



Philippine Stock Exchange

2001 ANNUAL REPORT



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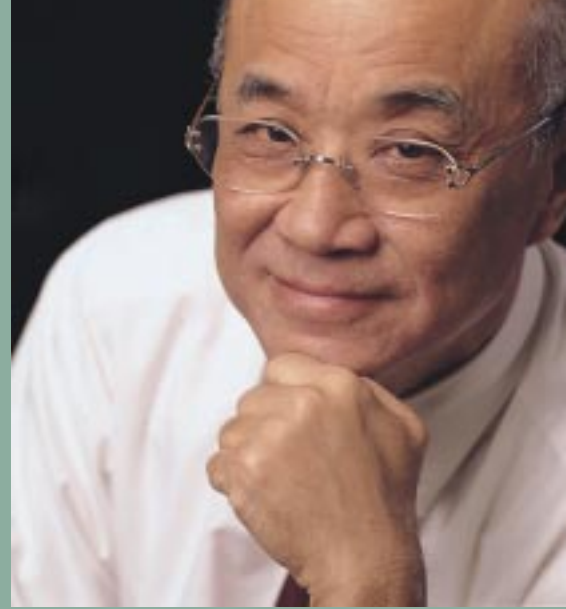
Contents>>

chairman's report	3
market highlights	7
board of directors	8
operational highlights	11
trading participants	15
official list of	
companies & issues	17
management team	20
financial highlights	21
report of independent	
public accountants	22
financial statement	23
notes to financials	27

The word can't help eliciting certain amounts of trepidation over the outlook of any company. A panic frenzy is understandable in the beginning, but prudence is certainly the better part of valor and a gallant trudge out of the comfort of consistency, to turn the situation around into an opportunity for growth. This is where an organization's mettle is tested and its course defined.



chairman's report



It was an extremely difficult period. The country was weighed down by a turbulent political crisis. The year 2001 opened with an ongoing impeachment trial of the Philippine president, accused of plunder and other offenses, which was started in the previous year. Unexpectedly, the trial was suddenly aborted followed by another peaceful people power at EDSA which forced Joseph Estrada to step down and was replaced by Gloria Macapagal Arroyo as President. Shortly thereafter, the nation saw a violent political upheaval in May. The supporters of the former President attacked the Malacañang Palace in an unsuccessful attempt to reinstate their leader.

The domestic economy, already affected by the global economic slowdown, suffered the brunt of the political disturbances. The peso declined to P53 to \$1 – its lowest for the year. The economic problem was aggravated by the September 11 terrorist attacks in the United States which heavily affected our export industry and further depressed our currency.

As a result of the weak economy and the political turmoil, our stock market, already saddled by the stringent provisions of the Securities Regulation Code, recorded its worst performance in years. Trading volume drastically went down. Average daily peso turnover hovered at about P500 million. The Phisix went below the 1000 level to its ten-year low at 979.34. On October 2, 2001, about a month after the September 11 attack, the Exchange recorded its lowest daily trading volume in years at only P130 million for that day.

The steep decline in share prices in 2001 resulted in a 27% drop in market capitalization to a low of P1.9 trillion in October from a high of P2.6 trillion in January.

Despite last year's gloomy condition in our stock market, the PSE was able to launch the Small and Medium Enterprise (SME) Board with the listing of the first SME company that conducted an IPO, the SQL* Wizard, Inc. Fortunately, two more companies were listed before the year ended, namely Primex Corporation and Federal Chemicals, Inc.

Following the mandate of the Securities Regulation Code to demutualize, the PSE was converted from a non-profit member organization to a for-profit stock corporation on August 8, 2001.

The PSE was mandated to demutualize to restore investors' confidence in the market weakened by the BW fiasco. We realize that demutualization is not the



ultimate cure to the confidence crisis but only the first in a series of reforms to rebuild the strength of the market.

Having accomplished the first step of the demutualization, the second step will be the offering of the PSE shares to the public and their listing on the Exchange. PSE shares will have to be made attractive to the public and this will require good business planning and consultation with financial advisers. Until this project is accomplished, there is a need to restructure and mold the Exchange into a cutting edge company that the public would want to invest in. We have begun the process to identify various business units and profit centers within the organization in order to generate a sustainable revenue stream.

One very significant effect of the demutualization is that it enabled the segregation of the ownership of shares and trading rights thus creating two valuable

assets for members. Each of the 184 PSE members now owns 50,000 PSE shares and trading rights. Any member can sell his shares and retain his trading rights or vice versa. Members are now called stockholders and trading participants.

While we generally welcome the new Securities Regulation Code (SRC), we feel that there are certain provisions – mostly an overreaction to the BW scandal – that must be amended if the stock market is to flourish.

We are thankful though that the Securities and Exchange Commission responded positively to our appeal to relax the extremely stringent provisions of the Securities Regulation Code, particularly the provisions on the broker-dealer segregation - which prohibits the brokers from trading their dealer accounts - and broker-director rule – which

prohibits the brokers from trading on shares of listed companies to which they are related. On the broker-dealer segregation, the SEC approved the Customer-First Policy which was programmed into our trading system and was activated on August 22, 2001. This is one vital reform the PSE has adopted the objective of which is to prevent the practice of front running. This means that when a broker has a pre-existing dealer order and he receives orders from his client at the same price, he must surrender priority and give precedence to his client's order.

Amidst the difficult global economic environment which tended to keep investors away from the stock market, especially those in emerging markets like ours, the additional volume from dealer accounts helps a lot in generating market activities and

for member-brokers, in raising revenue to offset operating costs.

On the broker-director rule, the SEC in a special resolution issued on September 12, 2001 exempted brokers and other persons from the prohibition provided under Section 30.1 of the SRC. The resolution provides that brokers who transact shares of corporations which would have been prohibited shall disclose the same within five days after such transaction. However, the resolution limited the exemption to a period of only one year "unless extended by the Commission should economic conditions merit such extension."

Despite the relaxation of the said provisions, it is clearly not enough. The PSE is pushing for no less than the repeal of these provisions so that the policy will be consistent irrespective of which administration is in power. In this regard, a proposed bill has already been filed and is now pending consideration by the Philippine Congress.

The general outlook for the year 2002 appears to be bright. The installation of the Macapagal Arroyo leadership in office on January 20, 2001 has brought renewed hope to our country. Interest rates are at their lowest in years which augur well for business in general. The peso-U.S. dollar exchange rate is stable and as of this writing is

averaging at P51.20. The economy registered a respectable growth for 2001 at 3.4% GDP in contrast to the recession that certain countries in the Asia Pacific region have been experiencing. The government's budget deficit showed some improvement under the current administration. However, while the government targeted a deficit of P145 billion for end year 2001, the actual deficit exceeded the target by about P2 billion.

The other positive factors that will continue to prop up the economy in 2002 are the low inflation rate which is forecast to be in the range of 4-5% this year; the good showing of the agricultural sector which was aided by good weather; the 4.3% strong performance of the service sector which constitutes 42% of the economy; and the easing of the global economic downturn. Added to these factors are the improved foreign exchange reserves which is currently at the level of about US\$15 billion.

One very significant development is the gas and oil production of the Malampaya project. Its output is estimated to meet a sizable amount of the country's fuel requirements. This will not only reduce our oil imports substantially but will also help increase and preserve our precious foreign exchange reserves.

Incidentally, the government is reportedly planning to make a public offering of its 10% stake in the project held by PNOC-EC. It will benefit our market if this plan materializes.

The peace and order situation is relatively under control. Although the stubborn Abu Sayyaf problem has remained unresolved to date, this is now being addressed with resoluteness by President Macapagal Arroyo with the assistance of the United States to whose war campaign against terrorism she gave her administration's full support.

Let us hope that the positive economic factors and improved political condition will usher in a portent of good things to come for the country this year. With all these bright spots on the horizon, there is certainly good reason to believe that our market will respond positively and show a much improved performance for year 2002. In fact, because of its resurgence in January, our market has lately been rated as the best performing stock market in the world. While the market is currently showing softness in volume, the Phisix is steady at the level of 1,365 points.

Last year about the middle of September we had to deal with an unpleasant and regrettable event – the resignation of Director Manuel Pangilinan as a result of a press release issued



by the PSE President, Ramon T. Garcia, in response to a press release of Fort Bonifacio Dev. Corp. on the issue of its delayed donation of a property to PSE for its future home in the Global City. The press release of the President was found to contain derogatory remarks against Director Pangilinan. The Board gave the President a chance to explain. The latter, after giving his explanation, stated that he stood by the contents of the press release. The Board, after an exhaustive deliberation, found the action of the President unjustifiable and resolved to terminate his services. However, in a subsequent meeting of the Board, the President was reinstated subject to the condition that he was to go on terminal leave with pay until the end of March 2002 and his immediate resignation upon the appointment of a new president. Director Pangilinan was prevailed upon to reconsider his resignation. He responded

positively and reassumed his post as PSE director.

In the absence of a President, the Board created a Management Committee composed of Directors Felipe Yap, as Chairman, Mario Camacho, Cayetano Paderanga, Patricio Lim and Robert Coyiuto, Jr. and Corporate Secretary Edgardo Guevara as members to assume the duties of the President until a new president was appointed. On December 4 a new President was appointed for a term of two years in the person of Mr. Ernest Leung, who had served as Acting Finance Secretary during the administration of President Fidel Ramos, among other executive positions in government. He assumed his post as PSE President in January 2002.

In the two years that I have been at the helm of the Philippine Stock Exchange, I feel I have been able to steer our ship judiciously through the stormy events that attended the period –from the time that the SEC issued orders to suspend trading of PSE indefinitely, to withdraw its SRO status, to revoke the appointment of the newly employed Chief Operating Officer, to increase the number of the non-broker members of the PSE Board from three to eight, to the time of the implementation of the Securities Regulation Code with its draconian

provisions and its IRR that adversely affected the market. I am confident that, having completed the first stage of demutualization, the necessary foundation has been laid for the PSE to move forward to becoming a publicly listed profitable business concern and eventually attain its long-held dream of turning into a full-service and world class securities exchange. I am also secure in the thought that the Exchange is now in good hands with the appointment of a new president.

In closing, I would like to express my grateful appreciation to my fellow Board members for their invaluable contribution in the decisions taken by the Board on various issues that affected the Exchange and the market in particular, to the PSE members for their kind support and cooperation and to the officers and staff of the PSE for their devotion to duties in managing the day-to-day operation of the Exchange.

A handwritten signature in black ink, appearing to be 'Felipe U. Yap', written in a cursive style.

FELIPE U. YAP
Chairman



market highlights

Market Data	Years ended 31 December				
	2001	2000	1999	1998	1997
Market Capitalization (PB)	2,142.6	2,577.7	1,937.7	1,373.7	1,251.3
Trading Value (PB)	159.6	357.7	781.0	408.7	586.2
Trading Volume (B Shs)	164.4	659.4	949.0	287.8	1,924.0
Indices (yearend closing)					
Composite	1,168.08	1,494.50	2,142.97	1,968.78	1,869.23
Banks and Financial Services	505.02	554.08	864.74	577.05	517.47
Commercial-Industrial	1,579.39	2,104.54	3,027.97	2,830.85	2,656.92
Property	501.30	508.17	776.03	754.51	823.66
Mining	1,011.29	1,245.08	1,946.09	1,722.63	2,240.39
Oil	1.93	1.73	3.20	1.50	2.31
All-Shares	682.87	829.93	720.36	622.26	570.15
Capital Raised (PB)					
Initial Public Offerings	7.31	37.18	/r 42.05	37.49	32.09
Additional Listings	0.2	0.6	0.8	1.0	10.1
	7.1	36.6	/r 41.3	36.5	22.0
Equities					
Listed Companies	232	230	226	222	221
Domestic	230	228	225	222	221
Foreign	2	2	1	0	0
Listed Issues	311	309	305	302	300
Domestic	309	307	304	302	300
Foreign	2	2	1	0	0
Debt					
Government Securities	1	0	0	0	0
Exchange Rate (P/US\$)					
Average	50.9927	44.1938	39.0890	40.8931	29.4707
End-of-Period	51.4040	49.9980	40.3130	39.0590	39.9750

/r - revised

board of directors



chairman
Felipe U. Yap



president
Ramon T. Garcia*



treasurer
Francis Chua



asst. secretary
David C. Go

*up to 12 December only



asst. treasurer
Eddie T. Gobing



secretary
Edgardo V. Guevara



asst. secretary
Robert Coyoito, Jr.



director
Father Joaquin G. Bernas, S.J.



director
Mario D. Camacho



director
Washington Z. Sycip



director
Patricio L. Lim



director
Harry Liu



director
Eugenio L. Lopez III



director
Cayetano W. Paderanga, Jr.



director
Manuel V. Pangilinan



director
Ma. Vivian Yuchengco



Year 2001 may have started and ended on a negative note but work at the PSE to achieve a globally-competitive stock exchange continued during the year. The objectives that we have laid down at the start of the year were successfully fulfilled as evidenced in the reports made by the Exchange's various divisions.

operational highlights



The Automated Trading Group

Once again, continued efforts of the Automated Trading Group to improve trading operations resulted to 100% system availability for the year. This was primarily attributed to the enhancements in the operational procedures, automation of the trading system operator functions, and the implementation of pro-active system monitoring and management.

