Net Unrealized Gain on Available-for-Sale Investments (Note 7)	2,843,782	7,163,096	2,843,782		7,163,096			
	<u>241,770,930</u>	<u>188,249,510</u>	<u>239,551,355</u>		<u>185,538,291</u>			
	<u>P388,385,920</u>	<u>P233,387,638</u>	<u>P386,133,847</u>	<u>P9,030,158,518</u>	<u>P9,030,158,518</u>	<u>P230,641,420</u>	<u>P6,203,960,422</u>	<u>P6,203,960,422</u>

See accompanying Notes to Financial Statements.



FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
AND SUBSIDIARY
STATEMENTS OF INCOME

	Group		Parent Company	
	Years Ended December 31			
	2007	2006	2007	2006
INCOME				
Commissions (Note 20)	₱62,300,468	₱21,104,585	₱62,300,468	₱21,104,585
Trading gain - net (Note 7)	49,062,769	17,138,855	49,062,769	17,138,855
Interest (Notes 6 and 20)	7,630,191	12,750,888	4,961,160	9,462,512
Dividend (Note 11)	713,898	399,515	3,213,898	3,999,515
Miscellaneous	31,844	95,773	31,844	25,821
	119,739,170	51,489,616	119,570,139	51,731,288
EXPENSES				
Employees' compensation and fringe benefits (Notes 19 and 20)	10,008,274	6,650,734	9,950,274	6,650,734
Transfer and exchange fees	3,952,931	1,541,353	3,952,931	1,541,353
Messengerial and clerical services	2,922,847	683,231	2,922,847	683,231
Management and professional fees (Note 20)	2,990,000	317,000	2,990,000	287,000
Depreciation (Note 12)	1,616,026	904,416	1,616,026	887,693
Research and other technical costs	1,443,687	3,734,501	1,443,687	3,734,501
Office supplies	1,312,706	572,577	1,312,706	572,577
Transportation and travel	1,207,182	802,974	1,207,182	802,974
Entertainment, amusement and recreation (Note 18)	1,155,106	392,422	1,155,106	392,422
Taxes and licenses	1,164,620	167,722	1,149,570	144,069
Rent, power and light (Note 20)	919,163	195,949	919,163	195,949
Communications	699,999	316,793	699,999	316,793
Repairs and maintenance	505,810	345,170	505,810	345,170
Insurance	167,373	138,178	167,373	138,178
Miscellaneous	1,567,023	2,350,031	1,512,757	2,339,385
	31,632,747	19,113,051	31,505,431	19,032,029
INCOME BEFORE INCOME TAX	88,106,423	32,376,565	88,064,708	32,699,259
PROVISION FOR INCOME TAX (Note 18)	30,265,689	9,378,552	29,732,330	8,651,269
NET INCOME	₱57,840,734	₱22,998,013	₱58,332,378	₱24,047,990

See accompanying Notes to Financial Statements.

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FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
AND SUBSIDIARY
STATEMENTS OF CHANGES IN EQUITY

	Group					Parent Company				
	Capital Stock (Note 21)	Retained Earnings Unappropriated (Note 21)	Retained Earnings Appropriated (Note 21)	Net Unrealized Gain on Available- for-Sale Investments (Note 7)	Total Equity	Capital Stock (Note 21)	Retained Earnings Unappropriated (Note 21)	Retained Earnings Appropriated (Note 21)	Net Unrealized Gain on Available- for-Sale Investments (Note 7)	Total
Balance at January 1, 2007	P130,000,000	P46,292,415	P4,793,999	P7,163,096	P188,249,510	P130,000,000	P43,581,196	P4,793,999	P7,163,096	P185,538,291
Net income for the year	-	57,840,734	-	-	57,840,734	-	58,332,378	-	-	58,332,378
Realized gain during the year	-	-	-	(6,209,134)	(6,209,134)	-	-	-	(6,209,134)	(6,209,134)
Net unrealized gain during the year	-	-	-	1,889,820	1,889,820	-	-	-	1,889,820	1,889,820
Total income and expenses for the year	-	57,840,734	-	(4,319,314)	53,521,420	-	58,332,378	-	(4,319,314)	54,013,064
Appropriation of retained earnings	-	(5,833,238)	5,833,238	-	-	-	(5,833,238)	5,833,238	-	-
Balance at December 31, 2007	P130,000,000	P98,299,911	P10,627,237	P2,843,782	P241,770,930	P130,000,000	P96,080,336	P10,627,237	P2,843,782	P239,551,355
Balance at January 1, 2006	P130,000,000	P28,088,401	P-	P4,632,200	P162,720,601	P130,000,000	P24,327,205	P-	P4,581,830	P158,909,035
Net income for the year	-	22,998,013	-	-	22,998,013	-	24,047,990	-	-	24,047,990
Net unrealized gain during the year	-	-	-	2,530,896	2,530,896	-	-	-	2,581,266	2,581,266
Total income and expenses for the year	-	22,998,013	-	2,530,896	25,528,909	-	24,047,990	-	2,581,266	26,629,256
Appropriation of retained earnings	-	(4,793,999)	4,793,999	-	-	-	(4,793,999)	4,793,999	-	-
Balance at December 31, 2006	P130,000,000	P46,292,415	P4,793,999	P7,163,096	P188,249,510	P130,000,000	P43,581,196	P4,793,999	P7,163,096	P185,538,291

See accompanying Notes to Financial Statements.

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FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
AND SUBSIDIARY
STATEMENTS OF CASH FLOWS

	Group		Parent Company	
	Years Ended December 31			
	2007	2006	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱88,106,423	₱32,376,565	₱88,064,708	₱32,699,259
Adjustments for:				
Unrealized gain on securities at fair value through profit or loss	(35,145,157)	(9,600,834)	(35,145,157)	(9,600,834)
Gain on sale of available-for-sale investments	(6,209,134)	—	(6,209,134)	—
Depreciation (Note 12)	1,616,026	904,416	1,616,026	887,693
Unrealized foreign exchange loss - net	11,118	8,097	—	—
Changes in operating assets and liabilities:				
Decrease (increase) in the amounts of:				
Securities at fair value through profit or loss	8,525,139	(8,232,772)	8,525,139	(8,232,772)
Receivables from clearing house brokers	(41,947,183)	645,468	(41,947,183)	645,468
Receivable from customers	(22,059,883)	(22,238,030)	(22,059,883)	(22,238,030)
Other receivables	(1,195,563)	70,599	(1,215,802)	45,447
Other assets	793,807	1,073,002	794,167	1,015,234
Increase (decrease) in the amounts of:				
Payables to clearing house and brokers	(14,997,341)	7,722,913	(14,997,341)	7,722,913
Payable to customers	87,336,236	17,095,032	87,336,236	17,095,032
Accrued expenses and other liabilities	6,791,435	5,322,858	6,792,536	5,414,336
Net cash generated from operations	71,625,923	25,147,314	71,554,312	25,453,746
Income taxes paid	(5,705,503)	(4,415,734)	(5,170,744)	(3,689,849)
Net cash provided by operating activities	65,920,420	20,731,580	66,383,568	21,763,897
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of available-for-sale investments	78,249,064	6,868,037	78,249,064	—
Acquisitions of available-for-sale investments	(63,349,904)	—	(63,349,904)	(2,863,396)
Acquisitions of property and equipment (Note 12)	(9,983,380)	(338,014)	(9,983,380)	(338,014)
Net cash provided by investing activities	4,915,780	6,530,023	4,915,780	(3,201,410)

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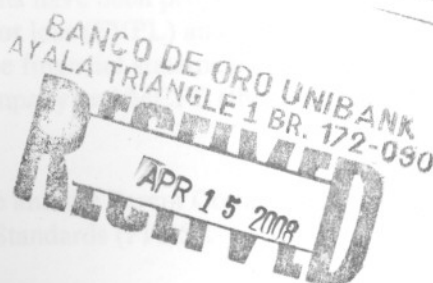
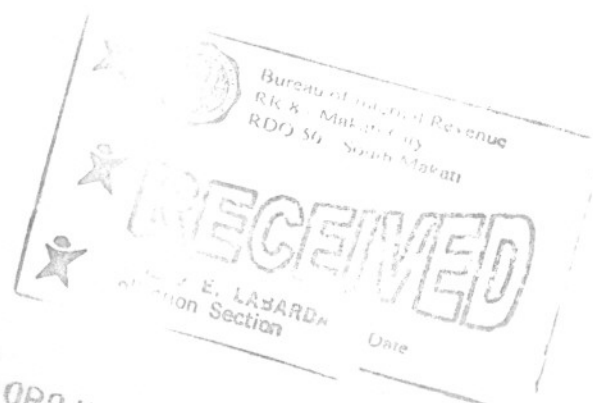


	Group		Parent Company	
	Years Ended December 31		Years Ended December 31	
	2007	2006	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	₱ (20,000,000)		₱ (20,000,000)	
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(11,118)	(8,097)	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	70,825,082	7,253,506	71,299,348	(1,437,513)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	72,898,396	65,644,890	20,628,555	22,066,068
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	₱143,723,478	₱72,898,396	₱91,927,903	₱20,628,555

OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS

	Group		Parent Company	
	Years Ended December 31		Years Ended December 31	
	2007	2006	2007	2006
Interest received	₱7,597,344	₱12,390,800	₱4,969,018	₱9,500,176
Dividends received (Note 11)	713,898	399,515	3,213,898	3,999,515
	₱8,311,242	₱12,790,315	₱8,182,916	₱13,499,691

See accompanying Notes to Financial Statements.



APR 15 2008



FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
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NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

First Metro Securities Brokerage Corporation (the Parent Company) was incorporated in the Philippines and is wholly owned by First Metro Investment Corporation (FMIC). FMIC, on the other hand, is majority owned by Metropolitan Bank & Trust Company (Metrobank or the Ultimate Parent Company). The Parent Company engages directly in the trading of or otherwise dealing in stocks, bonds, debentures and other securities or commercial papers. It also engages in rendering financial advisory services.

Multi-Currency FX Corporation (MCFC), a wholly owned subsidiary of the Parent Company, also incorporated in the Philippines, is engaged in the business of foreign exchange by dealing and brokering currencies, options and other derivative instruments.

On October 14, 2005, MCFC's board of directors (BOD) approved the temporary cessation of MCFC's operations starting October 31, 2005. There is no definite plan to liquidate MCFC. MCFC's operation shall be resumed once the business environment becomes suitable for profitable operations.

The Parent Company's registered principal place of business is at Unit 1515, 15th Floor, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City. However, in December 2007, the Parent Company transferred to 18th Floor, PS Bank Center, 777 Paseo de Roxas, Makati City.

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2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for securities at fair value through profit or loss (FVPL) and available-for-sale (AFS) investments that have been measured at fair value. The financial statements are presented in Philippine pesos, the functional currency of the Parent Company and MCFC (the Group).

Statement of Compliance

The financial statements of the Group and the Parent Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements include financial statements of the Parent Company and MCFC and are prepared for the same reporting year of the Parent Company using consistent accounting policies.

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All significant intra-group balances transactions and income and expenses resulting from intra-group transactions are eliminated in full in the consolidation.

The subsidiary is fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidation of the subsidiary ceases when control is transferred out of the Group or the Parent Company.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as during the year, the Group has adopted PFRS 7 which became effective beginning January 1, 2007.

PFRS 7, *Financial Instruments: Disclosures*, and the complementary amendment to Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements: Capital Disclosures* PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, as well as sensitivity analysis to market risk. It replaces PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, and the disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*. It is applicable to all entities that report under PFRS. Adoption of this standard resulted to the inclusion of additional disclosures such as market risk sensitivity analysis, contractual maturity analysis of financial liabilities for liquidity risk and aging analysis on financial assets that are either past due or impaired. The Group did not avail of the transition relief as approved by the Financial Reporting Standards Council wherein an entity that applies PFRS 7 for annual periods beginning on or after January 1, 2007 need not present comparative information for the disclosures required by paragraphs 31-42, unless the disclosure was previously required under PAS 30 or PAS 32. The amendment to PAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The required new disclosures are reflected in the financial statements of the Group, where applicable.

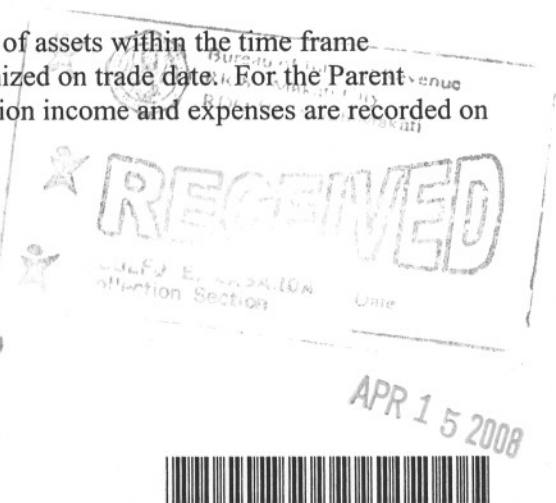
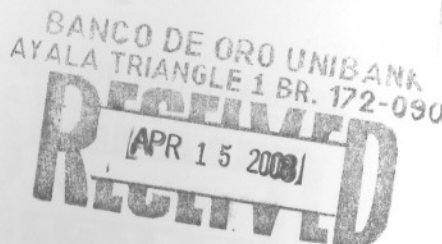
Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid, short-term investments with original maturities of three months or less from dates of placement and that are subject to insignificant risk of changes in value.

Financial Instruments

Date of recognition

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or market convention are recognized on trade date. For the Parent Company, securities transactions and the related commission income and expenses are recorded on trade date.



Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for securities at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: 'Securities at FVPL', 'held-to-maturity (HTM) investments', 'AFS investments', and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired and whether they are quoted in an active market. Management determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates such designation at every statement of financial condition date.

As of December 31, 2007 and 2006, the Group had no HTM investments.

Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial condition date is based on their quoted market price or dealer price quotations, without any deduction for transaction costs. Securities are valued using the latest closing price at the end of the year for securities with trading transaction at the stock exchange or in the absence thereof, the latest bid price. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

Loans and receivables

These are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as 'Other financial assets held for trading', designated as 'AFS investments' or 'Securities at FVPL'.

Loans and receivables are stated at outstanding balance less any allowance for credit losses. Any losses arising from impairment are recognized in 'Provision for impairment and credit losses' in the statement of income.

AFS investments

AFS investments are those which are designated as such or do not qualify to be classified as securities of FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS investments represent investments on other debt instruments.

After initial measurement, AFS investments are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in a separate component of equity. The unrealized gains and losses arising from the fair valuation of AFS investments are excluded, net of tax, from the statement of income and are reported as 'Net unrealized gain on AFS investments (net of tax where applicable)' in the equity section of the statement of financial condition.

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When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized as 'Trading gain - net' in statement of income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on weighted average basis. The losses arising from impairment of such investments, if any, are recognized as 'Provision for impairment and credit losses' in the statement of income.

Financial assets or financial liabilities at FVPL

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

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

Financial assets and financial liabilities at FVPL are recorded in the statement of financial condition at fair value. Changes in fair value are recorded in 'Trading gain - net' in the statement of income.

Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

1. the rights to receive cash flows from the asset have expired;
2. the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
3. the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control over the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Impairment of Financial Assets

The Group assesses at each statement of financial condition date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the customer or a group of customers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Receivables

For receivables, the Group assesses there is objective evidence that credit loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to 'Provision for impairment and credit losses' in the statement of income. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss decreased because of an event occurring after the impairment was recognized, the previously recognized credit loss is reduced by adjusting the allowance account. If a future write-off is later recovered, any amounts formerly charged are credited to 'Provision for credit losses' account in the statement of income.

AFS investments

For AFS investments, the Group assesses at each statement of financial condition date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In case of equity investments classified as AFS investments, if any, this would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the statement of income - is removed from equity and recognized in the statement of income. Impairment losses on equity investments are not reversed through the statement of income. Increases in fair value after impairment are recognized directly in equity.

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In the case of debt instruments classified as AFS investments, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest Income' in the statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the statement of income, the impairment is reversed through the statement of income.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial condition if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Investment in a Subsidiary

Investment in subsidiary pertains to investment in MCFC.

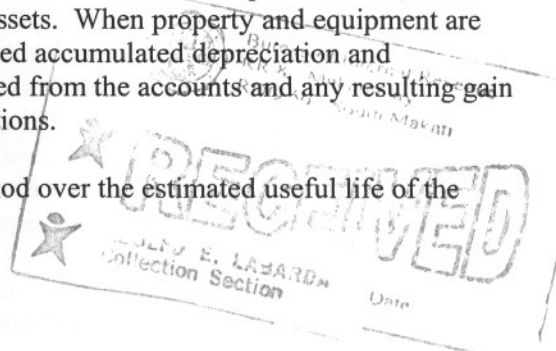
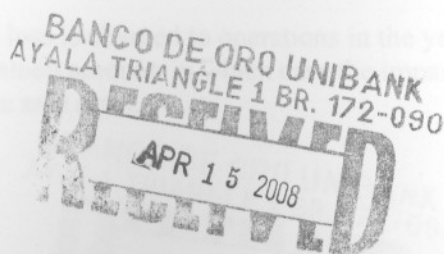
In the parent company financial statements, the investment in MCFC is accounted for using the cost method of accounting. Under the cost method, the Parent Company recognizes income from the investment only to the extent that the investor receives distributions from accumulated profits of the subsidiary arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of cost of the investment.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of the Group's property and equipment comprises its purchase price, including taxes and any directly attributable cost to bring the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of assets. When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization, and any impairment in value are removed from the accounts and any resulting gain or loss is charged against or credited to current operations.

Depreciation is computed using the straight-line method over the estimated useful life of the respective assets.



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The estimated useful lives of property and equipment follow:

Condominium unit	25 years
Transportation equipment	5 years
Office furniture and equipment	4-5 years
Computer equipment	3 - 5 years

The useful life and the depreciation method are reviewed periodically to ensure that the period and the method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

The carrying values of the property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, an impairment loss is recognized in the statement of income (see accounting policy on Impairment of Nonfinancial Assets).

Exchange Trading Right

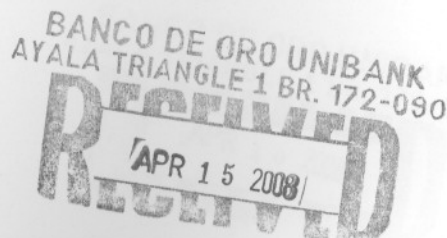
Exchange trading right is a result of the Philippine Stock Exchange (PSE) conversion plan, as discussed in Note 13, to preserve access of the Parent Company to the trading facilities and continue to transact business in PSE. The trading right is an intangible asset that is regarded as having an indefinite useful life as there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the Parent Company.

Exchange trading right is carried at the amount allocated from the original cost of the exchange membership seat (after a corresponding allocation was made to the value of the PSE shares as discussed in Note 13) less any allowance for impairment loss. The Parent Company does not intend to sell the exchange trading right in the near future.

Impairment of Nonfinancial Assets

At each statement of financial condition date, the Group assesses whether there is any indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash generating unit) is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.



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Intangible assets are tested for impairment at each statement of financial condition either individually or at the cash generating unit level, as appropriate.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Commission

Commission and other service fees are accrued as earned.

Interest income

Interest income on cash in bank and interest-bearing placements is recorded on a time proportion basis taking into account the effective yield on the asset.

Trading gain - net

Trading gain - net represents results arising from trading activities including all gains and losses from changes in fair value of financial assets held for trading.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established.

Foreign exchange gain

MCFC's income from foreign currency trading transactions are computed based on the selling price of the foreign currency at the time of sale reduced by the weighted average cost of the foreign currency sold.

Foreign Currency Translations and Transactions

Assets and liabilities denominated in foreign currencies are translated to Philippine pesos using the Philippine Dealing System closing rate at the end of the year. Income and expense items are translated at rates on transaction dates. Foreign exchange differentials arising from foreign currency translations and restatements of foreign currency-denominated assets and liabilities are credited to or charged against operations in the year in which the rates change.

Retirement Cost

The Parent Company is covered by a noncontributory defined benefit retirement plan. The Parent Company determines retirement cost under the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period.

The liability recognized in the statement of financial condition in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial condition date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated once every two years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash

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outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Group as lessee

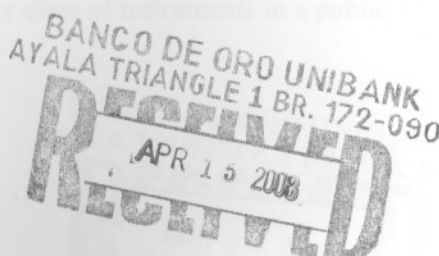
Leases where the Group does not acquire substantially all the risk and benefits of ownership of the assets are classified as operating leases. Contingent rents are recognized as expense in the period which they are incurred. Operating lease payments are recognized as an expense in the statement of income on a straight-line basis over the lease term.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities and Contingent Assets

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



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Income Taxes

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial condition date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of financial condition date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each statement of financial condition date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial condition date.

Current tax and deferred tax relating to items recognized directly in equity is also recognized in equity and not in the statement of income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Subsequent Events

Post-year-end event that provides additional information about the Group's position at the statement of financial condition date (adjusting events) is reflected in the Group's financial statements. Post-year-end events that are not adjusting events are disclosed when material to the financial statements.

Future Changes in Accounting Policies

The Group has not yet adopted the following PFRS and Philippine Interpretation which are not yet effective for the year ended December 31, 2007:

PFRS 8, *Operating Segments* (effective for annual periods beginning on or after January 1, 2009) This PFRS adopts a management approach to reporting segment information. PFRS 8, will replace PAS 14, *Segment Reporting*, and is required to be adopted only by entities whose debt or equity instruments are publicly traded, or are in the process of filing with the Philippine SEC for purposes of issuing any class of instruments in a public market. The Group is not required and will not adopt PFRS 8.

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Amendment to PAS 1, *Amendment on Statement of Comprehensive Income, (effective for annual periods beginning on or after January 1, 2009)*

In accordance with the amendment to PAS 1, the statements of changes in equity shall include only transactions with owners, while all non-owner changes will be presented in equity as a single line with details include in a separate statement. Owners are defined as holders of instruments classified as equity.

In addition, the amendments to PAS 1 provides for the introduction of a new statement of comprehensive income that combines all items of income and expenses recognized in the statements of income together with 'other comprehensive income'. The revision specifies what is included in other comprehensive income, such as gains and losses on available-for-sale assets, actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one statement, or to present two linked statements, a separate statement of income and statement of comprehensive income. The Group will assess the impact of adoption of the said amendment in 2009.

PAS 23 Amendment - *Borrowing Cost (effective for financial years beginning on or after January 1, 2009)*

This amendment requires capitalization of borrowing costs that relate to a qualifying asset. The transitional requirements of the standard require it to be adopted as a prospective change from the effective date. This amendment has no impact on the financial statements of the Group.

PAS 27 Amendment - *Consolidated and Separate Financial Statements (effective for annual periods beginning on or after July 1, 2009)*

This amendment requires that change in the ownership interest of a subsidiary that does not result in loss of control will be accounted for as an equity transaction. Where change in ownership of interest results in the loss of control of a subsidiary, any retained interest will be re-measured to fair value and will impact the gain or loss recognized on disposal. Moreover, any losses incurred by the subsidiary will be allocated between the controlling and non-controlling interests, even if the losses exceed the non-controlling equity investment in the subsidiary. The Group will no longer show the excess losses as part of its own equity. This amendment has no impact on the financial statements of the Group.

PFRS 2 Amendment - *Share-based Payments (effective for annual periods beginning on or after January 1, 2009)*

This amendment prescribes that the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied. This amendment has no impact on the financial statements of the Group.

PFRS 3 Amendment - *Business Combination (effective for annual periods beginning on or after July 1, 2009)*

This amendment introduces a number of changes in accounting for business combinations that will impact the amount of goodwill recognized, the results in the period that an acquisition occurs, and future revenues reported. This amendment has no impact on the financial statements of the Group.

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Philippine Interpretation IFRIC-11, *PFRS 2, Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007)*

This Interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme by the entity even if (a) the entity chooses or is required to buy those equity instruments (e.g., treasury shares) from another party, or (b) the shareholder(s) of the entity provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to the equity instruments of the parent. The Group currently does not have any stock option plan and therefore, does not expect this interpretation to have an impact on the financial statements.

Philippine Interpretation IFRIC-12, *Service Concession Arrangements, (effective for annual periods beginning on or after January 1, 2008)*

This Interpretation, which covers contractual arrangements arising from entities providing public services, is not relevant to the Group's current operations.

Philippine Interpretation IFRIC-13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008)*

This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. This Interpretation is not relevant to the Group's current operations.

Philippine Interpretation IFRIC-14, *PAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008)*

This Interpretation provides guidance on how to assess the limit on the amount of the surplus that can be recognized as an asset under PAS 19, *Employee Benefits*, and how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The Group will assess the impact of adoption when it applies this Interpretation in 2008.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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The following are the critical judgments and estimates that have significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Judgments

(a) *Operating leases*

The Group has entered into leases on premises it uses for its operations. The Group has determined that all significant risks and rewards of ownership of the properties it leases on operating leases are not transferred to the Group.

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Estimates

(a) *Fair value of financial instruments*

Where the fair values of financial assets and financial liabilities recorded in the statement of financial condition cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation.

(b) *Estimated useful lives of property and equipment*

The Group reviews on an annual basis the estimated useful lives of property and equipment based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property and equipment would increase the recorded depreciation expense and decrease noncurrent assets. The estimated useful lives of property and equipment are disclosed in Note 2.

As of December 31, 2007 and 2006, property and equipment amounted to ₱11.7 million and ₱3.3 million, respectively, for both the Group and the Parent Company (see Note 12).

(c) *Impairment of nonfinancial assets*

The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Among others, the factors that the Group considers important which could trigger an impairment review on its nonfinancial assets include the following:

- Significant or prolonged decline in fair value of the asset;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

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An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The Group normally applies the net selling price as basis for impairment. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction.

Exchange trading right is reviewed and tested whenever there is indication of impairment and at least at each statement of financial condition date.

The Group did not recognize impairment loss on nonfinancial assets in 2007 and 2006. As of December 31, 2007 and 2006, exchange trading right is carried at ₱4.8 million (see Note 13).

(d) Recognition of deferred tax asset

The Group believes that it will realize its deductible temporary differences in the future based on financial budgets approved by management covering a five-year period. As of December 31, 2007 and 2006, the Group and the Parent Company recognized deferred tax assets amounted to ₱1.0 million and ₱0.8 million, respectively (see Note 18).

(e) Present value of retirement obligation

The assumed discount rates were determined using the market yields on Philippine government bonds with terms consistent with the expected employee benefit payout as of statement of financial condition dates. As of December 31, 2007 and 2006, the present value of the retirement obligation of the Group and the Parent Company amounted to ₱5.2 million and ₱4.2 million, respectively (see Note 19).

4. Fair Value Measurement

The carrying values of the Group and the Parent Company's financial assets and liabilities that are liquid or having a short-term maturity (less than three months) approximate their respective fair values as of the statement of financial condition date. The methods and assumptions used by the Group and the Parent Company in estimating the fair value of other financial assets are as follows:

Cash equivalents - Carrying values approximate the fair value.

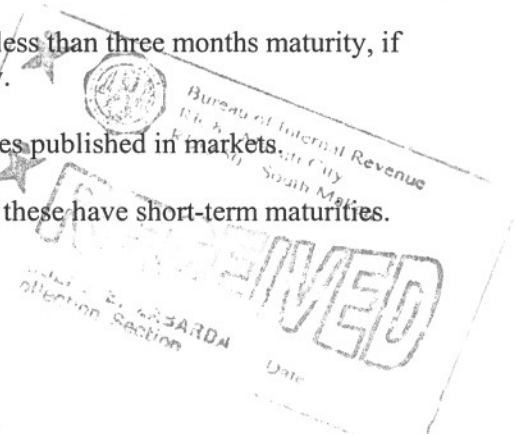
Receivables - Fair values of receivables (other than those with less than three months maturity, if any) are estimated using the discounted cash flow methodology.

