

SEC Number : 216  
File Number : \_\_\_\_\_

## MABUHAY VINYL CORPORATION

(Company's Full Name)

3<sup>rd</sup> Floor Philamlife Salcedo Center  
126 L.P. Leviste Street, Salcedo Village, Makati City

(Company's Address)

000-164-0009-000 VAT

(TIN Number)

8178971

(Telephone Number)

8164785

(Fax Number)

## SEC FORM 20-IS

**AMENDED** PRELIMINARY INFORMATION STATEMENT

Form Type

Each Active Secondary License Type and File Name: NONE



# MABUHAY VINYL CORPORATION



## NOTICE OF THE ANNUAL MEETING OF THE STOCKHOLDERS OF MABUHAY VINYL CORPORATION

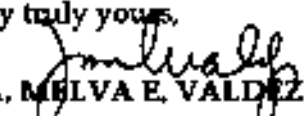
Notice is hereby given that the Annual Meeting of the Stockholders shall be held on 26 April 2007, 3:00 p.m. at the Makati Sports Club, L.P. Leviste Street, Salcedo Village, Makati City.

### The Agenda:

1. Call to Order
2. Proof of Notice
3. Certification of Quorum
4. Reading and Approval of the Minutes of the Annual Stockholders' Meeting held on 28 April 2006
5. President's Report
6. Ratification of the Corporate Acts of the Board of Directors, Officers and Management for the Period under Review
7. Presentation/Approval of the 2006 Annual Report and Audited Financial Statements
8. Election of Directors for the Year 2007-2008
9. Appointment of External Auditor
10. Ratification/Approval on the Execution of Amendments to the Mortgage Trust Indenture to Secure a Loan Availment to Finance the Retrofitting of the Diaphragm Cell Plant
11. Approval on the Retirement of Treasury Shares by way of Decreasing the Authorized Capital Stock and the corresponding Amendment to Article Seventh of the Articles of Incorporation
11. Other Matters
12. Adjournment

Only stockholders of record at the close of business hours on 26 March 2007 are entitled to notice of, and to vote at this meeting. For your convenience in registering your attendance, please bring your Identification Card and present the same at the registration desk in the entrance lobby of the Makati Sports Club. Registration shall start at 2:30 p.m.

Very truly yours,

  
MA. MELVA E. VALDEZ

Corporate Secretary

3RD FLOOR, PHILAMLIFE CENTER (SALCEDO), 126 L. P. LEVISTE ST., SALCEDO VILLAGE, MAKATI CITY, PHILIPPINES  
TELEPHONE NO.: (632) 817-89-71 \* FAX NOS.: (632) 816-47-86 / (632) 894-53-25

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-1S

INFORMATION STATEMENT PURSUANT TO SECTION 20  
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

- Preliminary Information Statement  
 Definitive Information Statement

2. Name of Registrant as specified in its charter: **MABUHAY VINYL CORPORATION**

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

4. SEC Identification Number: **216**

5. BIR Tax Identification Code: **000-164-009-000 VAT**

6. Address of Principal Office: Postal Code:

**3<sup>rd</sup> Floor Philamlife Salcedo Center 1227**  
**126 L. P. Leviste Street, Salcedo Village**  
**Makati City**

7. Registrant's telephone number, including area code: **(02) 817-8971 to 76**

8. Date, time and place of the meeting of security holders:

Date : **April 26, 2007**  
Time : **3:00 p. m.**  
Place : **Makati Sports Club, 126 L.P. Leviste St., Salcedo Village, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **April 2, 2007**

10. In case of Proxy Solicitations: NOT APPLICABLE

Name of Person Filing the Solicitation Statement:  
Address and Tel. No. :

11. Securities registered pursuant to Section 8 and 12 of the Code or Section 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
<b>Common Shares</b>	<b>688,309,398</b>

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

Yes   X   No       

The common stocks are listed in the Philippine Stock Exchange.

**PART I**

**INFORMATION REQUIRED IN INFORMATION STATEMENT**

**A. GENERAL INFORMATION**

**Item 1. Date, time and place of meeting of security holders.**

(a) The stockholders' meeting shall be held on:

Date : **April 26, 2007**  
Time : **3:00 p. m.**  
Place : **Makati Sports Club, 126 L.P. Leviste St., Salcedo Village,  
Makati City**

Complete Mailing Address of Principal Office of Registrant:

**MABUHAY VINYL CORPORATION  
3<sup>rd</sup> Floor Philamlife Salcedo Center  
126 L. P. Leviste Street, Salcedo Village, Makati City**

(b) The approximate date on which the information statement is first to be sent and given to the security holders shall be **April 2, 2007**.

**Item 2. Dissenter's Right of Appraisal**

The Corporation Code limits the exercise of the appraisal right to the following instances:

- (1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 81);
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section 81);
- (3) In case of merger or consolidation (Section 81); and
- (4) In case of investments in another corporation, business or purpose (Section 42).

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote taken for payment of the fair value of his shares: Provided, That failure to make the demand within such period shall be deemed a waiver for the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

There are matters or proposed corporate actions to be taken up during the annual stockholders' meeting which may give rise to a possible exercise by security holders of their appraisal rights under Section 81 of the Corporation Code of the Philippines subject to certain conditions specified by law.

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

- (a) No person who has been a director or officer of the registrant at any time since the beginning of the last fiscal year, or any nominee for election as a director of the registrant, or associate of any of the foregoing persons, has any substantial interest, direct or indirect, by security holdings or otherwise, other than election to office.
- (b) No director of the registrant has informed the registrant in writing that he intends to oppose any action to be taken by the registrant at the meeting.

**B. CONTROL AND COMPENSATION INFORMATION**

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

- (a) Class of Voting Shares as of 28 February 2007:

	Shares Outstanding	No. of Vote Each Share Is Entitled
<b>Common Shares</b>	<b>688,309,398</b>	<b>One (1) vote per share</b>

- (b) All stockholders of record as of **March 26, 2007** are entitled to notice and to vote at the Annual Stockholders' Meeting.
- (c) The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for a single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method.
- (d) Information required by Part IV paragraph (C) of "Annex C" to the extent known by the persons on whose behalf the solicitation is made.

(1) Security Ownership of Certain Record and Beneficial Owners

The persons known to the registrant to be directly or indirectly the record or beneficial owner of more than 5% of the registrant's voting securities as of February 28, 2007 are as follows:

(1) Title of Class	(2) Name, Address of record owner and Relationship with Issuer	(3) Name of Beneficial Owner and Relationship with Record Owner	(4) Citizenship	(5) No. of Shares Held	(6) Percent
Common	<b>Metro Alliance Holdings &amp; Equities Corporation<sup>1</sup> (MAHEC)</b> Marsman Distribution Center Sta. Maria Industrial Estate Manalac Avenue, Taguig Metro Manila	MAHEC is both the record and beneficial owner.  Renato B. Magadia Weslie T. Gatchalian Aristotle L. Villaraza Walter C. Wassmer (All designated representatives)	Phil	293,826,654 ("r")	42.69

<sup>1</sup> Metro Alliance Holdings & Equities Corporation is represented by Renato B. Magadia, Weslie T. Gatchalian, Aristotle L. Villaraza and Walter C. Wassmer.

	(1 <sup>st</sup> major stockholder of MVC)				
Common	<b>Tosoh Corporation<sup>2</sup> (TOSOH)</b> 1-7-7, Akasaka Minato-ku Tokyo 107, Japan (2 <sup>nd</sup> major stockholder of MVC)	TOSOH is both the record and beneficial owner.  Tomoyuki Koike Barbara C. Migallos Kenichi Udagawa (All designated representatives)	Jap	232,440,286 ("r")	33.77
Common	<b>PCD Nominee Corporation (Filipino)<sup>3</sup></b> Ground Floor, MSKE Bldg. 6767 Ayala Avenue Makati City (Depository of some MVC stockholders)	See Footnote 3	Fil	75,722,695 ("r")	11.001
Common	<b>Mitsubishi Corporation</b> 6-3 Marunouchi 2-Chome Chiyoda-Ku, Tokyo, Japan	Mitsubishi is both the record and beneficial owner.  Yukihiko Tonoki (Designated representative)	Jap	39,679,999	5.77

(2) Security Ownership of Directors and Management as of February 28, 2007

(1) Title of Class	(2) Name of Beneficial Owner	Position	(3) Amount and Nature of Beneficial Ownership	(4) Citizenship	(5) Percentage (%) of Class
	<b>Board of Directors</b>				
Common	Weslie T. Gatchalian	Director	5,000 (r)	Fil	0.0007
Common	Jose Juliano	Indep. Director	15,000 (r)	Fil	0.0022
Common	Tomoyuki Koike	Director	10,000 (r)	Jap	0.0015
Common	Renato B. Magadia	Chairman	5,000 (r)	Fil	0.0007
Common	Barbara Anne C. Migallos	Director	5,000 (r)	Fil	0.0007
Common	Renato N. Migrino	Indep. Director	5,629 (r)	Fil	0.0008
Common	Yukihiko Tonoki	Director	10,000 (r)	Jap	0.0015
Common	Kenichi Udagawa	Director	5,000 (r)	Jap	0.0007
Common	Edwin LI. Umali	Director/President	66,860 (r)	Fil	0.0097
Common	Aristotle L. Villaraza	Director	5,000 (r)	Fil	0.0007
Common	Walter C. Wassmer	Director	5,000 (r)	Fil	0.0007
<b>Total for Directors</b>			<b>137,489</b>		<b>0.0199</b>

<b>Executive Officers:</b>					
Common Shares	Renato B. Magadia	Chairman & CEO/Director		Fil	
Common Shares	Edwin LI. Umali	President & COO/Director		Fil	
Common Shares	Medardo S. Germano	Senior Vice President	37,004 (r)	Fil	0.0053

<sup>2</sup> Tosoh Corporation is represented by Tomoyuki Koike and Barbara Anne C. Migallos, Yukihiko Tonoki and Kenichi Udagawa.

<sup>3</sup> PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Central Depository, Inc. (PCD), a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. As of 28 February 2007, none of the participants of PCD holds more than five percent of the Company's total outstanding common shares of stock.

Common Shares	Wilfredo D. Hamoy Jr.	Vice President – Finance	45,202 (r)	Fil	0.0066
<b>Total for Officers</b>			<b>82,206</b>		<b>0.0119</b>
Common Shares	<b>Directors and Exec. Officers as a Group</b>		<b>219,695</b>		<b>0.0318</b>

(3) Voting Trust Holders of 5% or More

There are no voting trust holders of 5% or more.