Bond trading was implemented in January 2001 through the modification of the existing Maktrade System, which is the same system used for trading stocks. Another corollary system, the PSE-RoSS Interface System, was also developed by the group which allows brokers to access the Bureau of Treasury's Registry of Scripless Securities (BTr-RoSS) online. The system helps in opening client accounts, inquiring client's security holdings, as well as in earmarking securities prior to selling.

In August, several system changes were also carefully undertaken by the ATG on the PSE Maktrade System, one of which is the implementation of the Customer First Policy which was designed to prevent front running, or the practice whereby a broker takes dealer positions ahead of his clients. This initiative proves that the PSE is bent on policing its own ranks.

The past year can also be considered as a system milestone for the ATG as it developed the Market Surveillance Alert System for use of the Compliance and Surveillance Group (CSG). The system aims to provide the CSG the necessary tools that will help detect anomalous securities trading practices. It will assist the PSE in promoting an efficient and fair market

environment that will reinforce integrity, regain the public trust, and maintain investors' confidence.

Lastly, the ATG continues to enhance the Exchange's presence on the worldwide web through the re-designing and reconstruction of the PSE website which is to be launched by early 2002. The new website will contain more up to date information and offer new features like charting, stock trading game and WAP/SMS services.

Listings and Disclosure Group

As discussed earlier, the Small and Medium Enterprise (SME) board finally took off in 2001. The new board was established to allow small and medium capitalized companies with growth potentials to raise capital by making available their shares to the public. The SME Board supports the government's efforts to provide the country's SMEs an alternative venue for raising capital.

To attract companies to list, minimum capitalization requirement was set at Twenty Million Pesos (P20, 000,000.00) up to a maximum of One Hundred Million Pesos (P100, 000,000.00). Of this, a minimum of 25% must be subscribed and fully paid. Interested firms are also required to have net tangible assets of at least Five Million Pesos (P5, 000,000.00). Moreover, companies should have been operational for at least two (2) years with positive net operating income during the last two- (2) financial years.

Three new companies were listed during the year including



the first SME company, SQL*Wizard, Inc. (WIZ). Primex Corp. (PRMX) and Federal Chemicals, Inc. (FED) also joined other publicly listed firms, which totaled 232 by yearend.

The Listing and Disclosure Group is tasked to process and evaluate listing applications, conduct legal due diligence, and monitor compliance to listing requirements including disclosures of listed companies. It also coordinates IPO distribution. The Group is composed of the Listings Department, Legal Advisory Department and Disclosure Department.

Compliance and Surveillance Group

The CSG, which functions to police the Exchange, conducted special audit and investigation as well as supervised operations of 21 suspended member-broker through its Compliance and Audit Department. It also completed the regular annual examination of 146 member-brokers and monitored their reportorial requirements. The group likewise performed the monthly desk review of the Net Capital Requirement for all of the PSE's member-brokers.

During the year, the Special Investigation Department (SID) investigated and handled twenty-three (23) investor complaints of which ten (10) have been resolved and settled, eight (8) are pending resolution, while five (5) cases are currently under investigation.

The CSG is responsible in monitoring member-brokers' compliance to the rules and regulations of the PSE. It imposes appropriate sanctions on erring member-brokers. The group conducts legal audit and review of member-brokers' books of accounts. It also monitors the daily-automated trading activity of stocks and closely follows price and volume movements focusing on unusual price and volume movements that are possibly price manipulative and indicative of trading manipulation.

The Business Development Department

Another major feat of the PSE in 2001 was the listing of the entire issued and outstanding Small-Denominated Treasury Bonds (SDT-Bonds) worth P30.25 billion last January 15, 2001. The SDT-Bonds

is the first government security to be listed in the Philippine stock exchange.

Extensive seminars on debt securities were also held for traders and backroom personnel of all interested trading participants. As of end of 2001, 18 trading participants have satisfactorily passed the requirements of the PSE and have been accredited to trade debt securities.

The Business Development Department, together with the Japan International Cooperation Agency and the Securities and Exchange Commission, conducted a seminar entitled "Securities Market in Manila" from December 3 to 4, 2001. The seminar, attended by representatives from both the Philippine and Japanese government regulatory agencies and exchange officials, discussed situation trends in the Japanese and Philippine Securities Markets. It particularly focused on the systems, procedures and operations of the PSE and the Tokyo Stock Exchange market surveillance and compliance units.

The Research and International Affairs Department

The RIAD remained committed to quality service by providing effective research and information support to the PSE's member-brokers, management, and the general investing public. Exemplifying the kind of service being upheld by the institution it represents, RIAD's competent data management enabled the release of accurate and timely information that proved helpful to both foreign and local investors and institutions.

The year saw the department actively involving itself in various projects of the PSE. It provided research and operational support to the PSE's Demutualization Committee; data and update support to the PSE website; and review of the PSE Composite Index.

Its rich database of trading statistics

continues to be the source of information that facilitates efficient responses to market queries. It likewise provided a reservoir of data for RIAD-released publications namely, the PSE Weekly Report, the PSE Monthly Report, and the PSE Factbook. The group's collection of data is useful to the PSE's continued efforts to exchange information with international exchanges and organizations. These trading data, together with the regular review of market performance, keep investors updated and assist in their investment decisions.

The RIAD continues to manage the PSE special library that serves as the repository of published information and corporate disclosures of listed companies, along with reference materials related to the Philippine capital market.

Administration Department

A clean and organized Exchange was achieved in 2001 through the implementation of the "5S" and Records Management program, a team-based concept aimed at improving the quality of worklife in the PSE. The "5S" – which stands for sorting, systematizing, sweeping, standardizing, and self-discipline – employs a set of activities for the practice of good housekeeping. Under the program, advisers and coordinators composed of managers and supervisors were appointed to ensure that the different departments conform to the set of housekeeping standards. A manual of standards for quality workplace has also been crafted and distributed to all employees that will guide them in following conscientiously the requirements of the program.

The Records Management system, on the other hand, requires all departments to have a complete listing of the records they keep and organize them systematically, complete with records retention schedule and designated time of disposal. With the new system in place, it would be easy for

the Exchange to look for necessary records and documents and furnish those who request them in the fastest time possible. Part of the program is addressing defective equipment and fixtures, which are accident-prone to conform to the set standards.

More than keeping the work place and records in order, the most important aspect of the two programs is the improvement in employee work attitude. Consequently, work delivery has become faster and better while work has become easier, safer and cost effective.

Membership Department

The year 2001 marked the launching of the Quarterly Members' Fellowship Luncheon. The gathering is primarily aimed at creating a forum where trading participants could discuss issues concerning the capital market industry, relevant topics about the operation of the Exchange, as well as current developments in the country's socio-economic and political environment that has direct impact on the stock market. The highlight of the quarterly affair is the presence of a guest speaker whom the membership committee invites to talk about issues that may be of interest to the PSE's trading participants.

Trading and Settlement and the Securities Clearing Corporation of the Philippines (SCCP)

The PSE Guarantee of Brokers' Lodgments to Philippine Central Depository was removed in April 1, 2001. The PCD ceased giving immediate credit to brokers' securities accounts unless the transfer agents have first verified that certificates deposited with them are negotiable. This is to ensure that the Exchange is not exposed to any undue risk attached to paper certificates.

In July, the Securities and Exchange Commission gave its approval on the new PSE Block Sales rules. With the approval is the restitution of the Exchange's

authority to review and approve block sale requests, which was suspended in 1999. The new rules took effect on August 10, 2001.

The Clearing and Settlement arm of the trading and settlement department worked together with the SCCP for the latter's various projects during the year. These include the development of a flexible and fully integrated Clearing and Settlement System, the enhancement of the Mark-to-Market Collateral Deposit System (MMCD), and the Bangko Sentral ng Pilipinas (BSP) Transfer Facility.

The MMCD System has been enhanced to give brokers two options in managing market risks brought about by price fluctuations. Clearing member-brokers may either 1) fully collateralize their individual net negative exposures computed on a daily basis, or 2) participate in a credit rating arrangement where putting up of collateral is required



only when the net negative exposure on a daily basis exceeds P1 million. In which case, the collateral required must be the amount or value in excess of the P1 million threshold. To support the threshold, a P10-million Fund has been set up where the credit ring participating brokers will be required to contribute money on a pro-rate basis when said fund is utilized due to fail trade or not enough to cover the aggregate net negative exposures of all participating members.

The PSE Training Institute

As part of its commitment to investor education and marketing efforts to promote the stock exchange, the Training Institute opened the PSE's doors to 3,252 visitors from 83 different groups last year. The visitors mainly came from various schools and universities in Metro Manila as well as in

the provinces. The Basic Stock Market Investing Program was also conducted at the Naga City Livelihood & Investment Forum in Naga City, Bicol; at the National Federation of Junior Public Institute of Accountants in Fontana Resort, Angeles City, Pampanga; and for the Business Management graduating students of the Tarlac State University in Tarlac City.

In July, the PSE entered into a Memorandum of Agreement with the Knowledge Institute to upgrade the skills of its personnel, member-brokers, listed companies and the investing public in the areas of accounting, audit, corporate finance and management. The following month, the Training Institute, the FINEX Research and Development Foundation, the Securities and Exchange Commission and the Philippine Association of Collegiate Schools of Business inked a landmark Memorandum of Agreement through the launch of the Continuing Business Education Program on the Philippine Securities Market (CBEP-PSM).

The CBEP-PSM aims to develop the capital market through investor education. It also aims to contribute to the periodic review and assessment of the financial management curriculum in the country, being the focal point of all the training and development activities of the said institutions on the Philippine securities market. The program, which commenced in September 2001, will run until April this year through a monthly seminar series covering topics included in the recently revised financial management curriculum.

Other programs and activities offered to member-brokers or their representatives during the year were the Associated Person Certification Seminar, a series of Fixed Income Securities Seminar and Certification Examination both for traders and

backroom personnel, and a seminar on Anti-Money Laundering Law and Its Implementing Rules and Regulations.

The Public Information Assistance Center (PIAC)

The PIAC is an in-house support unit tasked to implement the PSE's continuing public assistance program by covering information promotion and facilitation along with complaint mediation. It serves as the crucial frontline customer service dedicated to provide basic information and services to the general public. As the central distribution channel of all PSE publications, the PIAC strives to promote equity investing appreciation to a broader spectrum of potential investors.