Equity and debt securities - Fair value are based on quoted prices published in markets.

Liabilities - Carrying amounts approximate fair values because these have short-term maturities.

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The tables below present a comparison by category of carrying amounts and estimated fair values of the Group and the Parent Company's financial instruments.

	Group			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	₱143,723,748	₱143,723,748	₱72,898,396	₱72,898,396
Receivables from:				
Clearing house and brokers	41,947,183	41,947,183	—	—
Customers	51,248,045	51,248,045	29,188,162	29,188,162
Others	3,147,731	3,147,731	1,952,168	1,952,168
Securities at FVPL:				
Held for trading	15,288,428	15,288,428	25,668,410	25,668,410
Designated as FVPL	51,000,000	51,000,000	14,000,000	14,000,000
AFS investments	65,157,118	65,157,118	80,380,112	80,380,112
Financial liabilities				
Liabilities and amortized cost				
Payable to:				
Clearing house and brokers	—	—	14,997,340	14,997,340
Customers	104,858,287	104,858,287	17,552,051	17,552,051
Accrued expenses and other liabilities	10,900,227	10,900,227	3,182,855	3,182,855

	Parent Company			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	₱91,927,903	₱91,927,903	₱20,628,555	₱20,628,555
Receivables from:				
Clearing house and brokers	41,947,183	41,947,183	—	—
Customers	51,248,045	51,248,045	29,188,162	29,188,162
Others	2,709,273	2,709,273	1,493,471	1,493,471
Securities at FVPL:				
Held for trading	15,288,428	15,288,428	25,668,410	25,668,410
Designated as FVPL	51,000,000	51,000,000	14,000,000	14,000,000
AFS investments	65,157,118	65,157,118	80,380,112	80,380,112
Financial liabilities				
Liabilities and amortized cost				
Payable to:				
Clearing house and brokers	—	—	14,997,340	14,997,340
Customers	104,858,287	104,858,287	17,552,051	17,552,051
Accrued expenses and other liabilities	10,867,729	10,867,729	3,149,255	3,149,255

5. Financial Risk Management Objectives and Policies

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

- Credit risk
- Liquidity risk
- Market risk

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Risk Management Framework

The BOD has overall responsibility for the oversight of the Group's risk management process. The board committees, which are responsible for developing, managing and monitoring risk management policies in their specified areas, include the following:

1. Risk Management Committee (RMC)
2. Executive Committee (EXCOM)
3. Audit Committee (AC)

The RMC's functions are supported by the EXCOM, which provides essential inputs and advice, particularly on credit and investment policy matters. Internal Audit Department (IAD), which is under the AC, together with the Compliance Officer (CO) collaborates with the RMC. IAD monitors the Group internal management control processes and provides an independent assessment of the Group's system to ensure system integrity is maintained while CO monitors and assesses the compliance of the Group's various units with the Group's rules and regulations.

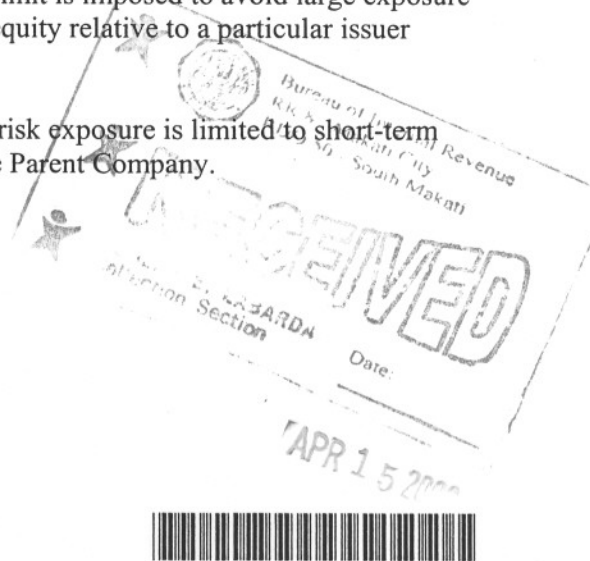
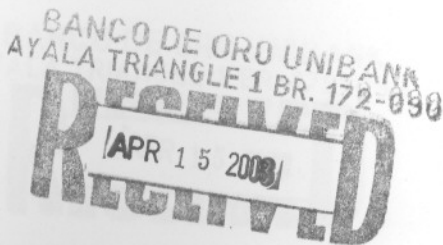
The Risk Management Officer (RMO) manages and oversees the day-to-day activities of the Group. The RMO likewise evaluates all risk policy proposals and reports to be presented to the RMC.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The nature of the business exposes the Parent Company to potential risk of loss due to a counterparty defaulting on a contract. To a stockbroker, credit risk, such as counterparty risk, settlement risk, large exposure risk and margin financing risk normally arises from unsettled customer purchases, undelivered securities, unsettled loans and advances, margin lending, default by bond issuer, undelivered services, among others. The Parent Company mitigates its credit risk by transacting with recognized and creditworthy customers on cash basis purchases only. The Parent Company further limits its trading credit risk by its custody of the defaulting parties' shares of stock as collateral to the latter's purchases. The Parent Company also lessens its default risk from bond issuer since financial instruments classified as AFS investments are issuances by the Philippine government and affiliated companies. The Parent Company likewise requires service contractors to put up a performance bond covering significant service agreements. In accordance with Risk-Based Capital Adequacy (RBCA) requirement, limit is imposed to avoid large exposure on single client/counterparty, single debt issue and single equity relative to a particular issuer company and its group of companies.

MCFC has temporarily ceased its operations and its credit risk exposure is limited to short-term bank deposits and related accrued interest with its Ultimate Parent Company.



Maximum exposure to credit risk before collateral held or other credit enhancements

An analysis of the maximum exposure to credit risk without taking into account of any collateral held or other credit enhancements is shown below:

	Group		Parent Company	
	2007	2006	2007	2006
Cash and Cash Equivalents				
Cash in banks	₱133,367,552	₱65,846,852	₱81,571,977	₱13,577,011
Short-term investments	10,340,926	7,041,544	10,340,926	7,041,544
	143,708,478	72,888,396	91,912,903	20,618,555
Securities at FVPL	66,288,428	39,668,410	66,288,428	39,668,410
AFS Investments	65,157,118	80,380,112	65,157,118	80,380,112
Receivable from				
Clearing house and other brokers	41,947,183	—	41,947,183	—
Customers	51,248,045	29,188,162	51,248,045	29,188,162
Others	3,147,731	1,952,168	2,709,273	1,493,471
	96,342,959	31,140,330	95,904,501	30,681,633
	₱371,496,983	₱224,077,248	₱319,262,950	₱171,348,710

The Group and the Parent Company do not have financial guarantees and loan commitments and other credit related liabilities.

The table below shows the maximum credit exposure (includes cash in banks, receivables, AFS investments) of the Group and the Parent Company per counterparty type classifications:

	Group		Parent Company	
	2007	2006	2007	2006
Corporate	₱292,827,236	₱135,580,438	₱240,593,203	₱82,851,899
Government	65,157,118	80,380,112	65,157,118	80,380,112
Individual	13,512,629	8,116,698	13,512,629	8,116,699
	₱371,496,983	₱224,077,248	₱319,262,950	₱171,348,710

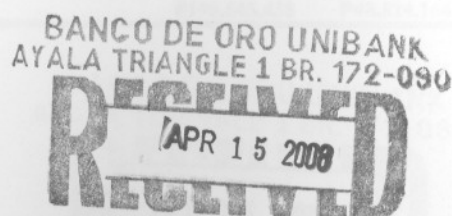
Impaired receivables and investment securities

Impaired receivables and investment securities are receivables and investment securities for which the Group determines that it is probable that it will not be able to collect all principal and interest due based on the contractual terms and securities agreements.

As of December 31, 2007 and 2006, both the Group and the Parent Company has no impaired receivables and investment securities.

Past due but not impaired receivables and investment securities

Receivables and investment securities are financial assets where contractual payments are past due but the Group believes that impairment is not appropriate on the basis of the level of collateral available and or status of collection of amounts owed to the Group.



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The following table shows the credit quality of receivables and investment securities:

	Group				
	2007				
	Neither Past Due nor Impaired			Past Due	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and Cash Equivalents					
Cash in banks	P133,367,552	P-	P-	P-	P133,367,552
Short-term investments	10,340,926	-	-	-	10,340,926
	143,708,478	-	-	-	143,708,478
AFS Investments	65,157,118	-	-	-	65,157,118
Receivables from:					
Clearing house and other brokers	38,475,417	3,471,766	-	-	41,947,183
Customers	-	42,643,125	-	8,604,920	51,248,045
Others	-	3,147,731	-	-	3,147,731
	38,475,417	49,262,622	-	8,604,920	96,342,959
	P247,341,013	P49,262,622	P-	P8,604,920	P305,208,555

	Group				
	2006				
	Neither Past Due nor Impaired			Past Due	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and Cash Equivalents					
Cash in banks	P65,846,852	P-	P-	P-	P65,846,852
Short-term investments	7,041,544	-	-	-	7,041,544
	72,888,396	-	-	-	72,888,396
AFS Investments	80,380,112	-	-	-	80,380,112
Receivables from:					
Clearing house and other brokers	-	-	-	-	-
Customers	-	29,087,623	-	100,539	29,188,162
Others	-	1,952,168	-	-	1,952,168
	-	31,039,791	-	100,539	31,140,330
Total	P153,268,508	P31,039,791	P-	P100,539	P184,408,838

	Parent Company				
	2007				
	Neither Past Due nor Impaired			Past Due	Total
	High Grade	Standard Grade	Substandard Grade		
Cash and Cash Equivalents					
Cash in banks	P81,571,977	P-	P-	P-	P81,571,977
Short-term investments	10,340,926	-	-	-	10,340,926
	91,912,903	-	-	-	91,912,903
AFS Investments	65,157,118	-	-	-	65,157,118
Receivables from:					
Clearing house and other brokers	38,475,417	3,471,766	-	-	41,947,183
Customers	-	42,643,125	-	8,604,920	51,248,045
Others	-	2,709,273	-	-	2,709,273
	38,475,417	48,824,164	-	8,604,920	95,904,501
	P195,545,438	P48,824,164	P-	P8,604,920	P252,974,522

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Parent Company					
2006					
Neither Past Due nor Impaired					
	High Grade	Standard Grade	Substandard Grade	Past Due	Total
Cash and Cash Equivalents					
Cash in banks	P13,577,011	P-	P-	P-	P13,577,011
Short-term investments	7,041,544	-	-	-	7,041,544
	20,618,555	-	-	-	20,618,555
AFS Investments	80,380,112	-	-	-	80,380,112
Receivable from:					
Clearing house and other brokers	-	-	-	-	-
Customers	-	29,087,623	-	100,539	29,188,162
Others	-	1,493,471	-	-	1,493,471
	-	30,581,094	-	100,539	30,681,633
Total	P100,998,667	P30,581,094	P-	P100,539	P131,680,300

Aging analysis of receivables of the Group and the Parent Company:

	Group		Parent	
	2007	2006	2007	2006
1 day - 3 days	P84,590,308	P29,087,623	P84,590,308	P29,087,623
4 days - 13 days	1,201,790	825	1,201,790	825
14 days - 30 days	3,996,572	11,005	3,996,572	11,005
Over 30 days	6,554,289	2,040,877	6,115,831	1,582,180
	P96,342,959	P31,140,330	P95,904,501	P30,681,633

The Group and the Parent Company's bases in grading its financial assets are as follows:

AFS investments

High grade - Counterparties that are consistently profitable and pays out dividends.

Standard - Counterparties that recently turned profitable and have the potential of becoming a high grade company.

Substandard - Counterparties that are not yet profitable but have future potential earnings.

Receivables

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Standard - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay but have been outstanding for a long period of time.

Substandard - These are receivables where the counterparty is not capable of honoring its financial obligation.

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Liquidity risk

Liquidity risk is generally defined as the current and prospective risk to earnings or capital arising from the Group's inability to meet its obligations when they come due without incurring unacceptable losses or costs.

The Group's liquidity risk is managed by holding sufficient liquid assets to ensure short-term funding requirements are met. Deposits with banks are made on a short-term basis with almost all being available on demand or within three months. Liquidity is monitored by the Group on a regular basis. The table below summarizes the maturity profile of the financial liabilities of the Group based on contractual undiscounted payments as of December 31, 2007 and 2006:

Group						
	2007			2006		
	Up to 1 Month	1 to 3 Months	Total	Up to 1 Month	1 to 3 Months	Total
Payable to						
Clearing house and brokers	P-	P-	P-	P14,997,340	P-	P14,997,340
Customers	104,858,287	-	104,858,287	17,522,051	-	17,522,051
Accrued Expenses and Other						
Liabilities	6,849,564	4,050,663	10,900,227	2,121,978	1,060,877	3,182,855
	P111,707,851	P4,050,663	P115,758,514	P34,641,369	P1,060,877	P35,702,246

Parent Company						
	2007			2006		
	Up to 1 Month	1 to 3 Months	Total	Up to 1 Month	1 to 3 Months	Total
Payable to						
Clearing house and Brokers	P-	P-	P-	P14,997,340	P-	P14,997,340
Customers	104,858,287	-	104,858,287	17,522,051	-	17,522,051
Accrued Expenses and Other						
Liabilities	6,819,566	4,048,163	10,867,729	2,088,378	1,060,877	3,149,255
	P111,677,853	P4,048,163	P115,726,016	P34,607,769	P1,060,877	35,668,646

Market risk

Market risk is the risk that the value of an investment will decrease due to moves in market factors such as, but not limited to, equity risk or the risk that the stock prices will change; interest rate risk or the risk that interest rates will change; currency risk or the risk that foreign exchange rates will change; commodity risk or the risk that commodity prices will change; equity index risk or the risk that stock and other index prices will change.