(4) Changes in Control

On January 28, 2005, the Company and MAHEC entered into agreement whereby MAHEC assigned, transferred and conveyed to the Company, by way of Dacion en Pago, 64,007,468 shares of stock of the Company as full payment of P64,000,000.00 principal amount plus corresponding interest. On the same date, the Company and MAHEC executed a memorandum of agreement with irrevocable special power of attorney and proxy. It provides that MAHEC names, constitutes and appoints the Company and/or its President as its attorney in fact with full and absolute power to execute a deed of assignment and/or similar document transferring and conveying, in favor of the Company, MAHEC's 36,000,000 shares of stock of the Company in payment of MAHEC's loan obligations amounting to P36,000,000.00 principal amount plus interest. On December 14, 2006, the Company and MAHEC executed a Dacion en Pago whereby MAHEC assigned, transferred and conveyed its rights, interests and participation to 9,000,000 shares of MVC stock in favor of the Company in payment of certain obligations to the Company amounting to P9.4 million (inclusive of interest).

(e) No change in control of the registrant has occurred since the beginning of its last fiscal year.

**Item 5. Directors and Executive Officers**

**(a) (1) Directors/Nominees and Executive Officers**

There are eleven (11) members of the Board, two (2) of whom are independent directors. The term of office of each member is one (1) year. Please refer to pages 29-32 re current members of the Board of Directors.

**Nominees for Election as Members of the Board of Directors**

The nominees for the Board of Directors for the ensuing calendar year are as follows:

1. Weslie T. Gatchalian
2. Jose O. Juliano – independent director
3. Tomoyuki Koike
4. Renato B. Magadia
5. Barbara Anne C. Migallos
6. Renato N. Migrino - independent director
7. Yukihiro Tonoki
8. Kenichi Udagawa
9. Edwin Ll. Umali
10. Aristotle L. Villaraza
11. Walter C. Wassmer

No relationship exists as between the nominees and the person who nominated them.

The Company has amended its By-Laws pursuant to SRC Rule 38, as amended. Said amendment was approved by the Securities & Exchange Commission on 29 May 2006.

The Company has complied with the guidelines on the nomination and election of independent directors as set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code.

The independent directors, Messrs. Jose O. Juliano and Renato N. Migriño, were nominated by Mr. Renato B. Magadia and Atty. Barbara Anne C. Migallos, respectively, who are not related to Mr. Juliano and Mr. Migriño, respectively. The names of Messrs. Juliano and Migriño have been included in the Final List of Candidates for the Board of Directors.

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

**Incumbent Officers**

Please refer to pages 33-34 re incumbent officers.

**(2) Significant Employees**

There are no other employees other than the officers mentioned in the preceding subsection who are expected to make a significant contribution to the business.

**(3) Family Relationships**

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

**(4) Involvement in Certain Legal Proceedings**

To the knowledge and/or information of the Company, none of the directors/nominees and officers were involved during the past five (5) years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

- (b) No director has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of security holders due to disagreement with the registrant on any matter relating to the registrant's operations, policies and practices.

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

**SUMMARY COMPENSATION TABLE**

(a) Name & Principal Position	(b) Year	(c) Salary	(d) Bonus	(e) Other Compensation
Renato B. Magadia Chairman / CEO				
A) Edwin LI. Umali President / COO				
C) Medardo S. Germano Senior Vice President				

D) Wilfredo D. Hamoy, Jr. VP – Finance				
E) Aggregate For The Above Named CEO & Officers	2007-Estim.	7,089,667	1,869,011	887,373
	2006	6,722,327	1,763,218	851,201
	2005	7,947,232	820,641	328,523
Aggregate For All Officers And Directors As A Group	2007-Estim.	7,089,667	1,869,011	1,687,373
	2006	6,722,327	1,763,218	1,596,201
	2005	7,947,232	820,641	982,523

- b. Except for per diem (P10,000.00/board meeting) for each director during board meetings, there are no bonus, profit sharing or other compensation plan, contract or arrangement in which any director, nominee for election as director, or executive officers of the registrant will participate.
- c. The company has a registered, non-contributory retirement plan. All regular employees are covered from the President down to rank and file.
- d. The company has no existing options, warrants or rights to purchase any securities.

#### Item 7. Independent Public Accountants

- a. SyCip Gorres Velayo & Co. (SGV) has been recommended by the Audit Committee to the Board of Directors ("Board") to be the Company's external auditor for the fiscal year 2007. **The Board has approved said recommendation**, subject to final approval by the stockholders during the annual stockholders' meeting.
- b. SyCip Gorres Velayo & Co. (SGV), represented by its engagement partner, Ms. Cynthia A. Manlapig, is the principal accountant of the company for the most recently completed year 2006.

The Company is in full compliance with SEC Memorandum Circular No. 8, Series of 2003 (re: rotation of external auditors). The Company's external auditor for 2005 and 2004 was SyCip Gorres Velayo & Co., represented by its engagement partner, Ms. Cynthia A. Manlapig.

- c. Representatives of SyCip Gorres & Co. and the principal accountant for the most recently completed year are expected to be present during the stockholders meeting. The representatives will have the opportunity to make statement if they desire to do so and will be available to respond to appropriate questions from the security holders.
- d. During the registrant's two most recent fiscal years or any subsequent interim period,
  - (1) No independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed; and
  - (2) No new independent accountant has been engaged as either the principal accountant to audit the registrant's financial statements or as an independent accountant on whom the principal accountant has expressed or is expected to express reliance in its report regarding a significant subsidiary.

#### D. OTHER MATTERS

##### Item 8. Action with Respect to Reports

- a. Annual Report and Audited Financial Statements for the year ending December 31, 2006 will be presented to the stockholders for approval by a majority vote of the stockholders.

Approval of the Annual Report/Audited Financial Statements constitutes a ratification of the Company's performance during the previous fiscal year as contained therein.

- b. Minutes of the 2006 Annual Stockholders Meeting will also be presented to the security holders for approval by a majority vote of the stockholders.

Approval of the minutes of the 2006 Annual Stockholders' Meeting constitutes a ratification of the accuracy and faithfulness of the Minutes to the events which transpired during the said meeting, such as the Approval of the Minutes of the Annual Stockholders' Meeting held on 28 April 2005, Ratification of Corporate Acts and Proceedings of the Board of Directors, Officers and Management for the period under review, Approval of the 2005 Annual Report and Audited Financial Statements, Election of Directors for the Year 2006-2007 and Appointment of External Auditor. This does not constitute a second approval of the same matters taken up at the 2006 Annual Stockholders' Meeting which have already been approved.

#### **Item 9. Matters Not Required to be Submitted**

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

#### **Item 10. Amendment of Charter, Bylaws or Other Documents**

The Board of Directors of the Corporation, in its meeting held on 21 March 2007, approved the retirement of 100,057,468 treasury shares of the Corporation considering that the Corporation is no longer interested in reissuing said shares. The retirement of the treasury shares will be effected by way of decreasing the Corporation's authorized capital stock from ₱1.2 Billion to P1,099,942,532 which would then require an amendment to Article Seventh of the Corporation's Articles of Incorporation.

#### **Item 11. Other Proposed Actions**

1. Ratification of Corporate Acts of the Board of Directors, Officers and Management covering the period April 28, 2006 to April 26, 2007 by a majority vote of the stockholders. These acts include resolutions duly adopted/approved in the course of business and related to the operations of the Company such as opening of bank accounts and designation of authorized signatories for various transactions, election of independent director/officers, etc.
2. Election of the members of the Board of Directors, including Independent Directors, for the ensuing calendar year.
3. Election of External Auditors
4. Ratification/Approval on the Execution of Amendments to the Mortgage Trust Indenture to Secure a Loan Availment to Finance the Retrofitting of the Diaphragm Cell Plant

The Board of Directors of the Corporation, in its meeting held last 27 November 2006, having evaluated current conditions and the feasibility of continuing the general modernization program of the Company, approved the proposed retrofitting project (IEM Project) of its Diaphragm Cell Plant (DCP) in Iligan City, which will involve the procurement and supply of main equipment for the retrofitting of its existing production plant as well as ancillary equipment including related civil works, engineering, construction and installation activities.

Accordingly, the BOD likewise authorized Management to negotiate, sign and deliver the pertinent equipment supply contract as well as other related contracts/agreements, and to perform all acts

necessary and appropriate in the implementation of said project. The project is estimated to improve production costs for the production of caustic soda, chlorine and chlorine derivatives.

In connection with the BOD's approval of the IEM Project, the BOD, in its meeting held on 21 March 2007, approved the execution of amendments to the Mortgage Trust Indenture (MTI) executed in August 1976, consisting of adding creditors who will be issued Mortgage Participation Certificates (MPC), covering plant assets in Iligan City, to secure a term loan availment in the amount of P400 Million from Banks with Equitable PCI-Bank acting still as MTI Trustee. This loan availment will finance said Company's retrofitting project.

5. Retirement of Treasury Shares/Amendment of the Articles of Incorporation re Decrease in Authorized Capital Stock

Please see discussions on Item 10 above.

**Item 12. Voting Procedures**

- a. An affirmative vote by the stockholders owning at least a majority of the outstanding capital stock shall be sufficient for the approval of 1) Minutes of the Previous Stockholders' Meeting, 2) Financial Statements, 3) Ratification of Corporate Acts of the Board of Directors, Officers and Management of the Company from the date of the last annual stockholders' meeting as reflected in the minutes, and 4) Appointment of External Auditor.
- b. The holders of a majority interest of all outstanding stocks of the company entitled to vote at the meeting in person or by proxy, shall constitute a quorum for the transaction of business.

The holders of common stock are entitled to one vote per share, but in connection with the cumulative voting feature applicable to the election of directors, each stockholder is entitled to as many votes as shall equal the number of shares held by such person at the close of business on the record date, multiplied by the number of directors to be elected. A stockholder may cast all of such votes for single nominee or may apportion such votes among any two or more nominees. The shares shall be voted/cast by secret balloting and/or raising of hands. In all matters included in the agenda, except the election of directors, the counting of votes will be done through the regular method. For the election of directors, the counting will be cumulative.

<b>PART II.</b>
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**INFORMATION REQUIRED IN A PROXY FORM**  
**(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)**

NOT APPLICABLE

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on  March 2007.