The PSE Foundation, Inc. (PSEFI)

In line with the PSE's continued commitment to extend its resources to organizations which are in need of financial support, the PSEFI donated a total of P350, 000 from its existing cash last year. Of this, P250, 000 was donated to the Pamantasan ng Lungsod ng Maynila for its International Computer Driving License course. The stock exchange also extended some P100, 000 to the NAMFREL for the May 2001 local election in Quezon City. The PSEFI is also providing sponsorship for basic information technology training courses to public higher education institutions as part of its drive to improve information technology literacy in the country.



trading participants



Company Name *Nominee / Member*

A & A Securities, Inc.	Shirley Y. Bangayan	DA Market Securities, Inc.	Nestor S. Aguila
A. T. de Castro Securities Corp.	Alejandro T. de Castro	David Go Securities Corporation	David C. Go
AAA Southeast Equities, Inc.	D. Alfred A. Cabangon	DBP-Daiwa Securities SMBC Philippines, Inc.	Hiroyuki Kaneko
AB Capital Securities, Inc.	Filomeno G. Francisco	DBS Securities (Philippines), Inc.	—
Abacus Securities Corporation	Paulino S. Soo	DBS Vickers Securities (Phils.), Inc.	Ma. Lourdes B. Sison
ABN Amro Asia Securities (Philippines), Inc.	Gregorio U. Kilayko	Diversified Securities, Inc.	Ramon C. Garcia Jr.
Alakor Securities Corporation	Gerard Anton S. Ramos	E*Trade Securities Corporation	David Heron
All Asia Securities Management Corporation	—	E. Chua Chiaco Securities, Inc. *	Ernesto Chua Chiaco
All Suwerte Securities, Inc. **	Paul L. Wee	Eagle Equities, Inc. *	Joseph Y. Roxas
Alpha Securities Corporation	Alberto L. Yu	Eastern Securities Dev't. Corp.	Marian P. Leong
Angping & Associates Securities, Inc.	Jerry C. Angping	Eastwest Capital Corporation *	Edilberto B. Bravo
Ansaldo, Godinez & Company, Inc.	Mariano U. Godinez	EBC Securities Corporation *	Genevieve W. J. Go
Apex Phils. Equities Corporation	Jose Roberto Delgado	Equitiworld Securities, Inc.	Antonio A. Lopa
Armstrong Securities, Inc.	Tony O. King	Evergreen Stock Brokerage & Securities, Inc.	Francisco S. Gaisano
Asia Pacific Capital Equities & Securities Corp.	Benjamin Chua Jr.	F. Yap Securities, Inc.	Felipe U. Yap
Asiamerit Securities, Inc.	—	FEB Stock Brokers, Inc.	Emilio S. De Quiros
Asian Capital Equities, Inc.	Jose Armando L. Eduque	Fidelity Securities, Inc.	Ben C. Tiu
Asiasec Equities, Inc.	Gideon G. Sison	Finvest Securities Company, Inc.	—
Astra Securities Corporation	Benito B. H. Ang	First Integrated Capital Securities, Inc.	Manuel Mañalac Jr.
ATC Securities, Inc. *	Anselmo Trinidad Jr.	First Orient Securities, Inc.	Trinidad Y. Kalaw
ATR-Kim Eng Securities, Inc.	Ramon B. Arnaiz	Fortune Securities, Inc.	Alberto Gotuaco
Aurora Securities, Inc. *	Emmanuel Edward C. Co	Francisco Ortigas Securities, Inc.	Francisco M. Ortigas III
B. H. Chua Securities Corporation *	Michael Li Chua	G. D. Tan & Company, Inc.	Gilbert Tan
BA Securities, Inc.	Ang Biao	G. K. Goh Securities (Phils.), Inc.	Joseph Gregson A. Castillo
Belson Securities, Inc.	Federico C. Lim	Globalinks Securities & Stocks, Inc.	David L. Wuson
Benjamin Co Ca & Company, Inc.	Benjamin Co Ca	Golden Tower Sec. & Holdings, Inc. *	Andres Lao Hian Liong
Bernad Securities, Inc.	Elphege Wong	Goldstar Securities, Inc.	Joseph K. Mancilla
BNP Paribas Investment (Phils.), Inc.	—	Grand Asia Securities, Inc.	Jose C. Balonan
BNP Paribas Peregrine Securities, Inc.	—	Guild Securities, Inc.	Antonio B. Alvarez
BPI Securities Corporation	Senen L. Matoto	Guoco Securities (Phils.), Inc.	Micky Yong
Campos, Lanuza & Company, Inc. *	Gerado O. Lanuza Jr.	H. E. Bennett Securities, Inc.	Jesus M. de la Peña
CDIB Venture Investment (Asia) Limited	Joseph T. G. Tseng	HDI Securities, Inc. *	Chia Kim Teck
Century Securities Corporation *	Chan Kok Bin	Highland Securities Phils., Inc.	Vicente Jayme Jr.
Christfund Securities (Phils.), Inc.	Esteban Peña Sy	HK Securities, Inc.	Rodolfo V. Cruz
Citicorp Securities International (RP), Inc.	—	HSBC Securities (Philippines), Inc.	Lorenzo S. Lichauco
Citisecurities, Inc.	Edward K. Lee	I. Ackerman & Company, Inc.	Irving I. Ackerman
Citytrust Securities Corporation	Alberto S. Villarosa	I. B. Gimenez Securities, Inc.	Ignacio B. Gimenez
CLSA Philippines, Inc.	Raymond M. Tempongko	IGC Securities, Inc. *	Ismael G. Cruz
Coherco Securities, Inc.	Wilfred T. Co	Imperial De Guzman, Abalos & Co., Inc.	Leonides Tiotuico
Cualoping Securities Corporation	Victor Say Hipek	Indosuez W. I. Carr Securities (Philippines), Inc.	Emmanuel L. Samson

ING Baring Securities (Phils.), Inc.	Cesar Luis F. Bate	R. Coyiuto Securities, Inc.	Robert Coyiuto Jr.
Intra-Invest Securities, Inc.	Edgardo V. Guevara	R. Nubla Securities, Inc. *	Ralph Nubla Jr.
Investors Securities, Inc.	Edward Go	R. S. Lim & Company, Inc.	Alejandro T. Yu
J. M. Barcelon & Company, Inc.	Amparo V. Barcelon	Rashid Hussain Securities (Phils.), Inc.	—
J. P. Morgan Securities Philippines, Inc.	Conrado F. Bate	RCBC Securities, Inc.	Alicia Rita M. Arroyo
Jaka Securities Corporation	Katrina C. Ponce-Enrile	Regina Capital Development Corp. *	Marita A. Limlingan
Jocrison Securities, Inc. *	Jose Chong	Regis Partners, Inc.	Emmanuel O. Bautista
JSG Securities, Inc.	Jorge S. Go	RTG & Company, Inc.	—
Keppel Securities Philippines, Inc.	Chan Yee Liang	S. J. Roxas & Company, Inc.	Simplicio J. Roxas
Key Securities, Inc. *	Koo Kiao Go	Santander Investment Securities (Phils.), Inc.	Vicente B. Castillo
KGI Securities (Phils.), Inc.	Felix Chan	Sapphire Securities, Inc.	—
King's Power Securities, Inc. *	Carlos J. Ching	Sarangani Securities, Inc. *	Arthur W. Antonino
Larrgo Securities Company, Inc. *	Maria Paz R. Laurel	SB Equities, Inc.	Remy Tigulo
Litonjua Securities, Inc.	Eduardo V. Litonjua Jr.	Securities 2000, Inc.	Charles C. Ngan
Lopez, Locsin, Ledesma & Company, Inc.	Dionisio Lopez	Securities Plus, Inc.	Eduardo L. Gaspar
Lucky Securities, Inc.	Eddie T. Gobing	Securities Specialists, Inc.	Francisco Villaroman
Luy's Securities Company, Inc. *	Enrique Luy	SG Securities (Philippines), Inc.	—
Magnum International Securities, Inc.	—	Sincere Securities Corporation	John Kenneth L. Ocampo
Mandarin Securities Corporation	Charles H. Shih	Solar Securities, Inc.	Johnny S. Yap
Marian Securities, Inc.	Richard L. Lee	Standard Securities Corporation *	Domingo Herrera
Marino Olondriz y Cia *	Marino Jose Olondriz	Strategic Equities Corporation	Roberto Z. Lorayes
Mark Securities Corporation	Mark S. Dayrit	Summit Securities, Inc.	Harry G. Liu
MDR Securities, Inc.	Manuel D. Recto	Sun Hung Kai Securities (Phils.), Inc.	Gary Cheung Wai Kwok
Mercantile Securities Corp.	Astrid Melody Lim	Supreme Stockbroker, Inc.	Eduardo C. Arroyo Jr.
Meridian Securities, Inc.	Ronaldo S. Salonga	Tansengco & Company, Inc.	Francisco O. Tansengco
Mount Peak Securities, Inc.	William Gaweco	The First Resources Management & Securities Corporation *	Ma. Vivian Yuchengco
Multi-Grade Securities Corp.	Nolan M. Dapul	Thing On Securities Ltd. Philippines, Inc.	Betty Wong
New World Securities, Inc.	Joan Chai Chu	Topwin Securities, Inc.	—
Nieves Sanchez, Inc.	Nieves Sanchez	Tower Securities, Inc.	Raymond Peter L. Unlay
Nomura Securities Phils., Inc.	Noriyasu Yoshizawa	Trans-Asia Securities, Inc.	Eugene Ong
OCBC Securities Philippines, Inc.	—	Trendline Securities Corporation	—
Optimum Securities Corporation *	Eddie S. Jose	Tri-State Securities, Inc.	Gregorio T. Chan
Orion-Squire Capital, Inc.	—	Triton Securities Corporation	Edwin L. Luy
Pan Asia Securities Corporation *	Mariano Tanenglian	UBS Warburg Securities (Philippines), Inc.	Robrina L. Go
Papa Securities Corporation	—	UCPB Securities, Inc.	Joseph N. Pineda
Paragon Strategic Holdings, Inc.	Peter Kan	Unicapital Securities, Inc.	Leonardo R. Arguelles
PCCI Securities Brokers Corp.	Federico C. Galang	UOB Securities (Philippines), Inc.	Michael Huang
PCIB Securities, Inc.	Erlaster C. Sotto	UPCC Securities Corporation	Edgardo A. Kalaw
Pearlbank Securities, Inc.	Juanita U. Tan	Urbancorp Securities, Inc.	—
PhileoAllied Securities (Philippines), Inc.	—	Venture Securities, Inc. *	Eusebio Tanco
Philippine Equity Partners, Inc.	Joseph R. Madrid	Vicsal Securities & Stock Brokerage, Inc.	Frank Sy Gaisano
Philippine TA Securities, Inc.	Yeoh Yong Woi	Wealth Securities, Inc.	Hosanna T. Ayson
Phil-Progress Securities Corp.	Francisca S. Martin	Westlink Global Equities, Inc.	Rhoderick Santos
Pierce Interlink Securities, Inc.	Luciano P. Ong Sr.	Wincorp Securities, Inc.	—
PJB Pacific Securities (Phils.), Inc.	Salwah Hassan	Wise Securities Phils., Inc.	Ramon L. Mapa
Platinum Securities, Inc.	Rodolfo V. Feliciano	Wong Securities Corporation	Eden Wong
PNB Securities, Inc.	Victor C. Gella	Worldsec International Securities (Phils.), Inc.	Cecilia Dolendo-Suarez
Premium Securities, Inc. *	Antonio Y. Tee	Yao & Zialcita, Inc. *	Carmelita C. Yao
Pryce Securities, Inc.	Salvador P. Escaño	Yaptinchay Securities Corp. *	Agerico T. Paras
Public Securities Corporation	Reynaldo V. Reyes	Yu & Company, Inc.	Johnny Yu
Quality Investment & Securities Corp.	Alfred Cu		Christopher L. Chilip *
R & L Investments, Inc.	Rene R. Lee		Rodolfo Pineda ***

Legend:

- * - Member (Individual Trading Participant)
- ** - Non-member (Corporate Trading Participant)
- *** - Non-member (Individual Trading Participant)

TOTAL NO. OF TRADING PARTICIPANTS (184)