The Parent Company's market risk emanates from its securities in proprietary account which are held for trading purposes and financial instruments classified as AFS investments. In accordance with RBCA requirement, limit is imposed for all equity, debt and foreign exchange positions of the Parent Company.

The Parent Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations.

MCFC's exposure to market risk is minimal.

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The following table sets forth, for the year indicated, the impact of changes in PSEi in the Parent Company's unrealized gain on trading securities.

Changes in PSEi	2007		2006	
	9.50%	(9.50%)	17.0%	17.0%
Change on trading income at equity portfolio under:				
Financial intermediaries	5,314,377	(5,314,377)	511,396	(511,396)
Industrial companies	631,468	(631,468)	850,154	(850,154)
Holding firms	147,892	(147,892)	791,805	(791,805)
Property	-	-	254,687	(254,687)
Services	-	-	609,204	(609,204)
Mining and oil	150,901	(150,901)	363,876	(363,876)
	6,244,638	(6,244,638)	3,381,122	(3,381,122)
As a percentage of the Parent Company's net unrealized gain for the year	18.0%	(18.0%)	35.0%	35.0%

As of December 31, 2007, given the repricing position of the trading securities of the Parent Company, if PSEi increased by 9.5%, the Parent Company would expect the unrealized gain on trading securities to increase by ₱6.2 million. If PSEi decreased by 9.5%, the Parent Company would expect the unrealized gain on trading securities to decrease by ₱6.2 million.

As of December 31, 2006, given the repricing position of the trading securities of the Parent Company, if PSEi increased by 17.0%, the Parent Company would expect the unrealized gain on trading securities to increase by ₱3.4 million. If PSEi decreased by 17.0%, the Parent Company would expect the unrealized gain on trading securities to decrease by ₱3.4 million.

There is no other impact on the Parent Company's equity other than those already affecting the profit and loss.

The Group's exposure to interest rate risk and foreign exchange rate risk is minimal.

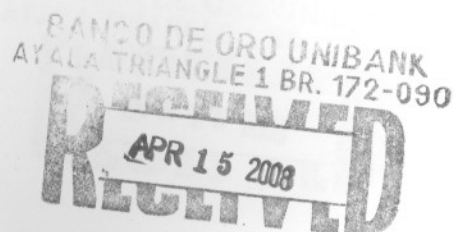
Capital Management

The primary objectives of the Group's capital management are to ensure that it complies with externally imposed capital requirements and it maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, or issue capital securities. No changes were made in the objectives, policies and processes from the previous years.

Regulatory Qualifying Capital

The Amended Implementing Rules and Regulations of the Securities Regulation Code (SRC) effective February 28, 2004 include, among others, revisions in the terms and conditions for registration and subsequent renewal of license applicable to both exchange trading participants and non-exchange broker dealers as follows: (a) to allow a net capital of ₱2.5 million or 2.5% of



aggregate indebtedness, whichever is higher, for broker dealers dealing only in proprietary shares and not holding securities, (b) to allow the SEC to set a different net capital requirement for those authorized to use the Risk-Based Capital Adequacy (RBCA) model, and (c) to require unimpaired paid-up capital of ₱100.0 million for broker dealers, which are either first time registrants or those acquiring existing broker dealer firms and will participate in a registered clearing agency; ₱10.0 million plus a surety bond for existing broker dealers not engage in market making transactions; and ₱2.5 million for broker dealers dealing only in proprietary shares and not holding securities.

SEC Memorandum Circular No. 16 dated November 11, 2004 provides the guidelines on the adoption in the Philippines of the RBCA Framework for all registered brokers dealers in accordance with SRC. These guidelines cover the following risks: (a) position or market risk, (b) credit risks such as counterparty, settlement, large exposure, and margin financing risks, and (c) operational risk.

RBCA ratio of a broker dealer, computed by dividing the Net Liquid Capital (NLC) by the Total Risk Capital Requirement (TRCR), should not be less than 110.0%. NLC and TRCR are computed based on the existing SRC. NLC consist of total equity adjusted for allowance for market decline, subordinated liabilities, deferred tax assets, revaluation reserves, deposits for future stock subscription, minority interest, if any, contingencies and guarantees, and the total ineligible assets. Also, the Aggregate Indebtedness (AI) of every stockbroker should not exceed 2,000% of its NLC and at all times shall have and maintain NLC of at least ₱5.0 million or five percent (5%) of the AI, whichever is higher.

As of December 31, 2007 and 2006, the Parent Company was in compliance with the RBCA ratio. The RBCA ratio of the Parent Company as of December 31, 2007 and 2006 are as follows.

	2007	2006
Equity eligible for NLC	₱236,707,573	₱178,375,195
Less ineligible assets	135,183,125	59,343,455
NLC	₱101,524,448	₱119,031,740
Operational risk	₱7,354,867	₱5,224,702
Position risk	22,043,919	15,791,558
Counterparty risk	30,177	153,894
Large exposure risk (LER)		
LER - Single client	9,484,694	2,389,979
LER - Single issuer and group of companies	17,850,000	—
TRCR	₱56,763,657	₱23,560,133
AI	₱132,377,507	₱40,213,691
5% of AI	₱6,618,875	₱2,010,685
Required NLC	6,618,875	5,000,000
Net risk-based capital excess	94,905,573	114,031,740
Ratio of AI to NLC	130%	34%
RBCA ratio	179%	505%

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The following are the definition of terms used in the above computation:

Ineligible assets

These pertain to fixed assets and assets which cannot be readily converted into cash.

Operational risk requirement

This is the amount required to cover a level of operational risk. Operational risk is the exposure associated with commencing and remaining in business arising separately from exposures covered by other risk requirements. It is the risk of loss resulting from inadequate or failed internal processes, people and systems which include, among others, risks of fraud, operational or settlement failure and shortage of liquid resources, or from external events.

Position risk requirement

This is the amount necessary to accommodate a given level of position risk. Position risk is a risk to which a broker dealer is exposed to and arising from securities held by it as a principal or in its proprietary or dealer account.

Counterparty risk requirements

This is the amount necessary to accommodate a given level of counterparty risk. Counterparty risk is the risk of a counterparty defaulting on its financial obligation to a Broker Dealer.

LER requirements

This is the amount necessary to accommodate a given level of the Broker Dealer LER which is in excess of the LER limit. LER limit is the maximum permissible large exposure and calculated as percentage of Core Equity.

Aggregate indebtedness

This is the total money liabilities of a broker dealer arising in connection with any transaction whatsoever, and includes, among other things, money borrowed, money payable against securities loaned and securities failed to receive, the market value of securities borrowed to the extent to which no equivalent value is paid or credited (other than the market value of margin securities borrowed from customers and margin securities borrowed from non-customers), customers' and non-customers' free credit balances, and credit balances in customers' and non-customers' account having short positions in securities, but subject to certain exclusions.

In addition, SRC Rule 49.1 (B), Reserve Fund of such circular requires that every broker dealer shall annually appropriate a certain minimum percentage of its audited profit after tax and transfer the same to Appropriated Retained Earnings. Minimum appropriation shall be 30%, 20% and 10% of profit after tax for broker dealers with unimpaired paid up capital between ₱10.0 million to ₱30.0 million, between ₱30.0 million to ₱50.0 million and more than ₱50.0 million, respectively.

The Parent Company's regulated operations have complied with all externally imposed capital requirements as of December 31, 2007 and 2006.

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6. Cash and Cash Equivalents

This account consists of:

	Group		Parent Company	
	2007	2006	2007	2006
Petty cash fund	₱15,000	₱10,000	₱15,000	₱10,000
Cash in banks (Note 20)	133,367,552	65,846,852	81,571,977	13,577,011
Short-term investments (Note 20)	10,340,926	7,041,544	10,340,926	7,041,544
	₱143,723,478	₱72,898,396	₱91,927,903	₱20,628,555

Cash in banks bear annual interest rates ranging from 1.0% to 1.3% in 2007 and 2006. Also, short-term investments bear annual interest rates ranging from 2.3% to 5.5% and 4.3% to 7.0% in 2007 and 2006, respectively.

In compliance with SRC Rule 49.2 covering customer protection and custody of securities, the Parent Company maintains a special reserve bank account (included under Cash in banks) for the exclusive benefits of its customers amounting to ₱46.9 million and ₱1.1 million as of December 31, 2007 and 2006, respectively. The Parent Company's reserve requirement is determined monthly based on the SEC's prescribed computations.

7. Trading and Investment Securities

As of December 31, 2007 and 2006, securities at FVPL consist of the Parent Company's investment in:

	2007	2006
Equity securities	₱64,405,736	₱37,992,635
Mutual fund	1,882,692	1,675,775
	₱66,288,428	₱39,668,410

Net unrealized gain on securities at FVPL amounted to ₱35.1 million and ₱9.6 million in December 31, 2007 and 2006, respectively, which is recognized in the statement of income under 'Trading gain - net'.

As of December 31, 2007 and 2006, AFS investments represents treasury notes which bear annual coupon rates ranging from 5.8% to 9.1% per annum and will mature from 2012 to 2016. Net unrealized gain on AFS investments for the Group and Parent Company amounted to ₱2.8 million and ₱7.2 million as of December 31, 2007 and 2006, respectively, is presented net of deferred tax liability of ₱0.1 million and ₱2.3 million, respectively (see Note 18).

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8. Receivable from Clearing House and Others Brokers

As of December 31, 2007, this account consists of receivables from:

Clearing house	₱38,475,417
Other brokers	3,471,766
	<u>₱41,947,183</u>

Balances as of December 31, 2007 were collected in January 2008.

9. Receivable from Customers

This account consists of receivable from cash customers which are all due within one year from the respective statement of financial condition dates, as follows:

	2007		
	Money Balance	Security Valuation	
		Long	Short
Fully secured accounts:			
More than 250%	₱38,934,670	₱6,209,636,556	₱411,340
Between 100% and 250%	6,634,185	8,814,247	-
Partially secured accounts	5,650,944	5,430,298	-
Unsecured accounts	28,246	-	-
	<u>₱51,248,045</u>	<u>₱6,223,881,101</u>	<u>₱411,340</u>

	2006		
	Money Balance	Security Valuation	
		Long	Short
Fully secured accounts:			
More than 250%	₱13,053,994	₱3,953,876,411	₱-
Between 100% and 250%	2,846,159	5,109,704	-
Partially secured accounts	13,284,732	13,271,327	-
Unsecured accounts	3,277	-	-
	<u>₱29,188,162</u>	<u>₱3,972,257,442</u>	<u>₱-</u>

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ROR 50 - South Makati
Date

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10. Other Receivables

This account consists of:

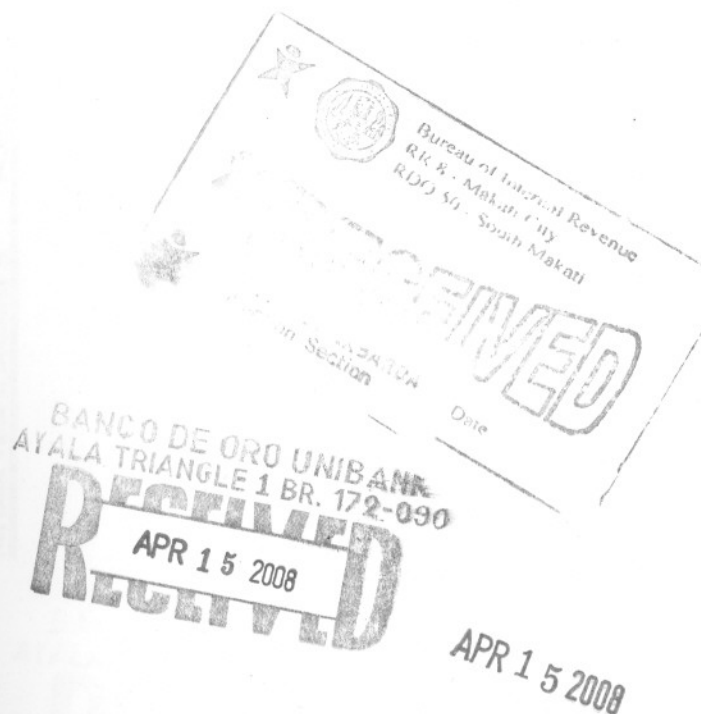
	Group		Parent Company	
	2007	2006	2007	2006
Accrued interest receivable	₱1,863,326	₱1,830,478	₱1,424,868	₱1,432,726
Accounts receivable	1,271,837	111,952	1,271,837	51,007
Advances to employee	12,568	9,738	12,568	9,738
	₱3,147,731	₱1,952,168	₱2,709,273	₱1,493,471

As of December 31, 2007 and 2006, other receivables are due within one year from the respective statement of financial condition dates.

11. Investment in a Subsidiary

Investment in subsidiary represents 100% ownership in MCFC which is carried at cost in the parent company financial statements.

On April 27, 2007, MCFC declared cash dividends totaling to ₱2.5 million (included in Dividend Income in the Parent Company financial statements) to all stockholders of record as of December 31, 2006. Dividend was paid on June 12, 2007.