MABUHAY VINYL CORPORATION

By:

  
LORY ANNE P. MANUEL-McMULLIN  
Assistant Corporate Secretary

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A free of charge, except for exhibits attached thereto which shall be charged at cost. Any written request for a copy of SEC Form 17-A shall be addressed as follows:

Mabuhay Vinyl Corporation  
3<sup>rd</sup> Floor PhilamLife Salcedo Center  
126 L.P. Leviste Street, Salcedo Village  
Makati City  
Attention: The Corporate Secretary

# MABUHAY VINYL CORPORATION MANAGEMENT REPORT

## PART I - BUSINESS

### A. Description of Business

#### (1) Business Development

- (a) Mabuhay Vinyl Corporation (MVC) is the only Chlor-Alkali producer in the Philippines. It was incorporated and duly registered with the Philippine Securities and Exchange Commission as a rubber shoe manufacturer on July 20, 1934 under the name Mabuhay Rubber Corporation, and subsequently reorganized in 1960 to engage in chemical and resin manufacturing. In October 10, 1966, the corporate name of Mabuhay Vinyl Corporation was adopted.

In 2001, the company underwent a major business realignment when it decided to exit from the PVC business and focus on the chlor-alkali business. The company closed down its PVC Plant operations and sold the related marketing operations to PRII in March 2001. With the stockholders' approval, the company also divested its 49% shareholdings in Philippine Resins Industries, Inc. in the same month.

Sale of the PVC business and divestment of PRII shareholdings enabled the company to invest in a major expansion of its chlor-alkali business. The project was registered under the Omnibus Investment Code of 1987. As such, it is entitled to a 3-year income tax holiday. The plant started its commercial operation in October of 2003.

- (b) MVC is not involved in any bankruptcy, receivership or similar proceeding; and
- (c) There is no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

#### (2) Business of MVC

##### (a) Description of Registrant

- (i) The Company produces four (4) basic and intermediate chemicals with a wide range of industrial and household applications. Included within the chlor-alkali group of products are the following:

- **Caustic Soda (NaOH)**

This is the common name for sodium hydroxide, a clear, colorless, slippery and highly corrosive liquid compound that is used as a raw material in the manufacture of soaps, detergents, textiles, and paper. Produced commercially at a concentration of fifty percent (50%), Caustic Soda is also used for water treatment, washing of soft drink and beer bottles, and petroleum refining. MVC ranks as the country's largest manufacturer and distributor of Caustic Soda. With the commissioning of Ion-Exchange Membrane plant, Caustic Soda production capacity was increased to about 1,900 metric tons per month or 22,800 MTPY (previously 15,000 MTPY). This is manufactured at the company's Iligan plant. Additionally, MVC imports Caustic Soda in bulk in order to supply the requirements of the domestic market. Contribution to revenue is 58%.

- **Hydrochloric Acid (HCl)**

This chemical is an aqueous solution of hydrogen chloride gas, a colorless, pungent, and poisonous gas at ordinary room temperature and pressure. Commercially known as "muriatic acid", this compound is a clear, slightly yellow fuming liquid, which has thirty percent (30%) to thirty

two percent (32%) concentration. It is commonly used in the pre-treatment of metals in steel manufacturing, activation of geothermal oil wells, food processing, production of zinc chloride for batteries, and steel pickling in electronics assembly. Homemakers also buy muriatic acid for various household applications such as the removal of stains in floor tiles and kitchen sinks. MVC is the biggest producer of Hydrochloric Acid in the country with a production capacity of about 5,150 metric tons per month or 61,800 MTPY. This is manufactured in the company's Iligan plant. Its revenue contribution is 19%.

- **Liquid Chlorine (Cl<sub>2</sub>)**

A co-product of Caustic Soda when salt is dissolved in water and electrolyzed, Chlorine is a clear, amber-colored liquefied gas, which is kept under high pressure in steel cylinders. It is a highly reactive gas with a pungent and irritating odor and is primarily used for drinking water purification, water treatment, as a bleaching agent for paper and textile manufacturing, and for producing insecticides, refrigerants and chlorine-synthetic chemicals (such as vinyl chloride, ethylene dichloride ("EDC"), etc.). Presently, MVC is the only chemical company in the country which produces Cl<sub>2</sub> in commercial quantities. It supplies Chlorine to Manila Water Co. and Maynilad Water Services, Inc., private concessionaires that took over the responsibility from MWSS for the generation, treatment and distribution of potable water to Metro Manila. MVC also supplies Liquid Chlorine to other municipal/city water districts and power plants in the country. This is manufactured at Iligan plant. Production capacity is approximately 400 metric tons per month or 4,800 MTPY. Share of revenue is 8%.

- **Sodium Hypochlorite (NaOCl)**

This compound is a light-yellow solution produced through the mixing of Caustic Soda, Liquid Chlorine and water. It is used as a bleaching material for clothes, and as disinfectant and deodorant in dairies, sewage disposals, hospitals, school canteens, bathrooms and kitchens. Industrially, it is also used as a bleaching agent by textile and paper manufacturing companies. MVC has a production capacity of about 2,500 metric tons per month or 30,000 MTPY. This is manufactured in the company's Laguna plant and Iligan plant. Revenue contribution is 14%.

(ii) The company is not engaged in export sales.

(iii) Distribution Methods of the Products

The Company leases warehouse and depot facilities in strategic areas of the country. Bulk terminals are located in major ports of entry such as: Bauan in Batangas, Mandaue in Cebu, Lanang in Davao City and Pulupandan in Negros Occidental. From the chlor-alkali plant in Iligan City, liquid products (Caustic Soda and Hydrochloric Acid) are transported to the depots via specialized shipping vessels in rubber-lined or epoxy-coated tanks. Caustic Soda and Hydrochloric Acid from the depots, and Sodium Hypochlorite from the Laguna plant, are then delivered to industrial users by specialized 10 to 20-ton class contracted tank trucks with special handling facilities for corrosive and toxic chemicals.

MVC owns the 450-tonner M/T Snoopy 1 vessel, which is dedicated for the inter-island shipment of Hydrochloric Acid within the Visayas-Mindanao area. A new vessel, M/T Snoopy 2, with a capacity of 850 MT of Hcl is serving Iligan and Batangas depot. The Company has also commissioned William Michael Shipping, Inc. to provide, on a year-round basis, a chemical tanker M/T W. Michael 1, exclusively for the Company's bulk shipment of Caustic Soda from the Iligan plant to MVC depots and other destinations.

Liquid Chlorine, contained in steel cylinders, are loaded in container vans for shipment to Manila and Cebu. MVC has signed contracts with several trucking companies to provide exclusive flatbed trucks to transport Chlorine directly from the pier to customers' warehouses.

(iv) The company has no publicly-announced new product or service.

(v) Competition

Because of the basic nature of the company's products, almost all industries from various sectors are being served by MVC. From soap and detergents to steel manufacturing, to beverage (beer and soft drinks) manufacturer to power plants, to construction, to municipal water disinfecting, to telecommunications, food processing, textile, energy development, etc.

Competition basically comes from imported materials brought in by traders/indentors particularly in Metro Manila and neighboring industrial provinces. MVC can effectively compete due to the strength present in each of the following products:

- **Liquid Caustic Soda** – Because of the commodity-like nature of the product, other parties use pricing as the main competing factor. The competitive advantages of MVC are its logistical network of depots/warehouses, its market leadership (67% market share) and its dual role of being the country's only manufacturer and biggest importer of this product.
- **Hydrochloric Acid and Liquid Chlorine** – MVC has a dominant position in the industry, being the biggest producer of HCl using the electrolysis process and the only merchant-producer of Chlorine. The quality of Hcl produced by electrolysis is considered superior when compared to the other processes. Furthermore, the contributing difficulty in importing and handling these highly corrosive and toxic materials has continued to favor the operations of MVC. Hcl shares 53% of the market while chlorine claims 64% share.
- **Sodium Hypochlorite** – Competition comes from only one other merchant-manufacturer. MVC has gained fifty five percent (55%) market share after twelve(12) years of operation mainly brought about by its consistent product quality, utilizing a state-of-the-art manufacturing facility, and its wider coverage of the market.

(vi) Sources And Availability Of Raw Materials And Principal Supplier

SUPPLIER	RAW MATERIAL	EST. ANNUAL VOLUME
Dampier Salt Ltd.	Industrial Salt	36,000 to 45,000 MT

The agreement with Dampier Salt Limited of Australia provides that it will supply the salt requirements of MVC as follows: (a) 2006 – 45,000 MT (b) 2007 – 36,000 to 45,000 MT (c) 2008 – 36,000 to 45,000 MT delivered at Iligan pier. The supplier will provide the vessel while all insurance from the time of loading and taxes in the Philippines shall be for the account of MVC. The contract will expire in December 2008.

(vii) Dependence On One Or Few Major Customers

The company is not dependent on any one industry, company or customer. Likewise, no single customer accounts for 20% or more of total sales.

(viii) Transactions With Related Parties

Please see notes on page 28 under 'Certain Relationships and Related Transactions'.

(ix) The company is not covered with any patent, trademark, copyright, franchise, concession or royalty agreement.

(x) There is no need for any government approval on its principal products.

(xi) Effects Of Existing Or Probable Governmental Regulations On The Business

The lowering of duties has some effects on the pricing of Company's products. On the other hand, since it has built its dominance as an importer, any adverse effect is somehow neutralized.

(xii) Estimate of the amount spent during each of the last three calendar years on research and development activities

Most marketing research is done in cooperation with prospective principals/investors. Cost on the part of the company is minimal.

(xiii) Costs And Effects Of Compliance With Environmental Laws

The Company has secured the required permits and clearances from the Department of Environment and Natural Resources to operate all of its facilities. MVC believes that the necessary precautions are being taken to comply with the applicable environmental regulations. The DENR have issued an Environmental Compliance Certificate (ECC) to the newly completed Chlor-Alkali Manufacturing Plant project after complying with the Environmental Impact Assessment (EIA) requirements.

Implementation of the Environmental Laws, particularly the RA 6969, as implemented by DAO 29 costs MVC about ₱1.0 million annually, distributed as follows:

Air Quality Compliance	:	33%
Hazardous Waste Compliance	:	27%
Water Quality Compliance	:	40%

Major costs were attributed to maintenance of plant-wide chlorine detector system, chlorine absorption system, and sludge pond neutralization system.