A. LOCAL TRADING PARTICIPANTS (151)			
•	Operating	-	127
•	Non-operating	-	24
B. FOREIGN TRADING PARTICIPANTS (33)			
•	Operating	-	10
•	Non-operating	-	23

official list of companies & issues



Name Of Stock *Stock Symbol* *Par Value*

EQUITIES

BANKS AND FINANCIAL SERVICES

BANKS

ASIATRUST DEVELOPMENT BANK, INC.	ASIA	10.00
BANCO FILIPINO SAVINGS & MORTGAGE BANK	BF	100.00
BANK OF THE PHILIPPINE ISLANDS	BPI	10.00
CHINA BANKING CORPORATION	CHIB	100.00
CHINATRUST (PHILIPPINES) COMMERCIAL BANK CORPORATION	CHTR	10.00
EQUITABLE PCI BANK, INC.	EBC	10.00
FIRST E-BANK CORPORATION (A DEVELOPMENT BANK)	FSTE	1.00
GLOBAL BUSINESS BANK, INC.	GBB	50.00
METROPOLITAN BANK & TRUST COMPANY	MBT	100.00
PHILIPPINE BANK OF COMMUNICATIONS	PBC	100.00
PHILIPPINE NATIONAL BANK	PNB	60.00
PHILIPPINE SAVINGS BANK	PSB	10.00
PHILIPPINE TRUST COMPANY	PTC	10.00
PRUDENTIAL BANK	PB	100.00
RIZAL COMM'L BANKING CORPORATION	RCB	10.00
SECURITY BANK CORPORATION	SECB	10.00
UNION BANK OF THE PHILIPPINES	UBP	10.00
URBAN BANK, INC. *	URB	100.00

FINANCIAL SERVICES

BANKARD, INC.	BKD	1.00
FILIPINO FUND, INC.	FFI	1.00
FIRST ABACUS FINANCIAL HOLDINGS CORPORATION	FAF	1.00
FIRST METRO INVESTMENT CORPORATION	FMIC	100.00
MANULIFE FINANCIAL CORPORATION	MFC	-
PCI LEASING & FINANCE, INC.	PCIL	1.00
SUN LIFE FINANCIAL SERVICES OF CANADA INC.	SLC	-

COMMERCIAL - INDUSTRIAL

COMMUNICATION

ABS-CBN BROADCASTING CORPORATION	ABS	1.00
DIGITAL TELECOMMUNICATIONS PHILS., INC.	DGTL	1.00
DIVERSIFIED FINANCIAL NETWORK, INC.	DFNN	1.00
EASYCALL COMMUNICATIONS PHILIPPINES, INC.	ECP	1.00
GLOBE TELECOM, INC.	GLO	50.00
IPEOPLE, INC.	IPO	1.00
ISLAND INFORMATION AND TECHNOLOGY, INC.	IS	0.01
IVANTAGE CORPORATION	V	1.00
LIBERTY TELECOMS HOLDINGS, INC.	LIB	1.00
MANILA BROADCASTING COMPANY	MBC	1.00
MANILA BULLETIN PUBLISHING CORPORATION	MB	1.00
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY "Common"	TEL	5.00
PHILIPPINE TELEGRAPH & TELEPHONE CORPORATION	PTT	1.00
PHILSTAR.COM, INC.	STAR	1.00
PHILWEB.COM, INC.	WEB	0.01
PILIPINO TELEPHONE CORPORATION	PLTL	1.00

POWER AND ENERGY

MANILA ELECTRIC COMPANY "A"	MER	10.00
MANILA ELECTRIC COMPANY "B"	MERB	10.00
PETRON CORPORATION	PCOR	1.00
TRANS-ASIA OIL & ENERGY DEVELOPMENT CORPORATION	TA	1.00

TRANSPORTATION SERVICES

ASIAN TERMINALS, INC.	ATI	1.00
INT'L CONTAINER TERMINAL SERVICES, INC.	ICT	1.00
KEPPEL PHILIPPINES MARINE, INC.	KPM	1.00
LORENZO SHIPPING CORPORATION	LSC	1.00
NEGROS NAVIGATION COMPANY, INC.	NN	1.00
WILLIAM, GOTHONG & ABOITIZ, INC.	WGA	1.00

CONSTRUCTION & OTHER RELATED PRODUCTS

AGP INDUSTRIAL CORPORATION "A"	AGP	6.00
AGP INDUSTRIAL CORPORATION "B"	AGPB	6.00
ALSONS CEMENT CORPORATION	ALC	1.00
CONCRETE AGGREGATES CORPORATION "A"	CA	10.00
CONCRETE AGGREGATES CORPORATION "B"	CAB	10.00
EEL CORPORATION	EEL	1.00
FORTUNE CEMENT CORPORATION	FCC	1.00
MARIWASA MANUFACTURING CORPORATION	MMI	1.00
NASIPIT LUMBER COMPANY, INC. "A"	NAS	100.00
NASIPIT LUMBER COMPANY, INC. "B"	NASB	100.00
PHILIPPINE NATIONAL CONSTRUCTION CORPORATION *	PNC	10.00
REPUBLIC CEMENT CORPORATION	RCM	1.00
REPUBLIC GLASS HOLDINGS CORPORATION	REG	1.00
SANITARY WARES MANUFACTURING CORPORATION	SWM	1.00
UNION CEMENT CORPORATION	UCC	1.00

FOOD, BEVERAGE & TOBACCO

ALASKA MILK CORPORATION	AMC	1.00
COSMOS BOTTLING CORPORATION	CBC	1.00
JOLLIBEE FOODS CORPORATION	JFC	1.00
LA TONDENA DISTILLERS, INC.	LTDI	1.00
LIBERTY FLOUR MILLS, INC.	LFM	10.00
PANCAKE HOUSE, INC.	PCKH	1.00
PHILIPPINE TOBACCO FLUE-CURING & REDRYING CORPORATION	TFC	1.00
PURE FOODS CORPORATION "A"	PF	10.00
PURE FOODS CORPORATION "B"	PFB	10.00
RFM CORPORATION	RFM	2.00
SAN MIGUEL CORPORATION "A"	SMC	5.00
SAN MIGUEL CORPORATION "B"	SMCB	5.00
SWIFT FOODS, INC.	SFI	1.00
UNIVERSAL ROBINA CORPORATION	URC	1.00
VITARICH CORPORATION	VITA	1.00

HOLDING FIRMS

A BROWN COMPANY, INC.	BRN	1.00
A. SORIANO CORPORATION	ANS	1.00
ABACUS CONS. RESOURCES & HOLDINGS, INC. "A"	ABA	1.00
ABACUS CONS. RESOURCES & HOLDINGS, INC. "B"	ABAB	1.00
ABOITIZ EQUITY VENTURES, INC.	AEV	1.00
AJO.NET HOLDINGS, INC.	AJO	1.00
ALCORN GOLD RESOURCES CORPORATION	APM	0.01
ALLIANCE GLOBAL GROUP, INC.	AGI	1.00
ALSONS CONSOLIDATED RESOURCES, INC.	ACR	1.00
ANGLO-PHILIPPINE HOLDINGS CORPORATION	APO	1.00
APC GROUP, INC.	APC	1.00
ASIA AMALGAMATED HOLDINGS CORPORATION	AAA	1.00
ATN HOLDINGS, INC. "A"	ATN	1.00
ATN HOLDINGS, INC. "B"	ATNB	1.00
ATOK-BIG WEDGE COMPANY, INC. "A"	AB	1.00
ATOK-BIG WEDGE COMPANY, INC. "B"	ABB	1.00
AYALA CORPORATION	AC	1.00
BACNOTAN CONSOLIDATED INDUSTRIES, INC.	BCI	10.00
BAGUIO GOLD HOLDINGS CORPORATION	B	1.00
BALABAC RESOURCES & HOLDINGS COMPANY, INC.	BAL	1.00
BASIC CONSOLIDATED, INC.	BSC	1.00
BENPRES HOLDINGS CORPORATION	BPC	1.00
BHI HOLDINGS, INC.	BH	100.00
BOULEVARD HOLDINGS, INC.	BHI	1.00
CROWN EQUITIES, INC.	CEI	1.00
DMCI HOLDINGS, INC.	DMC	1.00
EAST ASIA POWER RESOURCES CORPORATION	PWR	1.00
EBECOM HOLDINGS, INC.	EBE	0.01
EVER GOTESCO RESOURCES & HOLDINGS, INC.	EVER	1.00
F & J PRINCE HOLDINGS CORPORATION "A"	FJP	1.00
F & J PRINCE HOLDINGS CORPORATION "B"	FJPB	1.00
FILE-STATE CORPORATION	FC	1.00
FIL-HISPANO HOLDINGS CORPORATION	FH	1.00
FILINVEST DEVELOPMENT CORPORATION	FDC	1.00
FIRST PHILIPPINE HOLDINGS CORPORATION	FPH	10.00
FORUM PACIFIC, INC.	FPI	1.00
GLOBAL EQUITIES, INC.	GEI	1.00
GUOCO HOLDINGS (PHILIPPINES), INC.	GUO	1.00
HOUSE OF INVESTMENTS, INC.	HI	2.00
IONICS, INC.	ION	1.00
JG SUMMIT HOLDINGS, INC.	JGS	1.00
KEPPEL PHILIPPINES HOLDINGS, INC. "A"	KPH	1.00
KEPPEL PHILIPPINES HOLDINGS, INC. "B"	KPHB	1.00
MABUHAY HOLDINGS CORPORATION	MHC	1.00
MACROASIA CORPORATION	MAC	1.00
MAGNUM HOLDINGS, INC.	MHI	1.00
MARSTEEL CONSOLIDATED, INC. "A"	MC	0.01
MARSTEEL CONSOLIDATED, INC. "B"	MCB	0.01
MEDCO HOLDINGS, INC.	MED	1.00
MEGAWORLD CORPORATION	MEG	1.00
METRO PACIFIC CORPORATION	MPC	1.00
MBF, INC.	MBF	1.00
MIC HOLDINGS CORPORATION	MET	100.00
MULTITECH INVESTMENTS CORPORATION	MIC	1.00
MUSIC CORPORATION	MUSX	1.00
NEXTSTAGE, INC.	NXT	1.00
PHILCOMSAT HOLDINGS CORPORATION *	PHC	1.00
PHILTREAD HOLDINGS CORPORATION "A"	PTR	1.00
PHILTREAD HOLDINGS CORPORATION "B"	PTRB	1.00
ROXAS HOLDINGS, INC.	SGR	1.00
SEAFRONT RESOURCES CORPORATION	SPM	1.00
SIME DARBY PILIPINAS, INC.	SDP	10.00
SOLID GROUP, INC.	SGI	1.00
SOUTHEAST ASIA CEMENT HOLDINGS, INC.	CMT	1.00
TANDUAY HOLDINGS, INC.	TDY	1.00
UNIOIL RESOURCES & HOLDINGS COMPANY, INC.	UNI	1.00
UNIWIDE HOLDINGS, INC.	UW	1.00
WATERFRONT PHILIPPINES, INC.	WPI	1.00
WELLEX INDUSTRIES, INC.	WIN	1.00
WISE HOLDINGS, INC. "A"	WHI	1.00
WISE HOLDINGS, INC. "B"	WHIB	1.00
ZEUS HOLDINGS, INC.	ZHI	1.00
MANUFACTURING, DIST'N & TRADING		
ACTIVE ALLIANCE, INC.	AAI	1.00
BOGO MEDELLIN MILLING COMPANY	BMM	10.00
CENTRAL AZUCARERA DE LA CARLOTA	CAC	1.00
CENTRAL AZUCARERA DE TARLAC	CAT	10.00