12. Property and Equipment

The composition of and movements in this account follow:

	Group							
	2007				2006			
	Condominium Unit	Computer Equipment	Office Furniture and Transportation Equipment	Total	Condominium Unit	Computer Equipment	Office Furniture and Transportation Equipment	Total
Cost								
Balance at January 1	₱4,711,631	₱3,274,300	₱1,127,865	₱9,113,796	₱4,711,631	₱2,943,876	₱1,120,275	₱8,775,782
Additions	1,788,009	5,867,024	2,328,347	9,983,380	—	330,424	7,590	338,014
Balance at December 31	6,499,640	9,141,324	3,456,212	19,097,176	4,711,631	3,274,300	1,127,865	9,113,796
Accumulated Depreciation								
Balance at January 1	1,978,884	2,782,171	1,042,537	5,803,592	1,790,419	2,112,203	996,554	4,899,176
Depreciation	218,015	1,270,176	127,835	1,616,026	188,465	669,968	45,983	904,416
Balance at December 31	2,196,899	4,052,347	1,170,372	7,419,618	1,978,884	2,782,171	1,042,537	5,803,592
Net Book Value at December 31	₱4,302,741	₱5,088,977	₱2,285,840	₱11,677,558	₱2,732,747	₱492,129	₱85,329	₱3,310,204

	Parent Company							
	2007				2006			
	Condominium Unit	Computer Equipment	Office Furniture and Transportation Equipment	Total	Condominium Unit	Computer Equipment	Office Furniture and Transportation Equipment	Total
Cost								
Balance at January 1	₱4,711,631	₱3,274,300	₱878,021	₱8,863,952	₱4,711,631	₱2,943,876	₱870,431	₱8,525,938
Additions	1,788,009	5,867,024	2,328,347	9,983,380	—	330,424	7,590	338,014
Balance at December 31	6,499,640	9,141,324	3,206,368	18,847,332	4,711,631	3,274,300	878,021	8,863,952
Accumulated Depreciation								
Balance at January 1	1,978,884	2,782,171	792,713	5,553,768	1,790,419	2,112,203	763,453	4,666,075
Depreciation	218,015	1,270,176	127,835	1,616,026	188,465	669,968	29,260	887,693
Balance at December 31	2,196,899	4,052,347	920,548	7,169,794	1,978,884	2,782,171	792,713	5,553,768
Net Book Value at December 31	₱4,302,741	₱5,088,977	₱2,285,820	₱11,677,538	₱2,732,747	₱492,129	₱85,308	₱3,310,184

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13. Exchange Trading Right

Under the PSE rules, all exchange membership seats are pledged at its full value to the PSE to secure the payment of all debts to other members of the exchange arising out of or in connection with the present or future members' contracts.

Republic Act (RA) No. 8799, *Securities Regulation Code*, prescribes the conversion of the PSE into a stock corporation effective on August 8, 2001, pursuant to a conversion plan approved by the SEC.

In August 2001, the SEC approved the conversion plan with the following salient features, among others:

- Existing 184 member-brokers as of August 8, 2001 are eligible to subscribe to the shares and to retain access to the trading facilities of the PSE;
- Each member shall subscribe to 50,000 shares at a par value of ₱1.00;
- The balance of the members' contribution amounting to ₱277,427,000 shall be treated as additional paid-in capital;
- Separation of ownership of the PSE from access to trading;
- Issuance of certificate of trading rights;
- Policy of imposing a moratorium on the issuance of new trading rights; and
- Transferability of trading rights.

The PSE, however, did not issue shares of stock for the value of its donated assets. As of that date, the donated assets consisting of two pieces of real property located in Makati and Pasig City, where its trading floors are located, are subject to restrictions on their transferability.

As a result of the conversion plan and on the basis of the relative fair values of the PSE shares and the exchange trading right at the time of the demutualization, the Parent Company's membership in the stock exchange, originally amounting to ₱10.0 million, was bifurcated into (a) investment in PSE shares (classified as securities at FVPL) and (b) exchange trading right. As of December 31, 2007 and 2006, the carrying values of the 50,000 PSE shares and exchange trading right follow:

	2007	2006
Securities at FVPL (Note 7)	₱51,000,000	₱14,000,000
Exchange trading right	4,750,000	4,750,000
	<u>₱55,750,000</u>	<u>₱18,750,000</u>

As of December 31, 2007 and 2006, the latest transacted price of the exchange trading right (as provided by the PSE) amounted to ₱8.0 million and ₱5.0 million, respectively. As of the same dates, the market value of PSE share is quoted at ₱1,020 and ₱280, respectively.

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14. Other Assets

This account consists of:

	Group		Parent Company	
	2007	2006	2007	2006
Prepaid expenses	₱255,568	₱221,141	₱247,508	₱213,081
Creditable withholding tax	—	1,009,445	—	1,009,445
Input value added tax	—	9,600	—	—
Miscellaneous	190,811	—	180,851	—
	₱446,379	₱1,240,186	₱428,359	₱1,222,526

15. Payables to Clearing House and Other Brokers

As of December 31, 2006, this account consists of payable to:

Clearing house	₱10,878,963
Other Brokers	4,118,377
	₱14,997,340

Balances as of December 31, 2006 were settled in January 2007.

16. Payable to Customers

Accounts payable to customers are all due within one year from the respective statement of financial condition date, as follows:

	2007		
	Security Valuation		
	Money Balance	Long	Short
With money balance	₱104,858,287	₱2,185,672,358	₱77,226,278
Without money balance	—	556,113,620	360,800
	₱104,858,287	₱2,741,785,978	₱77,587,078

	2006		
	Security Valuation		
	Money Balance	Long	Short
With money balance	₱17,522,051	₱1,590,915,118	₱—
Without money balance	—	616,795,226	—
	₱17,522,051	₱2,207,710,344	₱—

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17. Accrued Expenses and Other Liabilities

This account consists of:

	Group		Parent Company	
	2007	2006	2007	2006
Accrued expenses payable	₱6,761,015	₱1,714,224	₱6,731,017	₱1,680,624
Accounts payable	4,050,663	1,060,877	4,048,163	1,060,877
Withholding tax payable	766,312	215,873	766,312	215,873
Other liabilities	88,549	407,754	88,549	407,754
	₱11,666,539	₱3,398,728	₱11,634,041	₱3,365,128

As of December 31, 2007 and 2006, accrued expenses and other liabilities are all payable within one year from the respective statement of financial condition dates.

18. Income Taxes

Income taxes include the corporate income tax and final taxes paid at the rate 20%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

Provision for income tax consists of:

	Group		Parent Company	
	2007	2006	2007	2006
Current:				
RCIT	₱17,153,790	₱3,601,678	₱17,153,790	₱3,532,037
Final tax	1,582,696	2,550,130	1,049,337	1,892,488
	18,736,486	6,151,808	18,203,127	5,424,525
Deferred	11,529,203	3,226,744	11,529,203	3,226,744
	₱30,265,689	₱9,378,552	₱29,732,330	₱8,651,269

RA No. 9337, *An Act Amending National Internal Revenue Code*, provides that starting November 1, 2005, the RCIT rate shall be 35% until December 31, 2008. Starting January 1, 2009, the RCIT rate shall be 30%. Interest expense allowed as deductible expense is reduced by 42% starting November 1, 2005 until December 31, 2008. Starting January 1, 2009, interest expense allowed as deductible expense shall be reduced by 33%.

In addition, current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expenses that can be claimed as a deduction against taxable income. Under the regulation, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1% of net revenue. The regulations also provide for MCIT of 2% on modified gross income and allow a NOLCO. The MCIT and NOLCO, if any, may be applied against the Company's income tax liability and taxable income, respectively, over a three-year period from the year of inception. EAR expenses amounted to ₱1.2 million and ₱0.4 million in 2007 and 2006, respectively, for both the Group and the Parent Company.

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Components of net deferred tax liability follow:

	2007	2006
Tax effect of:		
Net unrealized trading gain on securities at FVPL	(P15,117,423)	(P3,360,292)
Net unrealized gain on AFS investments	(99,512)	(2,313,168)
Unamortized pension cost contribution	744,660	-
Retirement liability	267,290	784,022
Net deferred tax liability	(P14,204,985)	(P4,889,438)

A reconciliation between the statutory income tax to the effective income tax follows:

	Group		Parent Company	
	2007	2006	2007	2006
Statutory income tax	P30,837,249	P11,331,798	P30,822,648	P11,444,741
Tax effect of:				
Income subjected to final tax	(1,087,871)	(1,912,681)	(687,069)	(1,419,391)
Dividend income	(249,864)	(139,830)	(1,124,864)	(1,399,830)
Others	766,175	99,265	721,615	25,749
Effective income tax	P30,265,689	P9,378,552	P29,732,330	P8,651,269

19. Retirement Plan

The Parent Company has a deferred noncontributory retirement plan covering all regular employees of the Parent Company. The latest actuarial valuation study of the retirement plan was made on December 31, 2007.

The principal actuarial assumptions used in determining retirement liability for the Parent Company's retirement plan as of January 1, 2007 and 2006 are shown below:

	2007	2006
Discount rate	8.0%	12.0%
Future salary rate increases	10.0%	10.0%

As of December 31, 2007 and 2006, in determining the retirement obligation of the Parent Company, the discount rate used is 8.75% and 8.29%, respectively.

Net retirement liability recognized in the statements of financial condition follow:

	2007	2006
Present value of funded obligation	P5,183,630	P4,242,012
Fair value of plan asset	(2,363,999)	-
Unrecognized actuarial losses	(2,055,945)	(2,001,950)
	P763,686	P2,240,062

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The movements in the retirement liability follow:

	2007	2006
Balance at beginning of year	P2,240,062	P1,784,929
Retirement expense	887,623	455,133
Contribution during the year	(2,363,999)	—
Balance at end of year	P763,686	P2,240,062

The movements in the present value of obligation follow:

	2007	2006
Balance at beginning of year	P4,242,012	P2,134,813
Current service cost	443,215	214,163
Interest cost	351,599	240,970
Actuarial loss	146,804	1,652,066
Balance at end of year	P5,183,630	P4,242,012

The retirement expense (included in Employees compensation and fringe benefits) recognized in the statement of income follow:

	2007	2006
Current service cost	P443,215	P214,163
Interest cost	351,599	240,970
Net actuarial loss recognized during the year	92,809	—
	P887,623	P455,133

The experience adjustment on plan liabilities of the Company in 2007 and 2006 amounted to P58,722 and P660,826, respectively.

20. Related Party Transactions

In the normal course of business, the Group has transactions with other companies considered as related parties. These transactions are based on terms similar to those offered to non-related parties. These transactions include foreign exchange trading, money market placements, securities trading, bank deposits, management and technical assistance agreements.

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The following table presents the balances of material intercompany transactions of the Parent Company as of and for the years ended December 31, 2007 and 2006:

Related Party	Relationship	Nature of Transaction	Elements of Transactions			
			Statement of Financial Condition		Statement of Income	
			2007	2006	2007	2006
Metrobank	Ultimate Parent Company	Cash in bank	₱52,783,493	₱9,506,159		
		Short-term investments	10,340,926	-		
		Commission			₱4,425,919	₱645,539
		Interest income			1,272,259	87,083
FMIC	Parent Company	Receivable from customer	9,965	-		
		Payable to customer	6,271,191	5,138,847		
		Commission income			8,379,006	7,092,814
		Management fees			2,640,000	100,000
Philippine Savings Bank (PSBank)	Affiliate	Cash in bank	9,049,607	3,689,259		
		Interest income			66,282	743,538

During the year, the Company has entered with a lease contract agreement with PSBank for the period of one year which commenced on July 16, 2007. Rent expenses incurred during the year (included in Rent, power and light in the statement of income) amounted to ₱0.6 million.

As of December 31, 2007 and 2006, receivables from and payables to FMIC were settled in the form of cash payments in January 2008 and 2007, respectively.

The remuneration of the Company's key management personnel follow:

	2007	2006
Salaries and short-term benefits	₱5,603,616	₱4,560,857
Post-employment benefits	166,206	80,311
Balance at end of year	₱5,769,822	₱4,641,168

21. Equity

The Parent Company has authorized capital stock of 2,000,000 shares, of which 1,300,000 shares were issued and outstanding at ₱100 par value per share.

The BOD approved the appropriation of retained earnings amounting to ₱5.8 million and ₱2.4 million in 2007 and 2006, respectively, in compliance with SRC Rule 49.1 (B). As of December 31, 2007 and 2006, the unappropriated retained earnings amounted to ₱96.1 million and ₱43.6 million, respectively.

22. Approval of the Release of the Financial Statements

The accompanying comparative financial statements of the Group and of the Parent Company were authorized and approved for issue by the BOD on February 28, 2008.

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INDEPENDENT AUDITORS' REPORT

The Stockholder and the Board of Directors
First Metro Securities Brokerage Corporation
Unit 1515, 15th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited the financial statements of First Metro Securities Brokerage Corporation as of and for the year ended December 31, 2007, on which we have rendered the attached report dated February 28, 2008.

In compliance with Securities Regulation Code Rule 68, we are stating that the above Company has only one (1) stockholder.

SYCIP GORRES VELAYO & CO.

Aris C. Malantic
Aris C. Malantic
Partner
CPA Certificate No. 90190
SEC Accreditation No. 0326-A
Tax Identification No. 152-884-691
PTR No. 0015689, January 3, 2008, Makati City

February 28, 2008



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholder and the Board of Directors
First Metro Securities Brokerage Corporation
Unit 1515, 15th Floor, Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of First Metro Securities Brokerage Corporation, a wholly owned subsidiary of First Metro Investment Corporation, and have issued our report thereon dated February 28, 2008. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules I to VI on pages 45 to 50 are the responsibility of the Parent Company's management. These schedules are presented for purpose of complying with Securities Regulation Code Rule 52.1-5 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Aris C. Malantic
Aris C. Malantic
Partner
CPA Certificate No. 90190
SEC Accreditation No. 0326-A
Tax Identification No. 152-884-691
PTR No. 0015689, January 3, 2008, Makati City

February 28, 2008



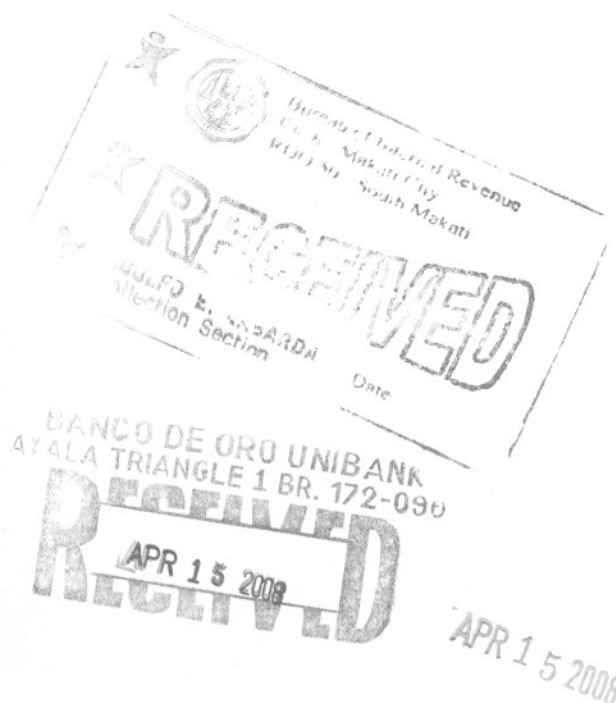
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SCHEDULE I

**FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS
DECEMBER 31, 2007**

There are no liabilities subordinated to claims of general creditors.