Improvement of the Chlorine Emission Control System, installation of a Sodium Hypochlorite Plant, and operation of the sludge neutralization pond have drastically reduced material wastage and brought all effluents (air, water, hazardous chemicals) within the government's regulated standards as shown:

Pollution Control Monitoring Figures

Wastewater Parameter	Actual, Average	Standard
Mercury content	0.05 ppb*	5.0 ppb*
Hydrogen Ion, pH	8.0	6 - 9

\*ppb - parts per billion

(xiv) Total Number of Full Time-Employees (As of December 31, 2006):

	No CBA	With CBA	Total
Clerical	4	6	10
Operations	15	88	103
Administrative	14	5	19
Supervisors	15	19	34
Account Executives	7	0	7
Managers & top Mgt.	17	0	17
Total	72	118	190

It is expected that there will be no hiring for the ensuing year except for replacement of retired or resigned employees.

The new five (5) year contracts for both Supervisory and Rank and File Unions had been renewed effective October 1, 2006 and October 18, 2006, respectively.

For the past three (3) years, no strike occurred.

Except for a 15-day Christmas bonus when the financial condition of the company allows, there is no other incentive arrangement with CBA-covered employees. For non-unionized employees, a separate incentive is in place based on performance with bonuses ranging from zero to 120% of a month's pay.

(xv)

Major Risks	Measures Undertaken
1. Price risk for caustic soda	In times of low prices, we import more of caustic soda and set local production at its allowable minimum level.
2. Production loss due to breakdown of a major equipment	Have identified all the critical equipment, maintained in stock the vital spare parts, established contacts with concerned suppliers and technical people.
3. Property loss due to accident	Have identified all possible safety hazards, installed appropriate safety equipment, strict implementation of safety rules, adequate insurance coverage like fire, machinery breakdown, comprehensive general liability, industrial all risk, and life.

(b) Additional Requirements as to Certain Issues or Issuers (not applicable).

## B. Description of Property

- **Iligan Plant**

The Company's main plant is located at Assumption Heights, Iligan City, Lanao Del Norte in Mindanao. It is about nine (9) kilometers south of the center of the city proper and is adjacent to the state-owned National Power Corporation's generating station at Maria Cristina Falls. This proximity to a hydro-electric power source gives it a competitive advantage since the production of Caustic Soda, Chlorine and Sodium Hypochlorite are highly power intensive. In usable area, the Iligan plant measures about 279,000 square meters.

Among the manufacturing facilities in the Iligan Plant are the Chlor-Alkali Diaphragm Cell plant, the Sodium Hypochlorite plant, product storage facilities, Industrial Salt bulk storage yard (with a capacity of 30,000 MT) and the new Ion-Exchange Membrane plant. All are in good operating condition.

On July 21, 2003, the company obtained a P100,000,000.00 five (5) year term loan from Banco de Oro to partially finance the IEM project. With Equitable PCI Bank as trustee, it is secured with a mortgage trust indenture over the following properties in Iligan Plant: land with a total area of 134,609 sq. m. under TCT No. T-46 and T-97, and all machineries (excluding the IEM Plant), furnitures and equipment installed thereon. The carrying amount of these properties are P179.4 million and P187.5 million as of December 31, 2006 and 2005, respectively. The term-loan does not provide any limitation on the use of the subject properties but no sale or transfer is allowed.

- **Sta. Rosa Plant**

On March 18, 1994, the Company inaugurated a new 20,000 MTPY Sodium Hypochlorite production facility within a 5,000 square meter company-owned property in Binan, Laguna beside the Laguna Technopark. Referred to as the "Mabuhay Premium Bleach Plant", the highly automated manufacturing facility is currently operated by just four (4) people. Power is supplied, on normal commercial terms, by the Manila Electric

Company ("MERALCO"). This plant is equipped with a 250 kilovolt-amperes (KVA) standby diesel-power generator owned by the Company.

The Laguna plant's storage facilities include three (3) Cellcote-lined concrete tanks and 1 cylindrical tank with a combined capacity of 195 MT for storing Sodium Hypochlorite, an 80 cubic meter tank for Caustic Soda with a storage capacity of 120 MT, and a Chlorine house that can accommodate 42 cylinders (1 ton capacity each).

- **Depots**

The Company leases warehousing and depot facilities located in different parts of the country. In the Visayas, the Company has a depot located at the Ouano Compound in Mandaue City, Cebu for storage of Caustic Soda, Hydrochloric Acid and Liquid Chlorine. A depot is also located in Pulupandan, Negros Occidental for storage and handling of Caustic Soda.

In Mindanao, a Company depot (other than those located in Iligan City) is located in Lanang, Davao City for Caustic Soda.

In Luzon, a Company depot can be found in Bauan, Batangas for the storage of Caustic Soda and Hydrochloric Acid.

- **Company Headquarters**

The Company's Head Office is located in a leased space with a floor area of 550 square meters at the 3<sup>rd</sup> Floor Philamlife Salcedo Center, 126 L. P. Leviste Street, Salcedo Village, Makati City, Philippines. The Office houses the company's senior executive officers together with marketing, accounting and finance and other support staff. The lease contract has a term of three (3) years, to expire on March 15, 2008.

#### Properties on Lease

<i>Property</i>	<i>Location</i>	<i>Monthly Lease</i>	<i>Expiry Date</i>	<i>Total Rent Exp. For 2006</i>	<i>Renewal Option</i>
Head office with 4 parking slots	Makati City		Mar. 15, 2008		Subject to mutual agreement of both parties
BBTI depot	Bauan Batangas		Dec. 31, 2017		Can be renewed for another 10 years subject to mutual agreement
BBTI extension lot	-do-		Dec. 31, 2017		
Mandaue depot	Mandaue City		Apr. 30, 2013		Subject to renegotiation
Pulupandan depot	Negros Oriental		Jun. 30, 2009		Subject to renegotiation
Davao depot (Union Cement)	Davao City		Nov. 30, 2010		Subject to renegotiation

**Total Lease Rental**

**P586,757**

**P7,041,095**

## Acquisition In The Next 12 Months

The following have been included among the capital expenditures for 2007:

- |   |   |
|---|---|
| 1. Replacement of membrane of IEM -           | P7.0 million has been budgeted from internal funds to attain the desired efficiency of IEM Plant in Iligan City.  |
| 2. Environmental infrastructures -            | P1.9 million has been budgeted from internal funds to provide necessary environmental protection for BBTI depot operations.   |
| 3. Truck Weighing Scale for BBTI -            | P1.0 million has been budgeted from internal funds to eliminate dependence on third party and save on cost and time.  |
| 4. Replacement of CI2 Warehouse roofing -     | P0.7 million has been budgeted from internal funds to replace the asbestos roofing of CI2 warehouse in Iligan Plant.  |
| 5. Repair of Tank #3 Foundation -             | P0.8 million has been budgeted from internal funds to rehabilitate the foundation of Caustic Soda Tank #3 in BBTI depot.  |
| 6. Perimeter Fence -                          | P0.8 million has been budgeted from internal funds to repair damaged portion of perimeter fence in Iligan Plant.  |
| 7. Retrofitting of old Diaphragm Cell Plant - | P142.1 million has been initially budgeted from internal funds for partial payment to equipment suppliers and general contractor in retrofitting the old Diaphragm Cell Plant into an Ion-Exchange Membrane Plant in Iligan City. |

## C. LEGAL PROCEEDINGS

1	Case Title : <b>MVC vs. Sunta Rubber Industrial Corp.</b> Factual Basis : Collection of receivable Principal Parties : Sunta Rubber Industrial Corp. Date Filed : 07 June 2006 Progress/Status : Complaint for sum of money with damages for preliminary attachment filed at the RTC Br. 49, Manila. MVC was able to levy by attachment seven (7) parcels of land owned by defendant. Favorable decision is expected.  Relief Sought : Collection of P7,249,950.00 plus interest
2	Case Title : <b>MVC vs. Lee Won Industries, Inc.</b> Factual Basis : Collection of receivable Principal Parties : Lee Won Industries, Inc. Progress/Status : Compromise agreement has been executed. Lee Won has been remitting a monthly installment payment since Sep. 2005. Outstanding balance to date is P1,013,620.00  Relief Sought : Collection of P2,294,000.00 plus 1% interest until fully paid.
3	Case Title : <b>MVC vs. CIR</b>

	Factual Basis	: Erroneous assessment of withholding and income taxes for 1988 and 1989
	Principal Parties	: Commissioner of Internal Revenue
	Progress/Status	: Court of Tax Appeals Decision was received on 09 January 2003 directing MVC to pay P119,209,625.29 plus 20% delinquency interest on the total deficiency withholding tax computed from 24 February 1998 until fully paid. A Motion for Reconsideration was filed on 24 January 2003. Said motion was denied by the CTA. MVC filed a Petition for Review in the Court of Appeals on Dec. 29, 2003. BIR failed to file its comment within ten days as required by the Court of Appeals. However, on Feb. 4, 2005, BIR filed a Motion To Admit its comment. On Feb. 15, 2006, the CA resolved that the case is now submitted for decision. The management and legal counsel believe that it would be able to defend its position and obtain a favorable decision – the right to assess has prescribed.
	Relief Sought	: Cancellation of P119,209,625.29 plus 20% interest assessment
<b>4</b>	Case Title	: <b>MVC vs. Manugas/Acero</b>
	Factual Basis	: Payment of excess separation benefits
	Principal Parties	: Francis Manugas and George Acero
	Court/Agency	: NLRC
	Progress Status	: On May 2, 2006, the Labor Arbiter directed the parties to file their respective position papers. MVC filed its position paper on June 5, 2006. Respondents have yet to comply. Favorable outcome is expected.
	Relief Sought	: Recovery of P508,662.61 over payment.
<b>5</b>	Case Title	: <b>MVC vs. City Treasurer of Makati City</b>
	Factual Basis	: Erroneous assessment of local business tax.
	Principal Parties	: City Treasurer of Makati
	Court/Agency	: Regional Trial Court-Makati
	Progress Status	: The RTC-Makati, Branch 143 already ordered the respective parties to submit their legal memorandum on the said case. We are waiting for the final decision of the court. We are expecting a favorable decision.
	Relief Sought	: Cancellation of total value of assessment in the amount of P1,097,137.22
<b>6</b>	Case Title	: <b>In Re: Voluntary Arbitration Case Between Mabuhay Vinyl Corporation (MVC) and Mabuhay Vinyl Employees Union-Federation of Democratic Labor Organization</b>
	Factual Basis	: Transfer to another position and contracting out of the positions of six (6) employees of the Corporation.
	Principal Parties	: MVC and Mabuhay Vinyl Employees Union-Federation of Democratic Labor Organization
	Court/Agency	: NCMB-Office of the Voluntary Arbitrator, Quezon City
	Progress Status	: Pending resolution.
	Relief Sought	: Affirm the validity of the exercise by MVC of its Management prerogative by engaging the services of job contractors.