CHEMICAL INDUSTRIES OF THE PHILIPPINES	CIP	10.00
CORRO-COAT, INC.	COAT	1.00
EURO-MED LABORATORIES PHILS., INC.	EURO	1.00
FEDERAL CHEMICALS, INC.	FED	1.00
FILSYN CORPORATION "A"	FYN	5.00
FILSYN CORPORATION "B"	FYNB	5.00
INTERPHIL LABORATORIES, INC. "A"	ILI	1.00
INTERPHIL LABORATORIES, INC. "B"	ILIB	1.00
JARDINE DAVIES INC.	JDI	4.00
LMG CHEMICALS CORPORATION	LMG	1.00
MABUHAY VINYL CORPORATION	MVC	1.00
MACONDRAY PLASTICS, INC.	MRAY	1.00
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION "A"	MAH	1.00
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION "B"	MAHB	1.00
MATSUSHITA ELECTRIC PHILIPPINES CORPORATION	MEP	1.00
PHILIPPINE SEVEN CORPORATION "Common"	SEVN	1.00
PICOP RESOURCES, INC.	PCP	1.00
PRIME GAMING PHILIPPINES, INC.	PGPI	10.00
PRYCE CORPORATION	PPC	1.00
REYNOLDS PHILIPPINES CORPORATION *	RPC	1.00
SPI TECHNOLOGIES, INC.	SPI	1.00
STENIEL MANUFACTURING CORPORATION	STN	1.00
VICTORIAS MILLING COMPANY, INC. *	VMC	10.00
HOTEL, RECREATION & OTHER SERVICES		
ACESITE (PHILIPPINES) HOTEL CORPORATION	DHC	1.00
BELLE CORPORATION	BEL	1.00
FAIRMONT HOLDINGS, INC.	FAIR	1.00
GRAND PLAZA HOTEL CORPORATION	GPH	10.00
LEISURE & RESORTS WORLD CORPORATION	FER	1.00
MANILA JOCKEY CLUB, INC.	MJC	1.00
MONDRAGON INTERNATIONAL PHILIPPINES, INC. *	MON	1.00
PHILIPPINE RACING CLUB, INC.	PRC	1.00
PREMIERE ENTERTAINMENT PRODUCTIONS, INC.	PEP	1.00
OTHERS		
CENTRO ESCOLAR UNIVERSITY	CEU	1.00
FAR EASTERN UNIVERSITY, INC.	FEU	100.00
PREFERRED		
ALLIED BANKING CORPORATION		
- 15% Cumulative Convertible Preferred A	ABC	1,000.00
BANCO FILIPINO SAVINGS & MORTGAGE BANK		
- 15 ½% Cumulative Convertible Preferred	BFC	100.00
BANCO FILIPINO SAVINGS & MORTGAGE BANK		
- 15 ½% Cumulative Non-Convertible Preferred	BFNC	100.00
BENGUET CORP.		
- 8% Cumulative Convertible Preferred A	BCP	3.44
CENTRAL AZUCARERA DE LA CARLOTA		
- Convertible Preferred B	CACP	1.00

COSMOS BOTTLING CORP. - 5% Convertible Preferred	CBCP	1.00	GOTESCO LAND, INC. "B"	GOB	1.00
DMCI HOLDINGS, INC. - Cumulative Convertible Preferred	DMCP	1.00	KEPPEL PHILIPPINES PROPERTIES, INC.	KEP	1.00
GLOBE TELECOM, INC. - Preferred A	GLO-PA	5.00	KUOK PHIL. PROPERTIES, INC.	KPP	1.00
PLDT 10% Cumulative Convertible Preferred Series A	TELA	10.00	MRC ALLIED INDUSTRIES, INC.	MRC	1.00
PLDT 10% Cumulative Convertible Preferred Series B	TELB	10.00	PHILIPPINE ESTATES CORPORATION	PHES	1.00
PLDT 10% Cumulative Convertible Preferred Series C	TELC	10.00	PHILIPPINE REALTY & HOLDINGS CORPORATION	RLT	1.00
PLDT 10% Cumulative Convertible Preferred Series D	TELD	10.00	PRIMETOWN PROPERTY GROUP, INC.	PMT	1.00
PLDT 10% Cumulative Convertible Preferred Series E	TELE	10.00	PRIMEX CORPORATION	PRMX	1.00
PLDT 10% Cumulative Convertible Preferred Series F	TELF	10.00	ROBINSON'S LAND CORPORATION	RLC	1.00
PLDT 10% Cumulative Convertible Preferred Series G	TELG	10.00	SAN MIGUEL PROPERTIES, INC.	SMP	10.00
PLDT 10% Cumulative Convertible Preferred Series H	TELH	10.00	SM DEVELOPMENT CORPORATION	SMDC	1.00
PLDT 10% Cumulative Convertible Preferred Series I	TELI	10.00	SM PRIME HOLDINGS, INC.	SMPH	1.00
PLDT 10% Cumulative Convertible Preferred Series J	TELJ	10.00	UNIVERSAL RIGHTFIELD PROPERTY HOLDINGS, INC.	UP	1.00
PLDT 10% Cumulative Convertible Preferred Series K	TELK	10.00	URBANCORP REALTY DEVELOPERS, INC.	URDI	1.00
PLDT 10% Cumulative Convertible Preferred Series L	TELL	10.00	ZIPPORAH REALTY HOLDINGS, INC.	ZIP	1.00
PLDT 10% Cumulative Convertible Preferred Series M	TELM	10.00			
PLDT 10% Cumulative Convertible Preferred Series N	TELN	10.00	<u>MINING</u>		
PLDT 10% Cumulative Convertible Preferred Series O	TELO	10.00	ABRAMINING & INDUSTRIAL CORPORATION	AR	0.01
PLDT 10% Cumulative Convertible Preferred Series P	TELP	10.00	APEX MINING COMPANY, INC. "A"	APX	1.00
PLDT 10% Cumulative Convertible Preferred Series Q	TELQ	10.00	APEX MINING COMPANY, INC. "B"	APXB	1.00
PLDT 10% Cumulative Convertible Preferred Series R	TELR	10.00	ATLAS CONSOLIDATED MINING & DEVELOPMENT CORPORATION	AT	10.00
PLDT 10% Cumulative Convertible Preferred Series S	TELS	10.00	BENGUET CORPORATION "A"	BC	3.00
PLDT 10% Cumulative Convertible Preferred Series T	TELT	10.00	BENGUET CORPORATION "B"	BCB	3.00
PLDT 10% Cumulative Convertible Preferred Series U	TELU	10.00	CITY RESOURCES (PHILIPPINES) CORPORATION *	CRC	1.00
PLDT 10% Cumulative Convertible Preferred Series V	TELV	10.00	DIZON COPPER SILVER MINES, INC.	DIZ	1.00
PLDT 10% Cumulative Convertible Preferred Series W	TELW	10.00	ITOGON-SUYOC MINES, INC. "A"	ISM	0.01
PLDT 10% Cumulative Convertible Preferred Series X	TELX	10.00	ITOGON-SUYOC MINES, INC. "B"	ISMB	0.01
PLDT 10% Cumulative Convertible Preferred Series Y	TELY	10.00	LEPANTO CONSOLIDATED MINING COMPANY "A"	LC	0.10
PLDT 10% Cumulative Convertible Preferred Series Z	TELZ	10.00	LEPANTO CONSOLIDATED MINING COMPANY "B"	LCB	0.10
PLDT 10% Cumulative Convertible Preferred Series AA	TLLA	10.00	LODESTAR MINING CORPORATION "A" *	LMC	1.00
PLDT 10% Cumulative Convertible Preferred Series BB	TLLB	10.00	LODESTAR MINING CORPORATION "B" *	LMCB	1.00
RFM CORPORATION - 10% Convertible Preferred	RFMP	1.00	MANILA MINING CORPORATION "A"	MA	0.01
SEMIRARA MINING CORPORATION - 16% Cumulative Preferred	SCCP	10,000	MANILA MINING CORPORATION "B"	MAB	0.01
SWIFT FOODS, INC. - Convertible Preferred	SFIP	1.00	OMICO CORPORATION	OM	0.01
			PHILEX MINING CORPORATION "A"	PX	1.00
			PHILEX MINING CORPORATION "B"	PXB	1.00
			POLARMINES & DEVELOPMENT CORPORATION	PO	0.01
			SEMIRARA MINING CORPORATION "Common"	SCC	1.00
			UEM DEVELOPMENT PHILS., INC. *	MK	1.00
			UNITED PARAGON MINING CORPORATION	UPM	1.00
WARRANTS, PHIL. DEPOSIT RECEIPTS, ETC.					
ABS-CBN HOLDINGS CORPORATION Philippine Deposit Receipts	ABSP	-	<u>OIL</u>		
EQUITABLE PCI BANK, INC. - Warrants 2002	EBCW	-	IMPERIAL RESOURCES, INC. "A"	IMP	0.01
GLOBE TELECOM HOLDINGS, INC. Philippine Deposit Receipts	GTHP	-	IMPERIAL RESOURCES, INC. "B"	IMPB	0.01
GLOBE TELECOM, INC. - Class "A" Warrants 2002	GLOW	-	INTERPORT RESOURCES CORPORATION "A"	IRC	0.01
GLOBE TELECOM, INC. - Class "B" Warrants 2002	GLOX	-	INTERPORT RESOURCES CORPORATION "B"	IRCB	0.01
MACROASIA CORPORATION - Warrants 2003	MACV	-	LANDOIL RESOURCES CORPORATION "A" *	LRC	0.01
OMICO CORPORATION - Warrants 2002	OMW	-	LANDOIL RESOURCES CORPORATION "B" *	LRCB	0.01
PHILIPPINE BANK OF COMMUNICATION - Warrants 2004	PBCW	-	ORIENTAL PETROLEUM & MINERAL CORPORATION "A"	OPM	0.01
PHILIPPINE NATIONAL BANK - Warrants 2005	PNBW2	-	ORIENTAL PETROLEUM & MINERAL CORPORATION "B"	OPMB	0.01
PHILWEB.COM, INC. - Warrants 2004	WEBW	-	PACIFICA, INC. "A"	PA	0.005
QUEENBEE RESOURCES CORPORATION - Jollibee Foods Corporation Warrants 2003	JFCW	-	PACIFICA, INC. "B"	PAB	0.005
			PNOC EXPLORATION CORPORATION "A"	PEC	1.00
			PNOC EXPLORATION CORPORATION "B"	PECB	1.00
			SINOPHIL CORPORATION *	SINO	1.00
			SOUTH CHINA RESOURCES, INC.	SOC	1.00
			THE PHILODRILL CORPORATION "A"	OV	1.00
			THE PHILODRILL CORPORATION "B"	OVB	1.00
			VULCAN INDUSTRIAL & MINING CORPORATION	VUL	1.00
<u>PROPERTY</u>					
ARANETA PROPERTIES, INC.	ARA	1.00	<u>SMALL AND MEDIUM ENTERPRISES</u>		
AYALA LAND, INC.	ALI	1.00	SQL* WIZARD, INC.	WIZ	1.00
C & P HOMES, INC.	CMP	1.00			
CEBU HOLDINGS, INC.	CHI	1.00	DEBT		
CEBU PROPERTY VENTURE & DEVELOPMENT CORPORATION "A"	CPV	1.00	<u>GOVERNMENT SECURITIES</u>		
CEBU PROPERTY VENTURE & DEVELOPMENT CORPORATION "B"	CPVB	1.00	SMALL DENOMINATED TREASURY BONDS	SDT0704	
CITY & LAND DEVELOPERS, INC.	LAND	1.00			
CITYLAND DEVELOPMENT CORPORATION	CDC	1.00			
CYBER BAY CORPORATION	CYBR	1.00			
EDSA PROPERTIES HOLDINGS, INC.	EPHI	1.00			
EMPIRE EAST LAND HOLDINGS, INC.	ELI	1.00			
FIL-ESTATE LAND, INC.	LND	1.00			
FILINVEST LAND, INC.	FLI	1.00			
GOTESCO LAND, INC. "A"	GO	1.00			