SCHEDULE II

FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
RISK-BASED CAPITAL ADEQUACY WORKSHEET
PURSUANT TO SEC MEMORANDUM CIRCULAR NO. 16
DECEMBER 31, 2007

Assets		386,133,847
Liabilities		146,582,492
Equity as per books		239,551,355
Adjustments to Equity per books		
Add (Deduct):		
Allowance for market decline		-
Subordinated Liabilities		-
Unrealized Gain / (Loss) in proprietary accounts		-
Deferred Income Tax		-
Revaluation Reserves		(2,843,782)
Deposit for Future Stock Subscription (No application with SEC)		
Minority Interest		
Adjustments to Equity per books		(2,843,782)
Equity Eligible For Net Liquid Capital		236,707,573
Contingencies and Guarantees		
Deduct: Contingent Liability		-
Guarantees or indemnities		-
Ineligible Assets		
a. Trading Right and all Other Intangible Assets (net)		4,750,000
b. Intercompany Receivables		-
c. Fixed Assets, net of accumulated and excluding those used as collateral		11,677,538
d. All Other Current Assets		3,416,832
e. Securities Not Readily Marketable		50,000,000
f. Negative Exposure (SCCP)		786
g. Notes Receivable (non-trade related)		-
h. Interest and Dividends Receivables outstanding for more than 30 days		-
i. Ineligible Insurance claims		-
j. Ineligible Deposits		-
k. Short Security Differences		-
l. Long Security Differences not resolved prior to sale		-
m. Other Assets including Equity Investment in PSE		65,337,969
Total ineligible assets		135,183,125
Net Liquid Capital (NLC)		101,524,448
Less:		
Operational Risk Req't (Schedule ORR-1)		7,354,867
Position Risk Req't (Schedule PRR-1)		22,043,919
Counterparty Risk (Schedule CRR-1 and detailed schedules)		30,177
Large Exposure Risk (Schedule LERR-1, LERR-2, LERR-3)		-
LERR to a single client (LERR-1)		9,484,694
LERR to a single debt (LERR-2)		-
LERR to a single issuer and group of companies (LERR-3)		17,850,000
Total Risk Capital Requirement (TRCR)		56,763,657
Net RBCA Margin (NLC-TRCR)		44,760,791
Liabilities		146,582,492
Add: Deposit for Future Stock Subscription (No application with SEC)		
Less: Exclusions from Aggregate Indebtedness		
Subordinated Liabilities		
Loans secured by securities		
Loans secured by fixed assets		
Others		(14,204,985)
Total adjustments to AI		(14,204,985)
Aggregate Indebtedness		132,377,507
5% of Aggregate Indebtedness		6,618,875
Required Net Liquid Capital (> of 5% of AI or PSM)		6,618,875
Net Risk-based Capital Excess / (Deficiency)		94,905,573
Ratio of AI to Net Liquid Capital		130%
RBCA Ratio (NLC / TRCR)		179%

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SCHEDULE III

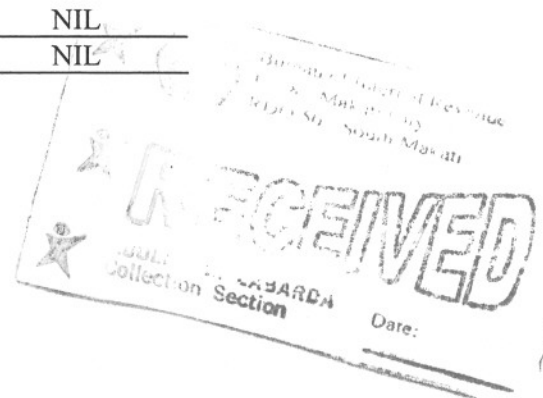
FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
INFORMATION RELATING TO THE POSSESSION OR
CONTROL REQUIREMENTS UNDER
SRC RULE 49.2
DECEMBER 31, 2007

Customers' fully paid securities and excess margin securities not in the broker's or dealer's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frame specified under SRC Rule 49.2):

Market Valuation:	<u>NIL</u>
Number of Items:	<u>NIL</u>

Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under SRC Rule 49.2:

Market Valuation:	<u>NIL</u>
Number of Items:	<u>NIL</u>



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SCHEDULE IV

FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS UNDER
SRC RULE 49.2
DECEMBER 31, 2007

Particulars	Credits	Debits
1. Free credit balance and other credit balance in customers' security accounts.	₱104,858,287	
2. Monies borrowed collateralized by securities carried for the account of customers.		
3. Monies payable against customers' securities loaned.		
4. Customers' securities failed to receive.		
5. Credit balances in firm accounts, which are attributable to principal sales to customers.		
6. Market value of stock dividends stock splits and similar distribution receivable outstanding over 30 calendar days old.		
7. Market value of the short security count differences over 30 calendar days old.		
8. Market value of short securities and credits (not to be offset by long or by debits) in all suspense accounts over 30 calendar days.		
9. Market value of securities, which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.		
10. Debit balances in customers' cash or margin accounts excluding unsecured accounts and accounts doubtful of collection.		₱92,016,873
11. Securities borrowed to effectuate short sales by customer and securities borrowed to make deliver on customers' securities failed to delivery.		
12. Failed to delivery customers' securities not older than 30 calendar days.		
13. Others - sales/purchases of marketable securities.		
Total	₱104,858,287	₱92,016,873
Net Credit (Debit)	₱12,841,414	
Required Reserve (100% of net credit if making a weekly computation and 105% if monthly)	₱13,483,485	

LAUNO DE ORO UNIBANK
AYALA TRIANGLE 1 BR. 172-090

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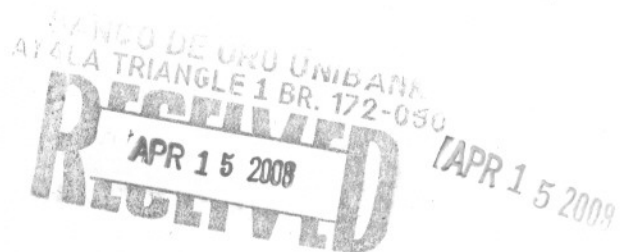


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SCHEDULE V

**FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
A REPORT DESCRIBING ANY MATERIAL INADEQUACIES
FOUND TO EXIST OR FOUND TO HAVE EXISTED SINCE THE DATE
OF THE PREVIOUS AUDIT
DECEMBER 31, 2007**

There were no matters involving the Company's internal control structure and its operations that were considered to be material weaknesses.



SCHEDULE VI

**FIRST METRO SECURITIES BROKERAGE CORPORATION
(A Wholly Owned Subsidiary of First Metro Investment Corporation)
RESULTS OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO SRC RULE 52.1-10, AS AMENDED
AS OF THE DATE OF THE STATEMENT OF FINANCIAL CONDITION IN
THE ANNUAL AUDITED FINANCIAL REPORT
DECEMBER 31, 2007**

There is no discrepancy in the results of the securities count conducted. See attached summary.





**FIRST METRO SECURITIES BROKERAGE CORPORATION
RESULT OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO RSA RULE 37(a)-13
DECEMBER 31, 2007**

NAME OF ISSUER		PER COUNT		MARKET VALUE AS OF 12/28/07	PER RECORDS		MARKET VALUE AS OF 12/28/07	UNLOCATED DIFFERENCE	
		NO. OF SHARES	UNIT PRICE		NO. OF SHARES	UNIT PRICE		NO. OF SHARES	MARKET VALUE AS OF 12/28/07
ASIA AMALGAMATED HLDGS.	AAA	153,000	0.42	64,260.00	153,000	0.42	64,260.00	-	-
ACTIVE ALLIANCE, INC.	AAI	1,000	2.50	2,500.00	1,000	2.50	2,500.00	-	-
ATOK BIG WEDGE CO., INC.	AB	68	9.00	612.00	68	9.00	612.00	-	-
ABACUS CONS. - A	ABA	172,300,000	0.01	1,895,300.00	172,300,000	0.01	1,895,300.00	-	-
ABACUS CONS. - B	ABAB	36,500,000	0.01	365,000.00	36,500,000	0.01	365,000.00	-	-
ABS-CBN BROADCASTING	ABS	171,850	32.50	5,585,125.00	171,850	32.50	5,585,125.00	-	-
ABS-CBN HOLDINGS CORP.	ABSP	1,000	33.00	33,000.00	1,000	33.00	33,000.00	-	-
AYALA CORP.	AC	129,684	565.00	73,271,460.00	129,684	565.00	73,271,460.00	-	-
AYALA CORP. PREFERRED "B"	ACPR	3,698,490	115.00	425,326,350.00	3,698,490	115.00	425,326,350.00	-	-
ALSONS CONS. RES., INC.	ACR	442,500	0.69	305,325.00	442,500	0.69	305,325.00	-	-
ABOITIZ EQUITY VENTURES	AEV	2,619,052	6.90	18,071,458.80	2,619,052	6.90	18,071,458.80	-	-
ALLIANCE GLOBAL GROUP INC.	AGI	2,840,478	5.60	15,906,676.80	2,840,478	5.60	15,906,676.80	-	-
AGP INDUSTRIAL-B	AGPB	11,400	3.00	34,200.00	11,400	3.00	34,200.00	-	-
ACOFE MINING-A	AJ	109,300	1.00	109,300.00	109,300	1.00	109,300.00	-	-
AJO.NET HOLDINGS, INC.	AJO	15,300,000	0.12	1,759,500.00	15,300,000	0.12	1,759,500.00	-	-
ALSONS	ALC	3,000	0.25	750.00	3,000	0.25	750.00	-	-
ANCHOR LAND HOLDINGS INC.	ALHI	170,000	6.80	1,156,000.00	170,000	6.80	1,156,000.00	-	-
AYALA LAND, INC.	ALI	4,730,240	14.25	67,405,920.00	4,730,240	14.25	67,405,920.00	-	-
ALASKA MILK CORP.	AMC	105,500	5.20	548,600.00	105,500	5.20	548,600.00	-	-
SORIANO CORP.	ANS	671	3.30	2,214.30	671	3.30	2,214.30	-	-
ABOITIZ POWER CORP.	AP	14,449,879	5.30	76,584,358.70	14,449,879	5.30	76,584,358.70	-	-
APC GROUP INC.	APC	11,971,000	0.59	7,062,890.00	11,971,000	0.59	7,062,890.00	-	-
ALCORN GOLD RES. CORP.	APM	200,310,000	0.01	2,804,340.00	200,310,000	0.01	2,804,340.00	-	-
ANGLO-PHIL HOLDINGS CORP.	APO	1,569,000	2.24	3,514,560.00	1,569,000	2.24	3,514,560.00	-	-
RIES PRIME RES., INC.	APR	18,200	3.20	58,240.00	18,200	3.20	58,240.00	-	-
APEX MINING CO., INC. "A"	APX	49,000	6.40	313,600.00	49,000	6.40	313,600.00	-	-
APEX MINING CO., INC. "B"	APXB	19,000	6.90	131,100.00	19,000	6.90	131,100.00	-	-
BRA MINING & INDUSTRIAL	AR	344,900,000	0.01	3,449,000.00	344,900,000	0.01	3,449,000.00	-	-
ARANETA PROPERTIES, INC.	ARA	657,620	0.62	407,724.40	657,620	0.62	407,724.40	-	-
SIATRUST DEV. BANK INC.	ASIA	285,800	8.30	2,372,140.00	285,800	8.30	2,372,140.00	-	-
ATLAS CONS. MIN & DEVT.	AT	2,960,400	14.00	41,445,600.00	2,960,400	14.00	41,445,600.00	-	-
ASIAN TERMINALS, INC.	ATI	802,271	4.00	3,209,084.00	802,271	4.00	3,209,084.00	-	-
ATN HOLDINGS, INC.	ATN	300,000	2.48	744,000.00	300,000	2.48	744,000.00	-	-
ATR KIMENG FIN. CORP.	ATRK	10,000	4.20	42,000.00	10,000	4.20	42,000.00	-	-
ABOITIZ TRANS. SYS. CORP.	ATS	622,036	1.26	783,765.36	622,036	1.26	783,765.36	-	-
BENGUET CORP-A	BC	10,000	21.00	210,000.00	10,000	21.00	210,000.00	-	-
BACNOTAN CONS. INC.	BCI	6,900	14.25	98,325.00	6,900	14.25	98,325.00	-	-
BANCO DE ORO-EPCI, INC.	BDO	406,370	60.50	24,585,385.00	406,370	60.50	24,585,385.00	-	-
BELLE CORPORATION	BEL	5,707,000	1.20	6,848,400.00	5,707,000	1.20	6,848,400.00	-	-
BOULEVARD HOLDINGS, INC.	BHI	4,710,000	0.19	894,900.00	4,710,000	0.19	894,900.00	-	-
BANKARD, INC.	BKD	316,000	1.80	568,800.00	316,000	1.80	568,800.00	-	-
BENPRES HOLDINGS CORP.	BPC	1,963,900	4.60	9,033,940.00	1,963,900	4.60	9,033,940.00	-	-
BANK OF THE PHIL. ISLAND	BPI	3,048,468	61.50	187,480,782.00	3,048,468	61.50	187,480,782.00	-	-
BROWN COMPANY INC.	BRN	138,165	2.10	290,146.50	138,165	2.10	290,146.50	-	-
BASIC ENERGY CORP.	BSC	4,017,018	0.31	1,245,275.58	4,017,018	0.31	1,245,275.58	-	-
BGP GROUP CORP.	CAC	33,510	1.88	62,998.80	33,510	1.88	62,998.80	-	-
COSMOS BOTTLING CORP.	CBC	44,419	3.00	133,257.00	44,419	3.00	133,257.00	-	-
CITYLAND DEV. CORP.	CDC	31,600	1.62	51,192.00	31,600	1.62	51,192.00	-	-
BROWN EQUITIES, INC.	CEI	6,250,000	0.60	3,750,000.00	6,250,000	0.60	3,750,000.00	-	-
CENTRO ESCOLAR UNIVERSITY	CEU	2,000	5.50	11,000.00	2,000	5.50	11,000.00	-	-
CEBU HOLDINGS, INC.	CHI	29,908,920	3.60	107,672,112.00	29,908,920	3.60	107,672,112.00	-	-
CHINA BANKING CORP.	CHIB	16,368	660.00	10,802,880.00	16,368	660.00	10,802,880.00	-	-
CHINATRUST COMM. BANK	CHTR	2,645	36.00	95,220.00	2,645	36.00	95,220.00	-	-