## PART II – SECURITIES OF THE REGISTRANT

### (A) Market Price, Dividend and Related Stockholder Matters

#### (1) Market Information

The principal market of Mabuhay Vinyl's common equity is the Philippine Stock Exchange (PSE) where it was listed last February 05, 1997. The offering price was at P1.90 per share. The high and low sales prices by quarter for the last two (2) years are as follows:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	2005	2006	2005	2006	2005	2006	2005	2006
<i>Market Price</i>								
High	0.98	.79	0.91	.76	0.78	.73	0.99	.70
Low	0.83	.67	0.70	.50	0.65	.61	0.72	.52

The price information as of March 09, 2007 (latest practicable trading date) is P0.65.

#### (2) Holders

On July 11, 1996, the Securities and Exchange Commission (SEC) approved the Company's application for an increase in its authorized capital stock from 500,000,000 shares to 1,200,000,000 shares with a par value of ₱1.00 per share. As of December 31, 2006, there are 788,366,866 common shares issued, 688,309,398 shares of which are outstanding and 100,057,468 are in treasury shares. There are 2,848 stockholders of Mabuhay Vinyl Corporation as of end December 2006.

#### Top 20 Stockholders (As of February 28, 2007)

<i>STOCKHOLDER</i>	<i>NATIONALITY</i>	<i>NUMBER OF SHARES</i>	<i>PERCENT OF OWNERSHIP</i>
1. Tosoh Corporation	Japanese	232,440,286	33.770%
2. Metro Alliance Holdings & Equities Corp.	Filipino	217,171,264	31.551%
3. Metro Alliance Holdings & Equities Corp.	Filipino	76,655,390	11.137%
4. PCD Nominee Corp. (Filipino)	Filipino	75,722,695	11.001%
5. Mitsubishi Corporation	Japanese	22,260,000	3.234%
6. Mitsubishi Corporation	Japanese	17,419,999	2.531%
7. Michael, Inc.	Filipino	1,260,000	0.183%
8. Dennis T. Villareal	Filipino	1,203,300	0.175%
9. William Lines, Inc.	Filipino	1,050,000	0.152%
10. PCD Nominee Corp. (Non-Filipino)	Non-Filipino	1,036,851	0.151%
11. Andy Chua	Filipino	1,000,000	0.145%
12. Mabuhay Vinyl Corp. Employees' Retirement Plan	Filipino	840,401	0.122%
13. Santiago Sr. Tanchan	Filipino	765,730	0.111%
14. Xavier University	Filipino	600,000	0.087%
15. Gonzalo Puyat & Sons, Inc.	Filipino	585,169	0.085%
16. Johnny Ng	Filipino	570,000	0.083%
17. Board of Trustees Meralco Pension Fund	Filipino	480,000	0.070%
18. Santiago J. Tanchan, Jr.	Filipino	470,954	0.068%
19. Multi Farm Agro-Industrial	Filipino	336,000	0.049%

20. Alexander J. Tanchan	Filipino	324,388	0.047%
<b>Subtotal</b>		<b>652,192,427</b>	<b>94.753%</b>
Others		36,116,971	5.247%
Treasury Shares		100,057,468	
<b>Grand Total</b>		<b>788,366,866</b>	<b>100.00%</b>

(3) Dividends

On January 25, 2006, the Board of Directors approved the declaration of cash dividend of P0.05 per share totaling P34.865 million out of the Company's retained earnings as of December 31, 2005.

**Dividend Information On The Two Most Recent Fiscal Years**

Year	CASH DIVIDENDS		STOCK DIVIDENDS	
	Per Share, Pesos	Total Amount	Percent	Total, ₱
2006	0.05	34,865,470	None	-
2005	0.00	0	None	-

The payment of dividends in the future will depend upon the Company's earnings, cash flow and financial condition, among other factors. Dividends paid in cash are subject to approval by the Board of Directors and no stockholder approval is required. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and the Stockholders.

(4) There is no recent sales of unregistered or exempt securities.

**PART III - FINANCIAL INFORMATION**

**A. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION**

(1) Plan of Operation

We have generated revenues for the last two fiscal years. (There is no need to provide additional information).

(2) Management's Discussion and Analysis

The following table shows the consolidated financial highlights of the company for the years then ended December 31, 2006, 2005 and 2004:

	As of December 31 (In P000)		
	2006	2005	2004
<b>Income Statement Data</b>			
Total Revenues	1,350,028	1,425,483	1,170,957
Net Income	46,158	81,304	69,690

<b>Balance Sheet Data</b>			
Total Current Assets	765,786	811,463	780,820
Available for sale financial assets	6,804	6,345	6,345
Plant, Property and Equipment	449,083	519,427	536,424
Land at appraised value	150,861	150,861	150,861
Other non-current assets	2,851	4,092	2,941
<b>Total Assets</b>	<b>1,375,385</b>	<b>1,492,188</b>	<b>1,477,391</b>

Current Liabilities	172,634	270,425	241,424
Long-Term Debt	18,750	43,750	68,750
Deferred income tax liabilities	31,509	38,890	35,989
Customers deposit	18,032	16,760	15,650
Retirement Benefits Payable	2,709		
Asset retirement obligation	609	541	482
Stockholders' Equity	1,131,142	1,121,822	1,115,096
<b>Total Liab. and S. Equity</b>	<b>1,375,385</b>	<b>1,492,188</b>	<b>1,477,391</b>

## KEY PERFORMANCE INDICATORS

(Note: Mabuhay Vinyl Corp. does not have any subsidiary company)

	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
<b>1. Liquidity</b>			
<b>a. Quick ratio</b> - capacity to cover its short-term obligations using only its more liquid assets. [(cash + cash equiv. + A/R) / current liabilities]	2.9	1.8	2.3
- Forecasted ratio	2.7		
- Remarks: The company is highly liquid to meet its short-term obligations.			
<b>b. Current ratio</b> - capacity to meet current obligations out of its liquid assets. (current assets / current liabilities)	4.4	2.8	3.0
- Forecasted ratio	3.5		
- Remarks: The company is very financially capable in meeting all its current obligations.			
<b>2. Profitability</b>			
<b>a. Net profit margin</b> - ability to generate surplus for stockholder (net income / sales)	0.034	0.057	0.060
- Forecasted ratio	0.039		
- Remarks: The company has performed slightly lower than expected due to softening of price on one of the products.			
<b>b. Return on equity</b> - ability to generate returns on investment of stockholders. (net income / stockholders equity)	0.041	0.072	0.062
- Forecasted ratio	0.045		
- Remarks: The company did not attain its projected return			

for the year because of the effect of price reduction on one of the main products.			
<b>3. Leverage</b>			
<b>a. Debt to total asset ratio</b> - the proportion of total assets financed by creditors. (total debt / total assets)	0.177	0.253	0.249
- Forecasted ratio	0.204		
- Remarks: Ratio is lower than expected due to a decrease in trusts receipts booking and payables at year end.			
<b>b. Debt to equity ratio</b> - indicator of which group has the greater representation in the assets of the company. (long-term debt / equity)	0.039	0.039	0.062
- Forecasted ratio	0.038		
- Remarks: Exposure to long-term debt is very minimal and within expectation.			

**(i-1) 2006 COMPARED TO 2005**

**1A. Changes In Financial Condition (2006 vs. 2005)**

(a) Current Assets

1. Cash and cash equivalent decreased by P42.8 million, due to payment of P34.9 dividend and rehabilitation of MVC pier in Iligan City.
2. Trade and other receivables went up by P54.6 million, mainly due to low collection turn-over mostly from the major customers.
3. Receivable from a stockholder decreased by P11.2 million, due to partial settlement of MAHEC's obligation through the execution of Dacion en Pago of Company's shares equivalent to 9,000,000 shares and application of P1.8 million cash dividend.
4. Inventories decreased by P44.3 million, due to a substantial decrease in inventory level of locally produced caustic soda .
5. Other current assets decreased by P2.0 million, due to the application of withholding tax certificates against income tax payable for the year.

(b) Available For Sale Financial Assets

Value increased by P0.5 million mainly due to the appreciation in market value of Meralco & PLDT shares.

(c) Plant, Property and Equipment

Reduction of P70.3 million is the net effect of depreciation charge amounting to P88.1 million.

(d) Land at appraised value

No change in value this year.

(e) Other Non-current assets

Amount decreased by P1.2 million due to the cancellation of cash bond put up on cylinders of imported Chlorine which were subsequently returned to its foreign supplier.

(f) Current Liabilities

1. Notes and trust receipts payable decreased by P80.3 million, mainly due to partial payment of Trust Receipts and short-term loans.
2. Trade and other payables decreased by P17.4 million, mainly due to timely payment of trucking and shipping costs, and materials and supplies.
3. Current portion of long-term debt – no change in value this year.

(g) Long-term Debt

The reduction of P25.0 million represents payment of annual amortization.

(h) Retirement benefits payable

Amount increased by P2.7 million to provide for deficiency in retirement fund contribution.

(i) Deferred Income Tax Liability

The P7.4 million decrease is due to a correction of the applicable tax rate on land appraisal.

**1.B Changes In Operating Results (2006 vs. 2005)**

Net income went down to P46.1 million in 2006 from P81.3 in 2005 or 43% decrease. Softening of international caustic soda price, increase in production cost and reduction in sales volume of two major products are the combined factors affecting net income.

Gross profit rate dropped to 24% in 2006 from 26% in 2005 – mainly due to increase in cost of locally produced products brought about by successive increases in power and fuel costs.

Operating expense decreased by 2% in 2006 as compared to 2005. Reduction of volume hauled on the two major products and implementation of cost saving measures particularly on the utilization of the vessel tankers are the major contributors.

Interest income slightly dropped to P4.6 million in 2006 from P4.9 million in 2005. This is mainly due to a reduction in money market placement rates.

Interest and financing charges is P5.6 million or 26% lower than the 2005 level of P21.4 million. Early settlement of trust receipts loan and regular payment of long-term loan amortization caused the decrease.