Note: * - Trading Suspended/Halted



managementteam

AS OF 31 DECEMBER 2001

Senior Vice President

OIC LISTINGS AND DISCLOSURE GROUP

Vice President FINANCE & INVESTMENTS GROUP

OIC HUMAN RESOURCES DEPARTMENT

Assistant Vice-President AUTOMATED TRADING GROUP

Head COMPLIANCE AND SURVEILLANCE GROUP

Senior Manager LISTINGS DEPARTMENT

Senior Manager ADMINISTRATION DEPARTMENT

Senior Manager MEMBERSHIP DEPARTMENT

Senior Manager COMPLIANCE AUDIT DEPARTMENT

Manager OFFICE OF THE GENERAL COUNSEL

Manager LEGAL ADVISORY DEPARTMENT

Manager TRADING AND SETTLEMENT DEPARTMENT

Asst. Manager LISTINGS DEPARTMENT

Asst. Manager SYSTEMS DEVT. DEPARTMENT

Asst. Manager TRADING OPERATIONS PSE PLAZA

Asst. Manager TRADING OPERATIONS PSE CENTRE

Asst. Manager BUSINESS DEVT. DEPARTMENT

Asst. Manager RESEARCH & INT'L. AFFAIRS DEPARTMENT

OIC PSE TRAINING INSTITUTE

OIC PSE PUBLIC INFORMATION AND ASSISTANCE CENTER

OIC PSE PLAZA OPERATIONS

OIC CORPORATE DISCLOSURE DEPARTMENT

OIC CORPORATE COMMUNICATIONS DEPARTMENT

Atty. Jose G. Cervantes

Corazon A. Padua

Efren C. Siron

Atty. Manuel L. Lopez

Ma. Isabel T. Garcia

Digna R. de los Reyes

Elizabeth C. Dinoy

Jinky C. Alora

Atty. Dennis Ricardo V. Eala

Atty. Conchitina G. Panganiban

Raul G. Ortiz

Trisha M. Zamesa

Joanna C. Camaya

Anel R. Lampano

Vangie P. Liwaliw

Mariflor France L. Pelayo

Socorro J. Clemente

Armando F. Austria

Ma. Socorro B. Esguerra

Bonifacio A. Viray

Luisa W. Buenaventura

Warren R. de los Reyes II

financial highlights

IN THOUSAND PESOS

	Group			Parent		
	2001	2000	Change%	2001	2000	Change%
RESULTS OF OPERATIONS:						
Total Revenues	160,357	324,357	(51)	158,591	320,162	(50)
Listing Fees	113,213	265,424	(57)	113,213	265,424	(57)
Subscription Fees	17,216	22,558	(24)	17,216	22,558	(24)
Data Feed Income	14,733	16,550	(11)	14,733	16,550	(11)
Total Operating Expenses	191,551	263,629	(27)	175,927	247,281	(29)
Income (Loss) from Operations	(31,194)	60,728	(151)	(17,336)	72,881	(124)
Net Income After Tax	18,294	70,063	(74)	18,294	70,063	(74)
YEAR-END FINANCIAL CONDITION:						
Total Assets	1,254,231	1,269,942	(1)	1,019,854	1,061,712	(4)
Cash and Short Term Cash Investments	416,083	440,512	(6)	406,479	428,130	(5)
Property and Equipment	370,065	391,483	(5)	369,003	388,168	(5)
Total Liabilities	270,858	298,774	(9)	49,617	109,768	(55)
Due to SEC	16,189	35,780	(55)	16,189	35,780	(55)
Clearing and Trade Guarantee Fund	206,040	186,604	10	-	-	-
Members' Equity	970,237	951,943	2	970,237	951,943	2



report of independent public accountants

The Board of Directors

The Philippine Stock Exchange, Inc.

We have audited the accompanying balance sheets of The Philippine Stock Exchange, Inc. and Subsidiary (the Group) and of The Philippine Stock Exchange, Inc. (the Parent Company) as of December 31, 2001 and 2000, and the related statements of income, changes in stockholders'/members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group and the Parent Company as of December 31, 2001 and 2000, and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the Philippines.

PTR No. 6723206

January 2, 2002

Makati City

February 8, 2002

balancesheets

	Group		Parent Company	
	December 31			
	2001	2000	2001	2000
ASSETS				
Current Assets				
Cash and cash equivalents (Note 3)	P40,873,387	P122,121,301	P34,571,344	P116,924,799
Short-term investments	375,210,048	318,390,535	371,907,591	311,205,647
Accounts receivable - net (Notes 4 and 19)	15,806,361	44,209,672	15,799,115	45,676,498
Other current assets - net (Note 5)	24,105,634	22,558,430	22,878,763	21,962,745
Total Current Assets	455,995,430	507,279,938	445,156,813	495,769,689
Equity Investments (Note 6)	62,522,747	74,865,367	76,195,109	94,875,223
Long-term Investment (Note 7)	10,000,000	–	10,000,000	–
Investments of:				
Clearing and Trade Guaranty Fund (Note 11)	206,040,271	186,603,829	–	–
Credit Ring Agreement Fund (Note 12)	10,000,000	–	–	–
Property and Equipment - net (Note 8)	370,065,042	391,482,948	369,003,237	388,168,234
Other Assets - net (Note 9)	139,607,951	109,710,435	119,499,009	82,898,512
	P1,254,231,441	P1,269,942,517	1,019,854,168	1,061,711,658
LIABILITIES AND STOCKHOLDERS'/ MEMBERS' EQUITY				
Current Liabilities				
Accounts payable, accrued expenses and other current liabilities (Note 10)	P53,170,461	P80,481,754	P47,969,649	P78,079,879
Income tax payable	1,647,206	31,688,407	1,647,206	31,688,407
Total Current Liabilities	54,817,667	112,170,161	49,616,855	109,768,286
Clearing and Trade Guaranty Fund (Note 11)	206,040,271	186,603,829	–	–
Credit Ring Agreement Fund (Note 12)	10,000,000	–	–	–
	216,040,271	186,603,829	–	–
Minority Interest in a Subsidiary	13,136,190	19,225,155	–	–
Stockholders'/Members' Equity				
Capital stock (Note 1)	9,200,000	–	9,200,000	–
Additional paid-in capital	277,426,988	–	277,426,988	–
Membership contributions	–	286,626,988	–	286,626,988
Donated capital (Note 13)	377,157,404	377,157,404	377,157,404	377,157,404
Retained earnings	306,452,921	288,158,980	306,452,921	288,158,980
	970,237,313	951,943,372	970,237,313	951,943,372
	P1,254,231,441	P1,269,942,517	P1,019,854,168	P1,061,711,658

See accompanying Notes to Financial Statements.

statement of income

	Group		Parent Company	
	Years Ended December 31			
	2001	2000	2001	2000
OPERATING INCOME				
Listing related income:				
Listing fees	P113,212,910	P265,424,015	P113,212,910	P265,424,015
Processing fees	1,317,235	1,960,472	1,317,235	1,960,472
Membership fees:				
Subscription	17,215,635	22,557,513	17,215,635	22,557,513
Entrance	1,720,000	1,090,000	1,720,000	1,090,000
Membership assessment	1,544,350	1,308,050	1,544,350	1,308,050
Data feed	14,733,301	16,550,400	14,733,301	16,550,400
Service fees	1,497,183	3,395,097	-	-
Miscellaneous	9,116,783	12,071,495	8,847,175	11,271,495
	160,357,397	324,357,042	158,590,606	320,161,945
OPERATING EXPENSES				
Compensation and other related staff expenses (Note 14)	61,475,913	69,656,388	57,089,063	64,224,068
Depreciation and amortization (Note 8)	36,500,106	40,604,323	33,986,707	37,912,728
Occupancy costs, excluding depreciation and amortization (Notes 16 and 19)	31,100,153	27,853,891	30,749,592	27,339,613
Provision for probable losses (Notes 4 and 9)	9,778,060	26,577,785	9,778,060	26,577,785
Taxes and licenses	8,848,265	3,358,736	8,817,547	3,355,456
Market development	8,653,936	2,012,585	8,653,936	2,012,585
Amortization of preoperating expenses	6,702,981	6,702,981	-	-
Professional fees	6,450,519	7,572,315	6,040,519	7,067,815
Trading technology, computer maintenance and other trading-related expenses	4,806,625	4,243,158	4,696,242	4,139,174
Membership development	4,239,998	4,439,353	4,239,998	4,439,353
Representation and entertainment	2,414,836	2,268,925	2,388,205	2,251,119
Office expenses	2,219,229	2,901,757	1,903,744	2,790,285
Travel and transportation	1,573,625	1,920,984	1,563,889	1,904,873
Conferences, meetings and seminars	927,234	896,036	909,906	854,986
Trade guarantee expense (Note 11)	-	50,000,000	-	50,000,000
Miscellaneous	5,859,860	12,619,776	5,109,701	12,411,262
	191,551,340	263,628,993	175,927,109	247,281,102
INCOME (LOSS) FROM OPERATIONS	(31,193,943)	60,728,049	(17,336,503)	72,880,843
NON-OPERATING INCOME - Net (Note 17)	55,459,621	35,423,725	48,007,961	28,803,954
INCOME BEFORE MINORITY INTEREST IN NET LOSS OF A SUBSIDIARY	24,265,678	96,151,774	30,671,458	101,684,797
MINORITY INTEREST IN NET LOSS OF A SUBSIDIARY	6,088,965	5,274,845	-	-
INCOME BEFORE INCOME TAX	30,354,643	101,426,619	30,671,458	101,684,797
PROVISION FOR INCOME TAX (Note 18)	12,060,702	31,363,488	12,377,517	31,621,666
NET INCOME	P18,293,941	P70,063,131	P18,293,941	P70,063,131

See accompanying Notes to Financial Statements.

statements of changes in stockholder's/member's equity

	Years Ended December 31	
	2001	2000
CAPITAL STOCK - ₱1 par value		
Authorized - 36,800,000 shares in 2001		
Issued - 9,200,000 shares in 2001		
Issued during the year (Note 1)	P9,200,000	₱
ADDITIONAL PAID-IN CAPITAL		
Transfer from membership contributions (Note 1)	277,426,988	-
MEMBERSHIP CONTRIBUTIONS		
Balance at beginning of year	286,626,988	286,626,988
Transfer to capital stock and additional paid-in capital (Note 1)	(286,626,988)	-
Balance at end of year	-	286,626,988
DONATED CAPITAL (Note 13)	377,157,404	377,157,404
RETAINED EARNINGS		
Balance at beginning of year	288,158,980	218,095,849
Net income	18,293,941	70,063,131
Balance at end of year	306,452,921	288,158,980
	P970,237,313	₱951,943,372

See accompanying Notes to Financial Statements.

statements of cash flows

	Group		Parent Company	
	Years Ended December 31			
	2001	2000	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱30,354,643	₱101,426,619	₱30,671,458	₱101,684,797
Adjustments to reconcile income before income tax to net cash provided by (used in) operating activities:				
Depreciation and amortization	36,500,106	40,604,323	33,986,707	37,912,728
Reversal of provision for probable losses on money market placement with a rehabilitated bank	(26,577,785)	—	(26,577,785)	—
Provision for probable losses	9,778,060	26,577,785	9,778,060	26,577,785
Interest expense	647,940	552,642	647,940	552,642
Interest income	(45,481,303)	(40,738,244)	(44,367,138)	(39,811,534)
Amortization of preoperating expenses	6,702,981	6,702,981	—	—
Equity in net loss of an affiliate	12,342,620	5,598,745	18,680,114	11,088,889
Minority interest in net loss of a subsidiary	(6,088,965)	(5,274,845)	—	—
Gain on sale of transportation equipment	—	(202,917)	—	—
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	18,625,251	(18,133,441)	20,099,323	(19,102,160)
Other current assets	(1,193,046)	482,286	(1,139,761)	(2,612,322)
Other assets	(10,022,712)	(3,415,973)	(10,065,389)	739,326
Increase (decrease) in accounts payable, accrued expenses and other current liabilities	(27,311,293)	(102,259,579)	(30,110,230)	(104,451,997)
Net cash generated from (used in) operations	(1,723,503)	11,920,382	1,603,299	12,578,154
Income taxes paid	(31,694,917)	(3,478,469)	(31,694,917)	(3,478,469)
Interest paid	(647,940)	(552,642)	(647,940)	(552,642)
Net cash provided by (used in) operating activities	(34,066,360)	7,889,271	(30,739,558)	8,547,043
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in:				
Short-term investments	(56,819,513)	(254,675,674)	(60,701,944)	(247,490,786)
Long-term investments	(10,000,000)	—	(10,000,000)	—
Interest income received	43,376,533	40,119,438	42,363,532	39,380,454
Final tax paid on interest income received	(8,656,375)	(8,158,513)	(8,453,775)	(8,010,716)
Net acquisitions of property and equipment	(15,082,199)	(12,359,083)	(14,821,710)	(12,254,277)
Net cash used in investing activities	(47,181,554)	(235,073,832)	(51,613,897)	(228,375,325)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(81,247,914)	(227,184,561)	(82,353,455)	(219,828,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	122,121,301	349,305,862	116,924,799	336,753,081
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱40,873,387	₱122,121,301	₱34,571,344	₱116,924,799

notes to financial statements

1. Organization

The Philippine Stock Exchange, Inc. (the Parent Company) was incorporated in the Philippines as a non-stock corporation, the primary purpose of which is to provide and maintain a convenient and suitable market for the exchange, purchase and sale of all types of securities and other instruments.