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MEMBER: METROBANK GROUP and the PHILIPPINE STOCK EXCHANGE



**FIRST METRO SECURITIES BROKERAGE CORPORATION
RESULT OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO RSA RULE 37(a)-13
DECEMBER 31, 2007**

NAME OF ISSUER		PER COUNT			PER RECORDS			UNLOCATED DIFFERENCE	
		NO. OF SHARES	UNIT PRICE	MARKET VALUE AS OF 12/28/07	NO. OF SHARES	UNIT PRICE	MARKET VALUE AS OF 12/28/07	NO. OF SHARES	MARKET VALUE AS OF 12/28/07
SOUTHEAST ASIAN CEMENT	CMT	4,513,051	1.00	4,513,051.00	4,513,051	1.00	4,513,051.00	-	-
HEMREZ TECHNOLOGIES, INC	COAT	357,000	4.20	1,499,400.00	357,000	4.20	1,499,400.00	-	-
CITISECONLINE COM., INC.	COL	305,200	11.00	3,357,200.00	305,200	11.00	3,357,200.00	-	-
SEBU PROP. VENT. "A"	CPV	15,000	1.82	27,300.00	15,000	1.82	27,300.00	-	-
SEBU PROP. VENT. "B"	CPVB	20,000	1.82	36,400.00	20,000	1.82	36,400.00	-	-
CYBER BAY CORPORATION	CYBR	6,780,000	0.35	2,373,000.00	6,780,000	0.35	2,373,000.00	-	-
DIVERSIFIED FIN. NETWORK	DFNN	186,932	14.50	2,710,514.00	186,932	14.50	2,710,514.00	-	-
DIGITAL TELECOM PHILS. INC.	DGTL	4,438,357	1.84	8,166,576.88	4,438,357	1.84	8,166,576.88	-	-
DIZON COPPER SILVER MINES	DIZ	73,220	8.00	585,760.00	73,220	8.00	585,760.00	-	-
DMCI HOLDINGS, INC.	DMC	835,102	9.60	8,016,979.20	835,102	9.60	8,016,979.20	-	-
PNOC ENERGY DEV. CORP.	EDC	4,291,000	6.50	27,891,500.00	4,291,000	6.50	27,891,500.00	-	-
ENGINEERING EQUIP., INC.	EEI	322,001	4.00	1,288,004.00	322,001	4.00	1,288,004.00	-	-
EXPORT & IND. BANK	EIB	3,770,000	0.38	1,432,600.00	3,770,000	0.38	1,432,600.00	-	-
EIB REALTY DEVELOPERS, INC.	EIBR	283,175	0.27	76,457.25	283,175	0.27	76,457.25	-	-
EMPIRE EAST LAND INC.	ELI	17,820,677	0.80	14,256,541.60	17,820,677	0.80	14,256,541.60	-	-
ETELCARE GBL. SOLUTIONS	ETEL	240	400.00	96,000.00	240	400.00	96,000.00	-	-
ETON PROP. PHILS., INC.	ETON	226,431	3.90	883,080.90	226,431	3.90	883,080.90	-	-
EVER-GOTESCO RESOURCES	EVER	16,070,000	0.22	3,535,400.00	16,070,000	0.22	3,535,400.00	-	-
FIRST ABACUS FINANCIAL	FAF	484,000	1.00	484,000.00	484,000	1.00	484,000.00	-	-
FL-ESTATE CORPORATION	FC	228,000	1.00	228,000.00	228,000	1.00	228,000.00	-	-
FILINVEST DEV. CORP.	FDC	63,800	4.90	312,620.00	63,800	4.90	312,620.00	-	-
FEDERAL RES. INV. GROUP	FED	5,800	10.50	60,900.00	5,800	10.50	60,900.00	-	-
FILIPINO FUND, INC.	FFI	2,400	8.10	19,440.00	2,400	8.10	19,440.00	-	-
FIRST GEN CORPORATION	FGEN	231,700	59.50	13,786,150.00	231,700	59.50	13,786,150.00	-	-
FJ PRINCE HOLDINGS CORP.	FJP	2,000	1.46	2,920.00	2,000	1.46	2,920.00	-	-
FILINVEST LAND, INC.	FLI	19,869,131	1.36	27,022,018.16	19,869,131	1.36	27,022,018.16	-	-
FIRST METRO INV. CORP.	FMIC	51,363,580	42.00	2,157,270,360.00	51,363,580	42.00	2,157,270,360.00	-	-
FIRST PHIL. HOLDINGS CORP.	FPH	255,260	72.50	18,506,350.00	255,260	72.50	18,506,350.00	-	-
FORUM PACIFIC, INC.	FPI	70,000	0.28	19,600.00	70,000	0.28	19,600.00	-	-
EOGRACE RES. PHIL., INC.	GEO	21,317,141	1.80	38,370,853.80	21,317,141	1.80	38,370,853.80	-	-
GLOBE TELECOM, INC.	GLO	3,911	1,570.00	6,140,270.00	3,911	1,570.00	6,140,270.00	-	-
GMA NETWORK, INC.	GMA7	1,443,400	7.70	11,114,180.00	1,443,400	7.70	11,114,180.00	-	-
GMA HOLDINGS, INC.	GMAP	1,581,215	7.40	11,700,991.00	1,581,215	7.40	11,700,991.00	-	-
GOTESCO LAND, INC.	GO	424,500	0.28	118,860.00	424,500	0.28	118,860.00	-	-
GINEBRA SAN MIGUEL INC.	GSMI	145,200	26.00	3,775,200.00	145,200	26.00	3,775,200.00	-	-
HOUSE OF INVESTMENTS INC.	HI	896,000	2.00	1,792,000.00	896,000	2.00	1,792,000.00	-	-
HOLCIM PHILIPPINES, INC.	HLCM	816,950	7.70	6,290,515.00	816,950	7.70	6,290,515.00	-	-
HIGHLANDS PRIME, INC.	HP	400,000	2.80	1,120,000.00	400,000	2.80	1,120,000.00	-	-
IREMIT, INC.	I	3,148,573	4.70	14,798,293.10	3,148,573	4.70	14,798,293.10	-	-
INT'L CONTAINER TERM'L SV	ICT	653,661	45.50	29,741,575.50	653,661	45.50	29,741,575.50	-	-
INFORMATION CAPITAL TECH.	ICTV	708,000	3.15	2,230,200.00	708,000	3.15	2,230,200.00	-	-
INTERPHIL LABS INC. "A"	ILI	51,000	1.00	51,000.00	51,000	1.00	51,000.00	-	-
INTERPHIL LABS INC. "B"	ILIB	1,000	1.00	1,000.00	1,000	1.00	1,000.00	-	-
IONICS, INC.	ION	331,500	1.42	470,730.00	331,500	1.42	470,730.00	-	-
IPVG CORP.	IP	725,433	7.90	5,730,920.70	725,433	7.90	5,730,920.70	-	-
PEOPLE, INC.	IPO	173,049	3.15	545,104.35	173,049	3.15	545,104.35	-	-
INTERPORT RES. "A"	IRC	300,000	0.01	3,900.00	300,000	0.01	3,900.00	-	-
INTERPORT RES. "B"	IRCB	10,000,000	0.01	140,000.00	10,000,000	0.01	140,000.00	-	-
ISLAND INFO AND TECH INC.	IS	15,510,000	0.17	2,636,700.00	15,510,000	0.17	2,636,700.00	-	-
ISM COMMUNICATIONS CORP.	ISM	52,300,000	0.04	1,935,100.00	52,300,000	0.04	1,935,100.00	-	-
ISM STOCK RIGHTS	ISMR	10,900,000	0.01	109,000.00	10,900,000	0.01	109,000.00	-	-
JOLLIBEE FOODS CORP.	JFC	419,984	52.00	21,839,168.00	419,984	52.00	21,839,168.00	-	-
J.G. SUMMIT HOLDINGS, INC.	JGS	2,397,500	11.50	27,571,250.00	2,397,500	11.50	27,571,250.00	-	-

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		NO. OF SHARES	UNIT PRICE		NO. OF SHARES	UNIT PRICE		NO. OF SHARES	MARKET VALUE AS OF 12/28/07
JOLLIVILLE HOLDINGS CORP.	JOH	130,000	1.80	234,000.00	130,000	1.80	234,000.00	-	-
JTH DAVIES HOLDINGS, INC.	JTH	40,100	4.60	184,460.00	40,100	4.60	184,460.00	-	-
KEPPEL PHILS. PROP. INC.	KEP	14,507	1.60	23,211.20	14,507	1.60	23,211.20	-	-
KEPPEL HOLDINGS	KPH	659	1.80	1,186.20	659	1.80	1,186.20	-	-
KEPPEL PHILS. MARINE, INC.	KPM	40,157	2.00	80,314.00	40,157	2.00	80,314.00	-	-
CITY & LAND DEVELOPERS	LAND	5,000	2.20	11,000.00	5,000	2.20	11,000.00	-	-
LEPANTO MINING CORP. "A"	LC	4,897,830,638	0.53	2,595,850,238.14	4,897,830,638	0.53	2,595,850,238.14	-	-
LEPANTO MINING CORP. "B"	LCB	742,452,492	0.52	386,075,295.84	742,452,492	0.52	386,075,295.84	-	-
LIBERTY TELECOMS HOLDINGS	LIB	1,000	0.20	200.00	1,000	0.20	200.00	-	-
MODESTAR INV. HLDG. CORP.	LIHC	13,500	16.00	216,000.00	13,500	16.00	216,000.00	-	-
FIL-ESTATE LAND INC.	LND	4,558,992	0.91	4,148,682.72	4,558,992	0.91	4,148,682.72	-	-
PACIFIC ONLINE SYS. CORP.	LOTO	295,500	10.50	3,102,750.00	295,500	10.50	3,102,750.00	-	-
LEISURE & RESORTS CORP.	LR	15,163,000	2.22	33,661,860.00	15,163,000	2.22	33,661,860.00	-	-
LORENZO SHIPPING CORP.	LSC	46,000	1.68	77,280.00	46,000	1.68	77,280.00	-	-
MANILA MINING CORP. "A"	MA	136,242,644	0.03	3,951,036.68	136,242,644	0.03	3,951,036.68	-	-
MANILA MINING CORP. "B"	MAB	99,622,075	0.03	3,088,284.33	99,622,075	0.03	3,088,284.33	-	-
MACRO-ASIA CORP.	MAC	296,500	5.00	1,482,500.00	296,500	5.00	1,482,500.00	-	-
MANILA BULLETIN	MB	61,066	0.86	52,516.76	61,066	0.86	52,516.76	-	-
METROPOLITAN BANK & TRUST	MBT	21,808,546	54.50	1,188,565,757.00	21,808,546	54.50	1,188,565,757.00	-	-
MEGAWORLD CORP.	MEG	9,859,701	3.75	36,973,878.75	9,859,701	3.75	36,973,878.75	-	-
MANILA ELECTRIC CO., INC.	MER	517,356	82.50	42,681,870.00	517,356	82.50	42,681,870.00	-	-
MANULIFE FINANCIAL CORP.	MFC	1,746	1,620.00	2,828,520.00	1,746	1,620.00	2,828,520.00	-	-
MAKATI FINANCE CORP.	MFIN	8,000	4.00	32,000.00	8,000	4.00	32,000.00	-	-
MABUHAY HOLDINGS CORP.	MHC	430,000	0.40	172,000.00	430,000	0.40	172,000.00	-	-
MINERALES INDUSTRIAS CORP.	MIC	1,912,800	6.10	11,668,080.00	1,912,800	6.10	11,668,080.00	-	-
MONDRAGON INTL. PHILS. INC.	MON	70,170	0.10	7,017.00	70,170	0.10	7,017.00	-	-
METRO PACIFIC INV. CORP.	MPI	869,351	4.40	3,825,144.40	869,351	4.40	3,825,144.40	-	-
MPI WARRANTS	MPIW	5,307	2.70	14,328.90	5,307	2.70	14,328.90	-	-
MRC ALLIED IND., INC.	MRC	2,900,000	0.46	1,334,000.00	2,900,000	0.46	1,334,000.00	-	-
MUSIC SEMICONDUCTORS CORP.	MUSX	1,747,600	2.04	3,565,104.00	1,747,600	2.04	3,565,104.00	-	-
MABUHAY VINYL CORP.	MVC	12,271	0.85	10,430.35	12,271	0.85	10,430.35	-	-
MANILA WATER CO., INC.	MWC	1,462,400	18.50	27,054,400.00	1,462,400	18.50	27,054,400.00	-	-
MAO MINERAL RESOURCES	NI	575,300	18.75	10,786,875.00	575,300	18.75	10,786,875.00	-	-
NAT'L. REINSURANCE CORP.	NRCP	7,719,000	3.30	25,472,700.00	7,719,000	3.30	25,472,700.00	-	-
OMICO CORPORATION	OM	714,093,333	0.01	9,997,306.66	714,093,333	0.01	9,997,306.66	-	-
OMICO CORP. WARRANTS	OMW2	98,611,665	0.01	887,504.99	98,611,665	0.01	887,504.99	-	-
ORIENTAL PET. & MIN. "A"	OPM	95,552,206	0.02	2,293,252.94	95,552,206	0.02	2,293,252.94	-	-
ORIENTAL PET. & MIN. "B"	OPMB	70,070,703	0.03	1,751,767.58	70,070,703	0.03	1,751,767.58	-	-
ORIENTAL PENINSULA RES.	ORE	478,000	3.30	1,577,400.00	478,000	3.30	1,577,400.00	-	-
THE PHILODRILL CORP.	OV	177,589,712	0.03	5,505,281.07	177,589,712	0.03	5,505,281.07	-	-
PACIFICA-A	PA	11,290,000	0.21	2,314,450.00	11,290,000	0.21	2,314,450.00	-	-
PAL HOLDINGS, INC.	PAL	23,000	6.30	144,900.00	23,000	6.30	144,900.00	-	-
PAXYS, INC.	PAX	9,071,307	5.90	53,520,711.30	9,071,307	5.90	53,520,711.30	-	-
PCI LEASING & FIN., INC.	PCIL	1,809,900	1.80	3,257,820.00	1,809,900	1.80	3,257,820.00	-	-
PETRON CORP.	PCOR	(96,855)	5.70	(552,073.50)	(96,855)	5.70	(552,073.50)	-	-
POP RESOURCES, INC.	PCP	7,176,515	0.32	2,296,484.80	7,176,515	0.32	2,296,484.80	-	-
PNOC EXPLORATION CORP. B	PECB	800	17.50	14,000.00	800	17.50	14,000.00	-	-
PREMIERE ENT. PROD., INC.	PEP	23,224,000	1.20	27,868,800.00	23,224,000	1.20	27,868,800.00	-	-
PETROENERGY RES. CORP.	PERC	153,327	9.80	1,502,604.60	153,327	9.80	1,502,604.60	-	-
PHIL. ESTATES CORP.	PHES	2,380,000	0.31	737,800.00	2,380,000	0.31	737,800.00	-	-
PI PINO TEL. CORP.	PLTL	7,550,000	7.50	56,625,000.00	7,550,000	7.50	56,625,000.00	-	-
PANASONIC MFG PHIL CORP.	PMPC	923	6.70	6,184.10	923	6.70	6,184.10	-	-
PHIL. NATIONAL BANK	PNB	167,692	50.00	8,384,600.00	167,692	50.00	8,384,600.00	-	-