**(i-2) 2005 COMPARED TO 2004**

**1A. Changes In Financial Condition (2005 vs. 2004)**

(a) Current Assets

6. Cash and cash equivalent decreased by P61.8 million, due to acquisition of Chlorine cylinders (1-ton cap.), rehabilitation of Iligan jetty and payment of long-term debt.
  7. Trade and other receivables went up by P54.4 million, mainly due to increase in sales revenue during the year.
  8. Receivable from a stockholder decreased by P70.4 million, due to partial settlement of MAHEC's obligation through the execution of Dacion en Pago of Company shares equivalent to 64,007,468 shares
  9. Inventories increased by P92.9 million, due to substantial increase in cost of imported caustic soda and higher inventory level of raw material salt.
  10. Other current assets increased by P15.5 million, due to deferred income tax asset on retirement contribution and unapplied withholding tax certificates and input VAT.
- (b) Available For Sale Financial Assets
- No change in value this year.
- (c) Plant, Property and Equipment
- Reduction of P17.0 million is the net effect of depreciation charge amounting to P81.9 million.
- (d) Land at appraised value
- No change in value this year.
- (e) Current Liabilities
4. Notes and trust receipts payable increased by P17.1 million, mainly due to temporary financing of caustic soda importation whose cost surged by 60%.
  5. Trade and other payables increased by P17.8 million, mainly due to recognition of year-end trucking and shipping costs, and materials and supplies received but not yet paid.
  6. Current portion of long-term debt – no change in value this year.
- (f) Long-term Debt
- The reduction of P25.0 million represents payment of annual amortization.
- (g) Deferred Income Tax Liability
- Change in income tax rate from 32% to 35% caused the increase of P4.2 million.

### **1.B Changes In Operating Results (2005 vs. 2004)**

Net income went up to P81.3 million in 2005 from P69.7 in 2004 or an increase of 17%. Strengthening of prices throughout the year and implementation of cost saving measures caused the improvement of performance this year.

In terms of gross profit rate, it dropped to 26% in 2005 from 30% in 2004 - due to increase in cost of the two major products previously contributing a higher margin. In absolute amount, however, gross profit climbed to P366.1 million in 2005 from P351.0 in 2004. The 4% increase solely came from better prices sustained by the other products.

Operating expense decreased by 4% in 2005 as compared to 2004. The slight reduction of volume hauled and implementation of cost saving measures particularly on the utilization and operation of the vessel tankers are the major contributors to the reduction.

Interest income plunged to P4.9 million in 2005 from P23.0 million in 2004, due to the settlement in January 2005 of an interest bearing receivable from a stockholder by way of Dacion en Pago of Company shares.

Interest and financing charges increased by P1.7 million or 9% higher than the 2004 level of P19.7 million. Higher availment of trust receipts loan to temporarily finance the high cost of imported caustic soda caused the increase.

### (i-3) 2004 COMPARED TO 2003

#### 1A. Changes In Financial Condition (2004 vs. 2003)

##### (a) Current Assets

1. Cash and cash equivalent decreased by P67.4 million, mainly due to payment of dividend at P0.20 per share or a total of P152.3 million.
2. Trade and other receivables increased by P75.6 million, greatly due to improvement in prices and sales volume of the main products.
3. Receivable from a stockholder – no change
4. Inventories increased by P48.0 million due to high inventory of imported caustic soda and arrival of salt shipment in December as part of raw material.
5. Other current assets decreased by P14.0 million, substantially due to a reduction of advances on salt importation and application of input VAT against output VAT.

##### (b) Available For Sale Financial Assets

No change in value this year.

##### (c) Plant, Property and Equipment

Reduction of P50.1 million is substantially due to depreciation charge.

##### (d) Land at appraised value

No change in value this year.

##### (e) Current Liabilities

1. Notes and trust receipts payable increased by P68.6 million, mainly due to temporary financing of caustic soda importation.
2. Trade and other payables increased by P10.1 million, mainly due to accrual of delivery cost of products at higher sales volume.
3. Current portion of long term debt increased by P18.7 million. This is in recognition of a reclassified long-term debt that will be payable within the year.

##### (f) Long-term Debt

The decrease of P25.0 million is just a result of reclassification of the currently due portion for 2004.

(g) Deferred Income Tax Liability

The deferred income tax liability of P43.95 million relates to the revaluation increment on land.

**1.B Changes In Operating Results (2004 vs. 2003)**

The company registered a net income after tax of P69.7 million this year or 52% higher than the P47.3 million in 2003. Favorable prices on all products and increase in sales volume (except for chlorine) are the main factors for the good performance.

Gross profit rate has slightly increased to 30% from 29% in 2003. In absolute amount, gross margin exceeded the year 2003 by P95.4 million, greatly due to price improvement on all products and volume (excluding chlorine).

Operating expense increased by 26% in 2004 as compared to 2003, mainly due to more volume moved during the year. As a percentage of sales, though, it is 1% better than 2003.

Interest income went up by P2.0 million this year due to higher interest rate charged on notes receivable from an affiliate company.

On the other hand, there is a substantial increase in interest expense by P13.5 million, greatly due to a full year recognition of interest on the P100.0 million medium term loan that partially financed the IEM plant. Importation of high cost caustic soda through trust receipts financing also partially contributed to the increase.

**Impact On Liquidity**

As expected, the new Ion-Exchange Membrane plant significantly contributed to liquidity because of its competitive cost advantage.

- (i) There is no event that will trigger direct or contingent financial obligation that is material to the company.
- (ii) There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.
- (iii) Commitment For Capital Expenditures

In addition to the regular capital expenditures that will improve the reliability of manufacturing plants and depots, the Company has set aside in 2007, through internal cash generation, P142.1 million as initial payment to equipment suppliers and general contractor for the retrofitting of the old Diaphragm Cell Plant into an Ion-Exchange Membrane Plant in Iligan City. The project is expected to be completed in June 2008 at a total cost of P565.0 million. A local bank will finance P400.0 million through a medium-term loan.

(iv) Impact On Net Sales/Net Income

With no foreseen major change in the economy, 2007 net sales is projected to be at the same level of P1.3 billion and net income will remain comparable to 2006 results of P46 million.

(v) There is no significant element of income or loss that did not arise from continuing operations.

(vi) Material changes on line items in the financial statements are included in "Management's Discussion and Analysis" above.

(vii) The financial condition or results of operations of the company are not affected by any seasonal change.

**(B) Information on Independent Accountant and Other Related Matters**

(1) External Audit Fees and Services

(a) Audit and related Fees – P580,000.00 in 2006 and P580,000.00 in 2005 for expressing an opinion on the financial statements and assistance in preparing the annual income tax return. In addition, to bring to the attention of management any deficiencies in internal control and detected misstatements and any fraudulent or illegal acts.

(b) Tax Fees – There were no tax fees paid for the years 2006 and 2005.

(c) Other Fees – There were no other fees paid for the years 2006 and 2005.

(d) Audit Committee's Approval Policies & Procedures – The Committee evaluates proposals from at least two (2) known external audit firms including the present auditor. The review focuses on the quality of service, commitment for deadline and fees. The Committee requires a presentation from each proponent to clarify other related issues.

(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure -- During the registrant's two most recent fiscal years or any subsequent interim period, no independent accountant who was previously engaged as the principal accountant to audit the registrant's financial statements, or an independent accountant on whom the principal accountant expressed reliance in its report regarding a significant subsidiary, has resigned (or indicated it has declined to stand for re-election after the completion of the current audit) or was dismissed. Furthermore, there was no disagreement with the former accountant on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

**Certain Relationships and Related Transactions (PART IV, Paragraph D)**

(1) Mitsubishi Corporation supplies the company with Liquid Caustic Soda and other materials. The commercial dealings with Mitsubishi have been in effect for more than fifteen years under normal arms-length commercial terms and on a basis consistent with applicable Philippine laws on conflicts of interest and related party transactions. Pricing is dictated by prevailing international market. Total purchases from Mitsubishi amounted to P350.7 million in 2006, P478.2 million in 2005 and P288.5 million in 2004. As of December 31, 2006 and 2005, the Company has no outstanding trade payable to Mitsubishi. The Company also has an agreement with Mitsubishi for the lease of one of the Company's storage tanks. The lease is for a period of one year renewable upon agreement between the parties. The agreement ended in August 2006. The rental income amounted to P1.6 million in 2006 and P2.4 million in 2005.

In 2003, the Company extended loans to Metro Alliance Holdings & Equities Corporation (MAHEC) totaling to P100 million. The loans are subject to interest equivalent to prevailing annual money market placement rate plus 1% and are secured by MAHEC's P100 million worth of shares in the Company's capital stock. The principal and interest are due and payable in 180 days maturing in May and June 2004. On January 28, 2005, the Company and MAHEC entered into an agreement whereby MAHEC assigned, transferred and conveyed to the Company, by way of Dacion en Pago, 64,007,468 shares of stock of the Company as full payment of MAHEC's loans amounting to P70.4 million, inclusive of interest. On the same date, the Company and MAHEC executed a memorandum of agreement (MOA) with irrevocable special power of attorney and proxy. Among others, the MOA provides that: (a) MAHEC names, constitutes and appoints the Company and/or its president as its attorney-in-fact with full and absolute power to execute a deed of assignment and/or similar document transferring and conveying, in favor of the Company, MAHEC's 36,000,000 shares of stock of the Company in payment of MAHEC's loan obligations to the Company amounting to P39.4 million, inclusive of interest. (b) Pending transfer of the 36,000,000 shares to the Company, the parties agree that any income/dividend accruing thereto shall be applied to MAHEC's loan

obligations. For this purpose, MAHEC assigns, in favor of the Company, whatever income/dividend that will accrue on the subject shares during the intervening period. (c) Upon transfer of the 36,000,000 shares to the Company, the obligation of MAHEC shall be extinguished. (d) All taxes and fees in connection with the transfer of ownership of the subject shares of stock in favor of the Company shall be for the account of MAHEC. As of December 31, 2005, the 36,000,000 shares have not been transferred to the Company. In 2006, dividends accruing to the 36,000,000 shares totaling P1.8 million were applied against the receivable from MAHEC. On December 14, 2006, the Company and MAHEC executed a Dacion en Pago whereby MAHEC assigned, transferred and conveyed its rights, interests and participation to 9,000,000 shares of MVC stock in favor the Company in payment of certain obligations to the Company amounting to P9.4 million (inclusive of interest). The 9,000,000 shares were immediately converted to treasury shares. As of December 31, 2006, the balance of 27,000,000 shares has not been transferred to the Company and receivable outstanding from MAHEC amounted to P28.2 million.

- (2) Aside from the parties mentioned above, there is no other relationship that may enable to negotiate terms of material transactions.

**List of parents of the registrant**

a. Metro Alliance Holdings & Equities Corp.		
No. of MVC shares owned	293,826,654	
Percentage of control		42.69%
b. Tosoh Corp.		
No. of MVC shares owned	232,440,286	
Percentage of control		33.77%

- (3) There is no transaction with promoters for the past 5 years.