Republic Act (RA) No. 8799 entitled "Securities Regulation Code" (SRC) prescribed the conversion of the Parent Company into a stock corporation on August 8, 2001, pursuant to a conversion plan approved by the Securities and Exchange Commission (SEC).

The salient features of the conversion plan approved by the SEC on August 3, 2001 include, among others, the following:

- Conversion of the Parent Company into a stock corporation by amending its Articles of Incorporation and By-laws;
- Subscription of each member of 50,000 shares at ₱1 per share. The remaining balance of the Membership Contributions account of ₱277.4 million shall be treated as additional paid-in capital;
- Issuance of trading rights to members in recognition of the existing seat ownership by the members;
- Separation of ownership of shares and access to the trading facilities of the exchange. The trading rights shall be transferable without time limitation; and
- Imposition of a moratorium on the issuance of the new trading rights.

Pursuant to the conversion plan, the Board of Governors and the members, respectively approved the amendment of the Articles of Incorporation on July 19, 2001 and July 20, 2001, respectively, to effect the conversion of the Parent Company from a non-stock corporation to a stock corporation with an authorized capital stock of ₱36,800,000 divided into ₱36,800,000 shares at a par value of ₱1 per share. As of July 20, 2001, 9,200,000 shares have been subscribed and paid. The SEC approved the amended Articles of Incorporation and By-laws on August 3, 2001.

The registered office address of the Parent Company is Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the Philippines (Philippine GAAP) under the historical cost convention. The preparation of financial statements in accordance with Philippine GAAP requires the Group to make estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities. Management believes that actual results will not be materially different from those estimates.

Principles of Consolidation

The financial statements include the accounts of the Parent Company and its 51%-owned subsidiary, Securities Clearing Corporation of the Philippines (SCCP), after eliminating significant intercompany balances and transactions.

SCCP started its commercial operations on January 3, 2000. SCCP was given a temporary license to operate by the SEC. On January 15, 2002, the SEC approved the Company's request for a permanent license as a clearing agency subject to the Company's compliance with the requirements of Section 42 of the SRC titled "Registration of Clearing Agency". The license is renewable every year.

Adoption of New Standards

The Parent Company and SCCP adopted Statement of Financial Accounting Standards (SFAS) No. 1 (revised 2000), "Presentation of Financial Statements" and SFAS No. 22 (revised 2000), "Cash Flow Statements" effective January 1, 2001.

The changes in the presentation and classification have been introduced in accordance with the requirements of the respective SFASs. Following the new presentation rules under SFAS No. 1 (revised 2000) and SFAS No. 22 (revised 2000), certain changes were made in the prior year financial statements to follow the format prescribed by these new standards. Changes made pertain principally to the presentation of cash flows statements and additional disclosures required by the new standards.

Cash Equivalents

Short-term investments with original maturities of three months or less from the date of placements are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at face value less allowance for doubtful accounts. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potential uncollectibility of the receivables. Management evaluates the level of this allowance based on the factors that affect the collectibility of the accounts.

Equity Investments

Equity investments in companies in which the Parent Company's percentage of ownership is 20% or more or where significant influence is exercised are accounted for under the equity method. Under the equity method, the cost of the investments is increased or decreased by the equity in net income or losses of the investees since dates of acquisition. Dividends received are treated as a reduction from the carrying value of such investments.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets.

Minor costs of repairs and maintenance are charged to expense as incurred; significant renewals and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Preoperating Expenses

Expenses incurred by SCCP prior to the start of its commercial operations have been capitalized and are amortized over a period of five years.

Revenue Recognition

Revenue is recognized on the following basis:

- a. Membership fees are recognized on a time proportion basis;
- b. Listing, processing, data feed and service income are recognized when services are rendered;

- c. Other income is recognized on a due date basis; and
- d. Interest income is recognized on a time proportion basis.

Foreign Exchange Transactions

Foreign currency denominated assets and liabilities are translated using the exchange rate prevailing at balance sheet date. Foreign exchange gains or losses arising from foreign currency transactions are credited or charged to current operations, except those pertaining to foreign currency liabilities related to the acquisition of property and equipment which are included in the carrying amount of such assets.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the difference between the financial reporting and the related tax bases of assets and liabilities and their related tax bases and for the carryforward benefits of the excess of minimum corporate income tax (MCIT) over regular corporate income tax and net operating loss carryover (NOLCO). Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences, MCIT and NOLCO are expected to be recovered or applied. A valuation allowance is provided for the portion of the deferred tax assets which is not expected to be realized in the future.

Retirement Plan

The Parent Company's retirement expense is determined using the projected unit credit method. This method reflects the services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Unrecognized experience adjustments and past service costs are amortized over the expected remaining working lives of the employees.

SCCP provides for estimated retirement benefits required to be paid under RA No. 7641 to all employees. Normal cost is charged to current operations while past service cost is amortized over the average remaining working lives of employees.

3. Cash and Cash Equivalents

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Cash on hand and in banks	P25,858,822	P16,143,573	P25,556,779	P10,947,071
Cash equivalents	15,014,565	105,977,728	9,014,565	105,977,728
	P40,873,387	P122,121,301	P34,571,344	P116,924,799

4. Accounts Receivable

This account consists of receivables from:

	Group		Parent Company	
	2001	2000	2001	2000
Members	P9,207,364	P20,596,250	P9,095,781	P20,436,216
Data vendors	7,821,557	12,552,464	7,821,557	12,552,464
Listed companies	4,938,335	8,083,918	4,938,335	8,083,918
Others	4,442,165	3,802,040	4,546,502	5,428,900
	26,409,421	45,034,672	26,402,175	46,501,498
Less allowance for probable losses	10,603,060	825,000	10,603,060	825,000
	P15,806,361	P44,209,672	P15,799,115	P45,676,498

Under the Parent Company's rule, all trading rights are pledged at its full value to secure the payment of debts due to other members of the Parent Company arising out of or in connection with the present or future members' contracts. Market value of trading rights in 2001 amounted to P25.0 million. On this basis, no provision for probable losses was provided on past due accounts of the member brokers.

5. Other Current Assets

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Deferred tax assets - net (see Note 18)	P8,188,011	P9,474,991	P7,204,843	P9,031,471
Accrued interest receivable	8,111,717	6,508,832	7,880,605	6,277,720
Others	7,805,906	6,574,607	7,793,315	6,653,554
	P24,105,634	P22,558,430	P22,878,763	P21,962,745

Accrued interest receivable pertains to uncollected interest on cash equivalents, short-term money market placements and long-term investments.

6. Equity Investments

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Acquisition cost:				
Philippine Central Depository, Inc. (PCDI) (30%-owned)	₱75,000,000	₱75,000,000	₱75,000,000	₱75,000,000
SCCP (51%-owned)	–	–	25,500,000	25,500,000
	75,000,000	75,000,000	100,500,000	100,500,000
Accumulated equity in net loss:				
Balance at beginning of year	(₱4,428,633)	₱1,170,112	(₱9,918,777)	₱1,170,112
Equity in net loss for the year	(12,342,620)	(5,598,745)	(18,680,114)	(11,088,889)
Balance at end of year	(16,771,253)	(4,428,633)	(28,598,891)	(9,918,777)
	58,228,747	70,571,367	71,901,109	90,581,223
PCDI redeemable preferred shares	4,294,000	4,294,000	4,294,000	4,294,000
	₱62,522,747	₱74,865,367	₱76,195,109	₱94,875,223

The PCDI redeemable preferred shares have the following features:

- entitled to cumulative dividends from date of issuance equivalent to eight percent (8%) of the par value;
- redeemable at par value together with all accrued and unpaid dividends at the option of the holder beginning on the third anniversary until the fifth anniversary from the date of incorporation;
- convertible into common shares on the basis of one common share for every two preferred shares owned at the option of the holder beginning on the third anniversary from the date of incorporation;
- transferable only after being converted into common shares;
- entitled to vote collectively for one member of the PCDI Board of Directors (BOD); and
- entitled to full payment at par value, upon the dissolution of the PCDI prior to the payment of any amount on the common shares.

7. Long-term Investment

Long-term investment represents small denominated treasury bonds maturing on July 15, 2004.

8. Property and Equipment

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Buildings	₱224,895,034	₱224,895,034	₱224,895,034	₱224,895,034
Trading systems	155,225,659	151,651,128	155,225,659	151,651,128
Building improvements	113,548,696	112,093,375	113,548,696	112,093,375
Computer hardware, software and peripherals	73,757,642	65,510,842	65,970,466	57,969,365
Furniture and fixtures	40,862,172	40,763,349	40,151,560	40,067,528
Office and communication equipment	₱7,948,503	₱7,038,182	₱7,948,503	₱7,038,182
Transportation equipment	6,343,364	5,666,091	5,408,364	4,731,091
Leasehold improvements	3,627,522	3,627,522	–	–
Others	1,531,566	1,448,851	1,531,566	1,448,851
	627,740,158	612,694,374	614,679,848	599,894,554
Less accumulated depreciation and amortization	413,365,270	376,901,580	401,366,765	367,416,474
	214,374,888	235,792,794	213,313,083	232,478,080
Donated shares in a condominium corporation	155,690,154	155,690,154	155,690,154	155,690,154
	₱370,065,042	₱391,482,948	₱369,003,237	₱388,168,234

Buildings represent the donations of Philippine Realty and Holdings Corporation (PRHC) and Ayala Land, Inc. (ALI) and a condominium unit at the PSE Centre in Pasig City purchased at ₱5.2 million.

The PRHC donation is comprised of the Parent Company's offices at the PSE Centre in Pasig City which exclusively house the following: a) trading floors; b) board room; c) executive offices; d) training and education center; and e) research, administrative and accounting offices, library and central files. Such offices were donated by PRHC on September 29, 1993 but were formally turned over to the Parent Company on December 31, 1994 at a value of ₱139.5 million (see Note 13).

As provided in the Deed of Donation between PRHC and the Parent Company, the latter shall use the offices exclusively for its stock exchange and stock trading operations for a period of at least 10 years from the date of its occupancy of said offices. However, should the Parent Company fail to locate their trading floor at the donated property, this shall revert to PRHC without need of any further act or deed. However, if within the 10-year period, the Parent Company's stock trading activities shall be conducted off-floor, the trading floor established in the condominium units or portions thereof may, at the Parent Company's option and sole cost, be converted into additional offices for its exclusive use.

On August 25, 1993, ALI donated to the Parent Company the sum of ₱80.0 million (₱30.0 million of which, was made through a transfer of rights by the Makati Stock Exchange) to cover the cost of construction of the unit at the Philippine Stock Exchange (PSE) Plaza in Ayala Avenue, Makati City and its appurtenant parking slots, and condominium shares valued at ₱155.7 million (see Note 13).

The deed of donation provides that the units at the PSE Plaza will house one of the trading floors of the Parent Company, the central clearing and depository and a number of parking lots. In addition, the donee shall use the units for a period of at least 10 years from the date of the donee's occupancy of the said units.

ALI established a stock condominium corporation, the Tower One and Exchange Plaza Condominium Corporation, for the purpose of holding title to the parcel of land where the condominium is located and the common areas of the condominium. The donated condominium shares represent the Parent Company's share in the said condominium corporation.

In the special membership meeting on December 11, 1998, the members ratified the acceptance by the PSE Board of Governors of the donation of Fort Bonifacio Development Corporation (FBDC) consisting of land and building for the unified trading hall and headquarters of a unified exchange, subject to the execution of a final contract and deed of donation.

On February 22, 1999, the Parent Company, FBDC and Capital Consortium, Inc. (CCI), through a Memorandum of Agreement, agreed on the following:

1. The Parent Company shall relocate its principal headquarters and unified trading floor including its necessary support facilities to Fort Bonifacio Global City; and
2. FBDC and CCI shall construct the Parent Company premises in accordance with the agreed specifications and that the cost of constructing the Parent Company premises, specifically the building in lot 9-5 and the area within the designated Capital Place shall be for the account of FBDC and CCI.