Unit 1515 15/F, Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue cor. Paseo de Roxas, Makati City 1200
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MEMBER: METROBANK GROUP and the PHILIPPINE STOCK EXCHANGE



**FIRST METRO SECURITIES BROKERAGE CORPORATION
RESULT OF MONTHLY SECURITIES COUNT
CONDUCTED PURSUANT TO RSA RULE 37(a)-13
DECEMBER 31, 2007**

NAME OF ISSUER		PER COUNT			PER RECORDS			UNLOCATED DIFFERENCE	
		NO. OF SHARES	UNIT PRICE	MARKET VALUE AS OF 12/28/07	NO. OF SHARES	UNIT PRICE	MARKET VALUE AS OF 12/28/07	NO. OF SHARES	MARKET VALUE AS OF 12/28/07
PHIL. NATL. CONST. CORP.	PNC	26,400	5.80	153,120.00	26,400	5.80	153,120.00	-	-
PHOENIX PETROLEUM PHILS.	PNX	317,500	7.10	2,254,250.00	317,500	7.10	2,254,250.00	-	-
POLAR PROPERTY HOLDINGS	PO	18,000	4.40	79,200.00	18,000	4.40	79,200.00	-	-
PRIME ORION PHILS., INC.	POPI	625,000	0.51	318,750.00	625,000	0.51	318,750.00	-	-
PRIME MEDIA HOLDINGS INC.	PRIM	200,000	0.65	130,000.00	200,000	0.65	130,000.00	-	-
PHIL. SAVINGS BANK	PSB	2,665,627	58.50	155,939,179.50	2,665,627	58.50	155,939,179.50	-	-
PHIL. STOCK EXCHANGE INC.	PSE	50,610	1,020.00	51,622,200.00	50,610	1,020.00	51,622,200.00	-	-
PHIL. TELEGRPH & TEL. CORP.	PTT	84,500	0.33	27,885.00	84,500	0.33	27,885.00	-	-
FAST ASIA POWER RES CORP.	PWR	1,120,000	0.40	448,000.00	1,120,000	0.40	448,000.00	-	-
PHILEX MINING CORP.	PX	3,909,768	9.50	37,142,796.00	3,909,768	9.50	37,142,796.00	-	-
RIZAL COMM. BANKING CORP.	RCB	625,025	24.00	15,000,600.00	625,025	24.00	15,000,600.00	-	-
REPUBLIC CEMENT CORP.	RCM	2,557,400	4.00	10,229,600.00	2,557,400	4.00	10,229,600.00	-	-
REPUBLIC GLASS HLDG CORP.	REG	2,795,250	1.80	5,031,450.00	2,795,250	1.80	5,031,450.00	-	-
RFM CORPORATION	RFM	1,346,168	0.69	928,855.92	1,346,168	0.69	928,855.92	-	-
ROBINSONS LAND CORP.	RLC	717,350	16.50	11,836,275.00	717,350	16.50	11,836,275.00	-	-
PHIL REALTY & HOLDINGS	RLT	989,517	0.47	465,072.99	989,517	0.47	465,072.99	-	-
ROXAS HOLDINGS, INC.	ROX	345,642	2.80	967,797.60	345,642	2.80	967,797.60	-	-
REYNOLDS PHILS. CORP.	RPC	328,555	0.15	49,283.25	328,555	0.15	49,283.25	-	-
SEMIRARA MINING CORP.	SCC	(300,200)	44.00	(13,208,800.00)	(300,200)	44.00	(13,208,800.00)	-	-
SECURITY BANK CORP.	SECB	13,633	78.50	1,070,190.50	13,633	78.50	1,070,190.50	-	-
SWIFT FOOD, INC.	SFI	370,177	0.40	148,070.80	370,177	0.40	148,070.80	-	-
SOLID GROUP, INC.	SGI	2,552,000	0.75	1,914,000.00	2,552,000	0.75	1,914,000.00	-	-
SHANG PROPERTIES, INC.	SHNG	2,023,572	2.22	4,492,329.84	2,023,572	2.22	4,492,329.84	-	-
SINOPHIL CORPORATION	SINO	21,411,000	0.33	7,065,630.00	21,411,000	0.33	7,065,630.00	-	-
SUN LIFE FINANCIAL INC.	SLF	546	2,260.00	1,233,960.00	546	2,260.00	1,233,960.00	-	-
STA. LUCIA LAND, INC.	SLI	591,000	1.60	945,600.00	591,000	1.60	945,600.00	-	-
SM INVESTMENTS CORP.	SM	115,057	340.00	39,119,380.00	115,057	340.00	39,119,380.00	-	-
SAN MIGUEL CORP "A"	SMC	382,393	59.00	22,561,187.00	382,393	59.00	22,561,187.00	-	-
SAN MIGUEL CORP "B"	SMCB	258,200	59.50	15,362,900.00	258,200	59.50	15,362,900.00	-	-
SM DEVELOPMENT CORP.	SMDC	1,355,004	3.55	4,810,264.20	1,355,004	3.55	4,810,264.20	-	-
SM PRIME HOLDINGS CORP.	SMPH	3,037,814	10.25	31,137,593.50	3,037,814	10.25	31,137,593.50	-	-
SOUTH CHINA RES. INC.	SOC	103,000	1.50	154,500.00	103,000	1.50	154,500.00	-	-
SPC POWER CORPORATION	SPC	7,000	2.40	16,800.00	7,000	2.40	16,800.00	-	-
SPLASH CORPORATION	SPH	12,970,210	7.70	99,870,617.00	12,970,210	7.70	99,870,617.00	-	-
SEAFRONT RESOURCES CORP.	SPM	26,714	1.20	32,056.80	26,714	1.20	32,056.80	-	-
STENIEL MFG. CORP.	STN	29,319	0.26	7,622.94	29,319	0.26	7,622.94	-	-
SUNTRUST HOME DEV., INC.	SUN	2,426,030	0.57	1,382,837.10	2,426,030	0.57	1,382,837.10	-	-
SANITARY WARES MFG CORP	SWM	21,000	0.20	4,200.00	21,000	0.20	4,200.00	-	-
TKC STEEL CORP.	T	3,520,500	9.00	31,684,500.00	3,520,500	9.00	31,684,500.00	-	-
TRANS ASIA OIL & ENERGY	TA	1,713,757	1.24	2,125,058.68	1,713,757	1.24	2,125,058.68	-	-
TRANS PACIFIC BROADBAND	TBGI	2,283,000	2.36	5,387,880.00	2,283,000	2.36	5,387,880.00	-	-
TANDUAY HOLDINGS, INC.	TDY	152,000	5.80	881,600.00	152,000	5.80	881,600.00	-	-
PHIL. LONG DIST. TEL. CO.	TEL	56,953	3,175.00	180,825,775.00	56,953	3,175.00	180,825,775.00	-	-
PLDT (10% PRF) S-Z	TEL-Z	50	10.50	525.00	50	10.50	525.00	-	-
PLDT (10% PRF) S-A	TEL-A	50	10.00	500.00	50	10.00	500.00	-	-
PLDT (10% PRF) S-C	TEL-C	65	11.00	715.00	65	11.00	715.00	-	-
PLDT (10% PRF) S-K	TEL-K	180	11.00	1,980.00	180	11.00	1,980.00	-	-
PLDT (10% PRF) S-L	TEL-L	180	11.00	1,980.00	180	11.00	1,980.00	-	-
PLDT (10% PRF) S-M	TEL-M	80	10.00	800.00	80	10.00	800.00	-	-
PLDT (10% PRF) S-N	TEL-N	60	10.50	630.00	60	10.50	630.00	-	-
PLDT (10% PRF) S-Q	TEL-Q	130	10.50	1,365.00	130	10.50	1,365.00	-	-
PLDT (10% PRF) S-R	TEL-R	350	10.50	3,675.00	350	10.50	3,675.00	-	-
PLDT (10% PRF) S-S	TEL-S	70	10.25	717.50	70	10.25	717.50	-	-



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DECEMBER 31, 2007**

NAME OF ISSUER		PER COUNT			PER RECORDS			UNLOCATED DIFFERENCE	
		NO. OF SHARES	UNIT PRICE	MARKET VALUE AS OF 12/28/07	NO. OF SHARES	UNIT PRICE	MARKET VALUE AS OF 12/28/07	NO. OF SHARES	MARKET VALUE AS OF 12/28/07
PLDT (10% PRF) S-T	TELT	180	10.75	1,935.00	180	10.75	1,935.00	-	-
PLDT (10% PRF) S-V	TELV	50	10.50	525.00	50	10.50	525.00	-	-
PLDT (10% PRF) S-W	TELW	670	10.50	7,035.00	670	10.50	7,035.00	-	-
PLDT (10% PRF) S-Y	TEL-Y	80	10.50	840.00	80	10.50	840.00	-	-
PLDT (10% PRF) S-AA	TLAA	180	10.50	1,890.00	180	10.50	1,890.00	-	-
ALLIANCE TUNA INTL. INC.	TUNA	1,189,240	1.48	1,760,075.20	1,189,240	1.48	1,760,075.20	-	-
UNION BANK OF THE PHILS.	UBP	294,792	43.00	12,676,056.00	294,792	43.00	12,676,056.00	-	-
UNIOIL RES. & HLDGS., CO.	UNI	330,000	0.30	99,000.00	330,000	0.30	99,000.00	-	-
UNIVERSAL RIGHTFIELD PROP.	UP	60,000	0.04	2,280.00	60,000	0.04	2,280.00	-	-
UNITED PARAGON MINING CO.	UPM	2,171,500	0.75	1,628,625.00	2,171,500	0.75	1,628,625.00	-	-
UNIVERSAL ROBINA CORP.	URC	2,220,264	14.00	31,083,696.00	2,220,264	14.00	31,083,696.00	-	-
NIWIDE HOLDINGS, INC.	UW	3,885,000	0.23	893,550.00	3,885,000	0.23	893,550.00	-	-
IVANTAGE CORP.	V	1,062,500	1.76	1,870,000.00	1,062,500	1.76	1,870,000.00	-	-
VITARICH CORP.	VITA	667,500	0.38	253,650.00	667,500	0.38	253,650.00	-	-
ASTA LAND & LIFESCAPES	VLL	302,350	6.00	1,814,100.00	302,350	6.00	1,814,100.00	-	-
VULCAN IND'L.	VUL	1,629,675	1.02	1,662,268.50	1,629,675	1.02	1,662,268.50	-	-
VIVANT CORP.	VVT	3,500	7.00	24,500.00	3,500	7.00	24,500.00	-	-
PHILWEB CORPORATION	WEB	64,500,000	0.045	2,902,500.00	64,500,000	0.045	2,902,500.00	-	-
WELLEX INDUSTRIES, INC.	WIN	3,470,000	0.30	1,041,000.00	3,470,000	0.30	1,041,000.00	-	-
WATERFRONT PHILS., INC.	WPI	2,583,000	0.80	2,066,400.00	2,583,000	0.80	2,066,400.00	-	-
ZEUS HOLDINGS, INC.	ZHI	110,000	0.50	55,000.00	110,000	0.50	55,000.00	-	-
TOTAL		8,456,539,089		8,952,160,100.30	8,456,539,089		8,952,160,100.30		

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COVER SHEET

SECURITY

CLASSIFICATION

CONTROL