**PART IV – MANAGEMENT AND CERTAIN SECURITY HOLDERS**

(A) Directors, Executive Officers

- (1) Directors, including Independent Directors, and Executive Officers

There are eleven (11) members of the Board, two (2) of whom are independent directors. The term of office of each member is one (1) year. The current members of the Board of Directors are as follows:

<i>DIRECTORS</i>	<i>POSITIONS HELD</i>	<i>COMPANY</i>
<p><b>1) WESLIE T. GATCHALIAN</b>            26, Filipino            BA Honours Degree/DipHE            Business and Operations Mgt.            Oxford Brookes University, U.K.</p>	<p><b>Present:</b>            a. Director since 2005 to present            b. Assist. Vice President since 2005 to present            c. Director since 2005 to present  <b>Previous:</b>            a. Sales and Marketing (2002-2003)            b. Leasing and Finance (2001)            c. Trainee (1999-2000)</p>	<p>NPC Alliance Corp.            Metro Alliance Holdings and Equities Corp.            Mabuhay Vinyl Corp.              Waterfront Hotels and Casinos            PCI Bank            Westlink Global Equities</p>
<p><b>2) JOSE O. JULIANO</b>            Independent Director              74, Filipino            B.S. Agriculture, University of the Philippines</p>	<p><b>Present:</b>            a. President since 1999 to present            b. Vice-Chairperson of the Board of Directors since 1995 to present            c. Independent Director since May</p>	<p>Calamba Medical Center              Interphil Laboratories,</p>

<p>PH.D in Chemistry, University of California, USA.</p>	<p>2001 to present</p> <p>d. President &amp; CEO</p> <p>e. President since 2004 to present <b>Previous:</b> a. Secretary &amp; Member of the Executive Council (1993-2002) b. Secretary and Trustee (1993-2003)</p> <p>c. Undersecretary for Trade (1996-1998) d. Chairman, Board of Chemistry (1993-1996)</p>	<p>Mabuhay Vinyl Corp.</p> <p>Southern Luzon Hospital and Medical Center</p> <p>Zuellig Foundation, Inc.</p> <p>Southern Luzon Hospital and Medical Center National Academy of Science &amp; Technology NAST Foundation</p> <p>Dept. of Trade &amp; Industry</p> <p>Professional Regulation Commission</p>
<p><b>3) TOMOYUKI KOIKE</b></p> <p>58, Japanese Commerce, Doshiya University, Kyoto, Japan</p>	<p><b>Present:</b> a. President since Feb. 2003 to present b. Director since Jan. 2003 to present <b>Previous:</b> a. Director-Finance, Accounting, HRD &amp; Gen. Affairs (2000-2003) b. Associate Director (1999-2000) c. Director/General Manager (1998-1999)</p>	<p>Phil. Resins Industries, Inc. Mabuhay Vinyl Corp.</p> <p>Tohoku Denki Tekko Co. Ltd. -do-</p> <p>Tosoh Hyuga Corp.</p>
<p><b>4) RENATO B. MAGADIA</b> Chairman</p> <p>69, Filipino Bachelor of Science in Business Administration, University of the Philippines</p>	<p><b>Present:</b> a. Chairman &amp; Chief Executive Officer since 2001 to present</p> <p>b. Chairman of the Board since: 1999 to present 2002 to present 1999 to present 1999 to present 1980 to present 1977 to present</p> <p>c. Vice Chairman re-elected 18 Aug. 2004</p> <p>d. Director:</p>	<p>Mabuhay Vinyl Corp.</p> <p>Metro Alliance Holdings &amp; Equities Corporation, Consumer Products Waterfront Phil., Inc. Mercator Securities Corp. Zeta Holdings &amp; Mgt. Corp.</p> <p>Acesite (Philippines) Hotel Corp.</p> <p>Accette Insurance Brokers Accette Life &amp; Accident Harbor Center I &amp; II, Inc. All Ocean Maritime Agency Interphil Laboratories Phil. Estate Corp. Cunningham Toplis Phil. F.E. Zuellig (M), Inc. GAC Logistics, Inc. Golden Eight Holdings Limited – BVI Co. Misons Ind'l. &amp; Dev. Corp.</p>
<p><b>5) BARBARA ANNE C. MIGALLOS</b></p>	<p><b>Present:</b></p>	

<p>52, Filipino Bachelor of Laws, U.P.</p>	<p>a. Managing Partner since 2006 to present b. Corporate Secretary since 1998 to present c. Corporate Secretary 2005 to present d. Consultant 2004 to 2006 e. Director since 2001 to present f. Director since Aug. 2000 to present g. Practicing lawyer since 1980 h. Senior Partner 1986 to 2006</p>	<p>Migallos, &amp; Luna Law Offices  Philex Mining Corp.  Eastern Telecom. Phil. Asian Dev. Bank Phil. Resins Ind., Inc. Mabuhay Vnyl Corp.  Roco, Kapunan, Migallos &amp; Luna Law Offices</p>
<p>6) YUKIHIKO TONOKI  49, Japanese Social Sciences Degree Hitotsubashi University in Japan</p>	<p><b>Present:</b> a. Division Manager, Chemicals Division since Nov. 2006 to present  b. Director since Nov. 2006 to present <b>Previous:</b> a. Head, Products Team, Industrial Plastics Unit (2005-2006) b. Head, Organic Industrial Chemicals Dept. (1998-2005) c. Head, Plastics Products Dept., (1992-1998) d. Head (1988-1992)</p>	<p>Mitsubishi Corp., Manila Branch  Mabuhay Vinyl Corp.  Mitsubishi Corporation, Tokyo, Japan -do-  -do- Mitsubishi Corporation Taipei Branch</p>
<p>7) KENICHI UDAGAWA  57, Japanese Polymer Engineering, Tokyo Institute of Technology</p>	<p><b>Present:</b> a. Director and General Manager- Coporate Planning since 2001 to present b. Director since 2005 to present <b>Previous:</b> a. General Manager on Corporate Planning (1998-2001) b. Director (2000-2004)</p>	<p>Tosoh Corp. Mabuhay Vinyl Corp.  Tosoh Corp. Mabuhay Vinyl Corp.</p>
<p>8) ARISTOTLE L. VILLARAZA  55, Filipino BS Business Administration San Beda College</p>	<p><b>Present:</b> a. Executive Vice President /Group Head of Special Projects, Asset Management And Legal Group since 2002 to present. b. Director since 2005 to present <b>Previous:</b> a. Senior Vice President/Head of Specialized Financial Services Division (2001-2002) b. First Vice President &amp; Head of Corporate Finance Division (1998-2001)</p>	<p>Equitable PCI Bank  Mabuhay Vinyl Corp.  Equitable PCI Bank  Equitable PCI Bank</p>
<p>9) EDWIN LL. UMALI  51, Filipino B.S. in Industrial Management</p>	<p><b>Present:</b> a. President &amp; Chief Operating Officer since 1999 to present b. Director since 1997 to present</p>	<p>Mabuhay Vinyl Corp. -do-</p>

<p>Engineering, minor in Mechanical Engineering, De La Salle University</p>	<p>c. Board of Director since 1996 VP-External Affairs since 2001 to present</p> <p>d. Member, Luzon Regional Committee since 2000 to present</p> <p>e. Member since 1996 to present</p> <p>f. Member since 2001</p> <p>g. Director <b>Previous:</b> a. President (1999-2001) b. Director (2003) c. EVP &amp; COO (1996-1999) d. Adviser, 1996</p>	<p>Samahan ng mga Industriyang Kimika (SPIK)</p> <p>Phil. Business for Social Progress</p> <p>Management Association of the Philippines (MAP)</p> <p>Phil.-Japan Economic Cooperation Com. Federation of Phil. Ind. SPIK Federation of Phil. Ind. Mabuhay Vinyl Corp. Phil. Plastic Industries Association (PPIA)</p>
<p><b>10) RENATO N. MIGRINO</b> Independent Director</p> <p>57, Filipino BSC, Accounting Philippine College of Commerce</p>	<p><b>Present:</b> a. Treasurer &amp; Chief Finance Officer since 1998 to present b. Vice President – Finance c. Compliance Officer d. Corporate Information Officer e. Director &amp; Treasurer since 2005 to present</p> <p>f. Director since 2005 to present</p> <p><b>Previous:</b> a. Senior Vice President &amp; Controller (1975-1998) b. Senior Auditor</p>	<p>Philex Mining Corp. -do- -do- -do-</p> <p>Brixton Coal Mining Corp Lascogon Mining Corp Fidelity Stock Transfers Philex Insurance Agency Mabuhay Vinyl Corp Phil. Gold Mining Northern Luzon Exploration &amp; Mining Co. Silangan Mindanao Exploration Co. Silangan Mindanao Mining Co.</p> <p>Benguet Corp. SGV &amp; Co.</p>
<p><b>11) WALTER C. WASSMER</b></p> <p>50, Filipino BS Commerce, De La Salle University</p>	<p><b>Present:</b> a. Senior Exec. Vice President and Head Retail Banking Segment since May 2006 to present b. Director since 2005 to present</p> <p><b>Previous:</b> a. Senior Executive VicePresident and Group Head Corporate Banking Group (2004-2006) b. Executive Vice President and Group</p>	<p>Equitable PCI Bank</p> <p>Mabuhay Vinyl Corp.</p> <p>Equitable PCI Bank</p>

	Head Corporate Banking Group (2001-2003) c. Senior Vice President and Group Head Corporate Banking Group (2000)	-do-  -do-
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### Incumbent Officers