The Parent Company and FBDC is reviewing the terms and conditions of the Agreement. To date, no final contract and deed of donation covering the foregoing have been executed.

9. Other Assets

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Deposit in bank	₱106,311,138	₱106,311,138	₱106,311,138	₱106,311,138
Advances to members related to Credit Ring Agreement (see Note 12)	10,000,000	–	10,000,000	–
Preoperating expenses - net	20,108,942	26,811,923	–	–
Club membership	3,078,000	3,078,000	3,078,000	3,078,000
Others	109,871	87,159	109,871	87,159
	139,607,951	136,288,220	119,499,009	109,476,297
Less allowance for probable losses	–	26,577,785	–	26,577,785
	₱139,607,951	₱109,710,435	₱119,499,009	₱82,898,512

Deposit in bank represents matured investments with a local bank which declared a bank holiday on April 25, 2000 and subsequently placed under receivership. The bank's rehabilitation plan including its proposed merger with another bank was approved by the Bangko Sentral ng Pilipinas on July 12, 2001. The proposed merger was approved by the SEC on January 31, 2002.

Under the options made available to bank depositors as provided for in the rehabilitation plan, the Parent Company's deposit with the said bank shall be repaid and serviced as follows:

- a. Partial payment of ₱0.5 million within 30 days from date of opening, less ₱0.1 million previously paid by Philippine Deposit Insurance Corporation (PDIC);
- b. Remaining balance shall be payable as follows:
 - 75% shall be payable in three (3) years at 6% per annum as per schedule:
 - 1st year end - 30%
 - 2nd year end - 30%
 - 3rd year end - 40%
 - 25% shall be payable in equal yearly installments for three (3) years at 7% per annum, net of withholding tax as follows:
 - 4th year end - 33%
 - 5th year end - 33%
 - 6th year end - 34%

The foregoing repayment plan was approved by the Parent Company's BOD on August 8, 2001.

Based on the foregoing, management believes that the Parent Company will be able to recover in full its money placements with the bank. Accordingly, management reversed the allowance for probable losses of ₱26.6 million that was provided for such account at the time the bank was placed under receivership.

10. Accounts Payable, Accrued Expenses and Other Current Liabilities

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Accrued expenses payable	₱21,329,145	₱20,342,932	₱16,495,963	₱18,422,666
Due to SEC	16,188,947	35,780,120	16,188,947	35,780,120
Accounts payable	10,543,244	16,712,840	10,175,613	14,604,371
Others	5,109,125	7,645,862	5,109,126	9,272,722
	₱53,170,461	₱80,481,754	₱47,969,649	₱78,079,879

The amount due to SEC represents license fees to operate an exchange imposed under Section 35 of the SRC.

11. Credit and Trade Guaranty Fund

This account consists of:

	2001	2000
Principal contribution from:		
Members		
Balance at beginning of year	₱88,728,147	₱81,572,149
Contributions	2,621,601	7,155,998
Balance at end of year	91,349,748	88,728,147
Exchange		
Balance at beginning of year	80,000,000	30,000,000
Contributions	–	50,000,000
Balance at end of year	80,000,000	80,000,000
Accumulated interest income		
Balance at beginning of year	17,875,682	7,859,675
Interest income	16,814,841	10,016,007
Balance at end of year	34,690,523	17,875,682
	₱206,040,271	₱186,603,829

The Credit Trade and Guaranty Fund (CTGF) is the necessary credit management tool designed to protect the market against temporary illiquidity, insolvency and/or bankruptcy of clearing brokers.

In order for SCCP to effectively implement its Fails Management and Buy-in/ Sell-out functions, the CTGF must be adequate to cover the unsettled trades of any broker on any trading day. On December 7, 1999, the SEC directed the Parent Company to allocate a portion of its income as a trade guaranty expense to hasten the build up of the CTGF. Trade guaranty expense in 2000 amounted to ₱50.0 million.

As of December 31, 2001 and 2000, the asset of the CTGF (included under the Investments of Credit Trade and Guaranty Fund account in the consolidated balance sheets) follows:

	2001	2000
Short-term investments in government securities	₱200,810,300	₱–
Accrued interest receivable	5,125,634	1,316,304
Accounts receivable	104,337	1,626,860
Money market placements	–	183,660,665
	₱206,040,271	₱186,603,829

The CTGF shall be invested as follows:

- Deposits in universal banks wholly or partially insured by the PDIC;
- Securities issued or guaranteed by the Republic of the Philippines;
- Such other investments as the SCCP's BOD may approve taking into consideration the liquidity requirements of the clearing fund.

Any proceeds from the CTGF shall not be used for any purpose other than for:

- Payment of the net money obligations of a defaulting buying member in order to settle a failed trade;
- Buy-in of relevant securities due from a defaulting selling member in order to settle a failed trade;
- The satisfaction of losses, liabilities and expenses of SCCP incidental to the operation of its clearing and settlement functions and the management of the CTGF;
- Payment of premium on any insurance policy taken for the CTGF; and
- The return of members' required deposits or contributions as allowed or approved by the BOD.

12. Advances Related to Credit Ring Agreement

On January 29, 2001, the SEC approved SCCP's request that all clearing members whose net negative exposure amounting to 1.0 million or below be exempted from the daily collateral collection being required by SCCP. The said request was made to improve the efficiency of SCCP's mark-to-market collateral deposit system. The said approval is subject to the following conditions:

- SCCP, via a one-time contribution by the clearing members or by the Parent Company on behalf of its members who are also the clearing members, shall set aside the amount of 10.0 million for the sole purpose of covering the aggregate net negative exposures of all clearing members whose computed individual exposure amounts to 10.0 million and below;
- A credit ring agreement, to be participated in and signed by all SCCP clearing members, shall be organized. A credit ring agreement is a scheme wherein the participating members agree to pay up, pro rata, the deficit between the total net negative exposures of failing brokers and the amount of ₱10.0 million special fund;
- The size of the fund shall be reviewed quarterly by SCCP for resizing; and
- SCCP shall promptly make the necessary amendments to existing rules and operating procedures to reflect the necessary changes.

In connection with the above conditions, the Parent Company advanced, on behalf of its members, ₱10.0 million to a special fund set up by SCCP relative to the credit ring agreement described above. The said fund was invested by SCCP in short-term money market placement.

13. Donated Capital

This consists of donations from:

	2001		2000	
ALI	P235,690,154		P235,690,154	
PRHC	139,542,000		139,542,000	
USAID	1,925,250		1,925,250	
	P377,157,404		P377,157,404	

14. Compensation and Other Related Staff Expenses

This account consists of:

	Consolidated		Parent Company	
	2001	2000	2001	2000
Salaries and wages	P43,689,391	P46,063,679	P41,736,880	P42,994,673
Retirement expense(See Note 15)	3,598,335	1,386,000	1,911,935	–
Other employee benefits	14,188,187	22,206,709	13,440,248	21,229,395
	P61,475,913	P69,656,388	P57,089,063	P64,224,068

The average number of employees of the Company in 2001 and 2000 is 133 and 131, respectively.

15. Retirement Plan

The Parent Company has a funded, noncontributory defined benefit retirement plan covering all its regular employees. The benefits are based on years of service and compensation per year of credited service. The Parent Company's annual contribution to the retirement plan consists of a payment covering the current service cost plus a payment toward funding the actuarial accrued liability.

Actuarial valuation is made at least every three years. As of September 30, 2001, the latest date of the actuarial valuation, the actuarial present value of retirement benefits amounted to P12.4 million while the fair value of the plan assets amounted to P16.1 million. As of December 31, 2001, the net asset value of the plan exceeded actuarial retirement benefits by P3.7 million. Retirement expense in 2001 amounted to P1.9 million while no accrual for retirement was made in 2000. The principal actuarial assumptions used to determine retirement benefits were 10% discount rate, salary increases and return on plan assets.

The Parent Company's retirement fund is being managed by a local bank.

SCCP provides for estimated retirement benefits required to be paid under RA No. 7641 to all its employees pending implementation of a formal retirement plan. Retirement expense amounted to P1.7 million and P1.4 million in 2001 and 2000, respectively.

16. Occupancy Costs

This account consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Utilities	P13,746,441	P10,852,644	P13,448,041	P10,584,708
Condominium dues	8,017,838	7,992,216	8,017,838	7,992,216
Security and janitorial services	6,046,916	5,365,940	6,046,916	5,365,940
Repairs and maintenance	3,288,958	3,643,091	3,236,797	3,396,749
	P31,100,153	P27,853,891	P30,749,592	P27,339,613

17. Non-Operating Income

The non-operating income and charges are summarized below:

	Group		Parent Company	
	2001	2000	2001	2000
Interest income - net of interest expense of P647,940 in 2001 and P552,642 in 2000	P44,833,363	P40,185,602	P43,719,198	P39,258,892
Reversal of provision for probable losses on money market placement with a rehabilitated bank (see Note 9)	26,577,785	–	26,577,785	–
Equity in net loss of an affiliate (see Note 6)	(12,342,620)	(5,598,745)	(18,680,114)	(11,088,889)
Demutualization expense	(4,600,768)	(207,565)	(4,600,768)	(207,565)
Foreign exchange gain - net	991,861	841,516	991,860	841,516
Gain on sale of transportation equipment	–	202,917	–	–
	P55,459,621	P35,423,725	P48,007,961	P28,803,954

18. Income Taxes

The provision for income tax consists of:

	Group		Parent Company	
	2001	2000	2001	2000
Final	P9,077,329	P8,282,274	P8,854,496	P8,096,932
Current	1,696,393	31,688,407	1,696,393	31,688,407
Deferred	1,286,980	(8,607,193)	1,826,628	(8,163,673)
	P12,060,702	P31,363,488	P12,377,517	P31,621,666

The components of net deferred tax assets (included under the Other Current Assets account in the balance sheets) are as follows:

	Group		Parent Company	
	2001	2000	2001	2000
Deferred tax assets (liability) on:				
NOLCO	P8,546,087	P3,364,520	P1,286,835	P-
Allowance for probable losses	3,392,979	8,768,891	3,392,979	8,768,891
MCIT	1,696,393	-	1,696,393	-
Accrued retirement expense	983,168	443,520	-	-
Unamortized past service cost	828,636	354,345	828,636	354,345
Unrealized foreign exchange gain	-	(91,765)	-	(91,765)
	15,447,263	12,839,511	7,204,843	9,031,471
Less valuation allowance	7,259,252	3,364,520	-	-
	P8,188,011	P9,474,991	P7,204,843	P9,031,471

Details of the NOLCO of the Parent Company and SCCP follows:

	Year Incurred	Amount	Expiry Date
Parent Company	2001	P4,021,359	2004
SCCP	2000	10,514,125	2003
	2001	12,171,039	2004

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	Group		Parent Company	
	2001	2000	2001	2000
Statutory income tax rate	32.00%	32.00%	32.00%	32.00%
Tax effects of:				
Valuation allowance on NOLCO	12.83	3.32	-	(4.80)
Interest income subjected to final tax	(18.04)	(4.92)	(17.42)	-
Equity in net loss of an affiliate	13.01	1.76	19.49	3.49
Minority interest in net loss a subsidiary	(6.42)	(1.66)	-	-
Nondeductible expenses	6.35	0.42	6.29	0.41
Effective income tax rate	39.73%	30.92%	40.36%	31.10%

Under current regulations, the corporate income tax rate applicable in 2000 and onwards is 32%. Interest allowed as a deductible expense is reduced by an amount equivalent to 38% of the interest income subjected to final tax. The regulations also provided for an MCIT of 2% of gross income and a three-year NOLCO.

19. Related Party Transactions

In the normal course of business, the Parent Company enters into transactions with related parties consisting of charges for certain expenses. Expenses and receivable from PCDI amounted to P 0.3 million as of December 31, 2001.

20. Contingencies

The Company is contingently liable for lawsuits or claims filed by third parties, which decisions are either pending in the courts or under negotiation, the ultimate outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements.

21. Reclassification of Accounts

Certain accounts in the 2000 financial statements were reclassified to conform with the 2001 presentation.



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