<b>RENATO B. MAGADIA</b> Chairman & Chief Executive Officer	(see foregoing Director's Profile)	
<b>EDWIN LL. UMALI</b> President and Chief Operating Officer	(see foregoing Director's Profile)	
<b>MEDARDO S. GERMANO</b> Senior Vice-President  54, Filipino B.S. in Chemical Engineering, University of San Jose Recoletos, Cebu City  With MBA units from Xavier University	<b>Present:</b> a. SVP since July 2006 to present <b>Previous:</b> a. Vice-President, Manufacturing since 1999 to 2006 b. AVP-Manufacturing (1997 to 1999) c. Corporate Secretary and Director	Mabuhay Vinyl Corp.  -do-  -do- Metro Iligan Credit Corp. Holiday Park Foods Corp.
<b>WILFREDO D. HAMOY, JR.</b> Vice-President, Finance  56, Filipino MBA, Xavier University BS in Commerce Certified Public Accountant	<b>Present:</b> a. Vice President – Finance since July 2006 to present b. Anti-Money Laundering Compliance Officer effective Jan. 30, 2003 to present <b>Previous:</b> a. Asst. Vice-President, Finance since 2001 to 2006 b. Plant Controller (1991-2001)	Mabuhay Vinyl Corp.  -do-  -do- -do-
<b>ROMEO G. DE LA CRUZ</b> Area Sales Manager-Luzon  39, Filipino MBA, De La Salle University BS in Chemical Engineering, Mapua Institute of Technology Licensed Chemical Engineer-1989	<b>Present:</b> a. Area Sales Manager-Luzon since 2001 to present  <b>Previous:</b> a. Distribution Manager (1995- 2001) b. Corporate Planning Engineer (1993-1995) c. Marketing Technical Asst. (1991-1993)	Mabuhay Vinyl Corp.  -do-  -do-  -do-
<b>MA. MELVA E. VALDEZ</b> Corporate Secretary	<b>Present:</b>	

<p>47, Filipino Bachelor of Arts in Political Science and Bachelor of Laws, University of the Philippines</p>	<p>a. Corporate Secretary since 1997 to present b. Senior Partner since 1998 c. Corporate Secretary/Director since 1998 d. Corporate Secretary since 1998  e. Corporate Secretary since 2004 f. President/Director g. Director</p>	<p>Mabuhay Vinyl Corp.*  JGLaw Offices Keppel Phils. Holdings, Inc.*  Keppel Phils. Marine, Inc. * Keppel Phils. Properties, Inc.* Asian Institute of Management Subic Shipyard &amp; Eng. Works, Inc. Leighton Contractors (Phils.) Inc. CMC Colleges, Inc. and Servier Philippines, Inc.</p>
<p><b>LORY ANNE P. MANUEL-McMULLIN</b> Assistant Corporate Secretary  37, Filipino Bachelor of Arts Major in Communication Arts and Bachelor of Laws, University of Sto. Tomas</p>	<p><b>Present:</b> a. Assistant Corporate Secretary since 2003 b. Junior Partner since 2005 c. Assistant Corporate Secretary since 1998  d. Assistant Corporate Secretary since 2002 e. Assistant Corporate Secretary since June 2004 f. Assistant Corporate Secretary since August 2006 g. Corporate Secretary since October 2006</p>	<p>Mabuhay Vinyl Corp.*  JGLaw Offices Keppel Phils. Holdings, Inc.* Keppel Phils. Marine, Inc.* Phil. Nagano Seiko, Inc. Cavite Nagano Seiko, Inc. South Sea Nagano Dev. Inc. Birkart Globistics Phils., Inc. Goodsoil Marine Realty, Inc. Goodwealth Realty Dev. Corp. Goodwealth Ventures, Inc. KPSI Property, Inc Karumona Nagano Seiko, Inc.  Keppel Batangas Shipyard, Inc.  CMC Colleges, Inc.  Capitol Medical Center, Inc.**  *Listed with the Philippine Stock Exchange (PSE) ** Public Company</p>

**(2) Significant Employees**

There are no other employees other than the officers mentioned in the preceding subsection who are expected to make a significant contribution to the business.

**(3) Family Relationships**

There are no family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, persons nominated or chosen by the company to become directors, or executive officers, any security holder of certain record, beneficial owner or management.

**(4) Involvement in Certain Legal Proceedings**

To the knowledge and/or information of the Company, none of the directors/nominees and officers was involved during the past five (5) years in any bankruptcy proceedings. Neither have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative bodies to have violated a securities and commodities law.

## **PART V – CORPORATE GOVERNANCE**

The Corporation had substantially complied with its Manual on Corporate Governance for the completed year (2006).

The Corporation's Vision, Mission and Corporate Values have not been amended and are continuously being observed to date. The Corporation, through its directors, officers and employees, complied with all the leading practices on good corporate governance as embodied in the Corporation's Manual.

On annual training and development program for employees and officers, the Corporation had accomplished the following:

- a. To ensure attainment of the Company's desired strategies and plans, an Alignment and Kick-Off Planning Seminar is held by the Management Team annually at the beginning the year (January);
- b. To further inculcate Corporate Values, HRD Plans include a monthly re-orientation/cascade of specific Corporate Values, through the Company's employee program, the Council of Solidarity/Industrial Peace Council;
- c. The Performance Management System has been sustained since its inception in 2004. For 2006, both departmental and individual performances were evaluated in relation to Management's pursuit of the required competencies and objectives from its employees identified as Key Success Factors and Key Results Areas/Behaviors/Competencies;
- d. 2006 HRD Plans include research and interviews with consultants (SGV-DDI, etc.) relative to the company's Succession Planning concerns; and  
The Corporation completed the draft of the Audit Committee Charter which was presented and discussed during the meeting dated March 6, 2006, the contents of which include, among others, Management and financial reporting; Compliance with laws and regulations; Maintenance of effective audit function; Suitable risk management and internal control frameworks; Membership; Frequency of meetings; Committee authority; and Board reporting obligations.

To properly apprise the stockholders of the content of the Manual, the same has been made available to the stockholders for inspection or photocopy in the principal office of the Corporation at reasonable hours on business days. Penalties for non-compliance with the Manual, as indicated under the Company's Manual on Corporate Governance, are being strictly observed and implemented by the Corporation.

The Corporation is in the process of drafting of guidelines for its directors on the number of memberships in other corporate board/s. The Corporation will target, in 2007, the completion of the same.

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOSE O. JULIANO**, Filipino, of legal age and resident of 19 Triad Pass St., Sta. Mesa Heights, Quezon City, having been duly sworn, do hereby declare that:

1. I am an independent director of Mabuhay Vinyl Corporation.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Interphil Laboratories	Board Member/Vice-Chair	1995 to Present
Calamba Medical Center	President	1999 to Present
Zuellig Foundation Inc.	Trustee	2001 to Present
Southern Luzon Hospital and Medical Center	President	2004 to Present
Luzon Development Bank	Board Member	2005 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Mabuhay Vinyl Corporation, as provided for in Section 38 of the Securities Regulation Code.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
5. I shall inform the Corporate Secretary of Mabuhay Vinyl of any changes in the above-mentioned information within five (5) days from its occurrence.

Done this 16 day of March 2007 at Manila City.

*Jose O. Juliano*  
**JOSE O. JULIANO**

Affiant

SUBSCRIBED AND SWORN to before me this 16 day of March 2007 at CITY OF MANILA City, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 149 92502 issued at January 4 on Calamba City, Laguna 2007

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 Series of 2007.

Law 9899061 am. Inv. 70-142007 Certification Juliano.doc

*[Signature]*  
**ATTY. GERARDO B. ORTEGA JR.**  
 NOTARY PUBLIC  
 COM. EXPIRES 31.12.2007  
 PTR NO. 0017851  
 APPT. M - 31/2007 TO 2008  
 ISP NOTARY 155 - LIFETIME MEMBER  
 ROLL NO. 2007

## ABRIDGED CURRICULUM VITAE OF DR. JOSE O. JULIANO

1. Name: Jose O. Juliano
2. Place of Birth: Calamba, Laguna Date of Birth: October 16, 1932
3. Parents: Dr. Jose B. Juliano (Deceased) & Dr. Teodora O. Juliano (Deceased)
4. City Address: 19 Tired Pats St., Sta. Mesa Heights, Quezon City, MM  
Tel # (332) 712-4231 Cellular Phone#(0916) 904-7210
5. Provincial Address: Casa Isabel, Kamagong St., Miramonte Village, Pasay,  
Calamba, Laguna 4027 Tel # (8349) 545-1315
6. Business Address: Interphl Laboratories, Inc., 3/F Zuelig Building, Ben. Gil Puyat  
Aven. 2, Makati City, MM Tel # (832)845-7587 Fax # (832)883-8038  
E-mail: jjuliano@interpharma.com.ph
7. Name of Wife: Victoria A Galang-Juliano
8. Names of Children:
  - Ma Teodora G. Juliano, MD
  - Jose Enrico G. Juliano, MD
  - Marie Catharina G. Juliano-Ramolino, MD
9. Academic Degrees:
  - Ph.D. 1957 Major: Nuclear Chemistry Minor: Nuclear Physics  
University of California, Berkeley, California, USA
  - MS. 1954 Major: Electrochemistry Minor: Chemical Engineering(Sugar Tech)  
Louisiana State University, Baton Rouge, Louisiana, USA
  - B S Agriculture(Magna Cum Laude) 1952  
Major: Agricultural Chemistry (Fermentation) Minor: Mathematics  
College of Agriculture, University of the Philippines, College, Laguna
10. Present Position:
  - Vice Chairperson of the Board of Directors and Consultant, Interphl  
Laboratories, Carubang Industrial Estate, Bo. Piliand, Cebuyno, Laguna  
Since July 1998
- 10A. Other Current Positions:
  - Secretary and Member of the Executive Council, National Academy of  
Science and Technology Since 1999
  - Secretary and Member, Board of Trustees, NAST Foundation. Since 1993
  - Board Member, Marubay Vinyl Corporation. Since May 2001
  - Consultant, Gel Pacific, Inc. Since July 1998
  - President, Calamba Medical Center, Calamba, Laguna Since July 1998
  - Chairman of the Board, Calamba Eye Center, Calamba, Laguna  
Since 1996
  - Chairman of the Board, Alabang Eye Center, Alabang, Muntinlupa  
Since 1999
  - Board Member, Calamba Investment Corporation, Calamba, Laguna
  - Board Member, Luzon Development Bank, Calamba, Laguna
  - Board Member, Tansuan Medical Center, Tansuan, Batangas
  - Board Member, St. John Colleges, Inc, Calamba, Laguna
  - Adviser, Nuclear Research Foundation, Inc. Philippine Nuclear Research  
Center, Diliman, Quezon City

- Board Member, Bataan Center for Innovative Science & Technology, Inc (Bataan Innova Tech (BIT), Bataan Technology Park Complex, BTFI, Morong, Bataan
- Trustee, Zuelig Foundation Since 2001

**11. Previous Positions Held:**

- November 1998- June 1998 – Undersecretary for Trade, Department of Trade and Industry, Republic of the Philippines. In this position the following organizations reported to him:
  - A. Bureau of Domestic Trade Promotion
  - B. Bureau of Export Trade Promotion
  - C. Foreign Trade Service Corps
  - D. Bureau of Import Services
  - E. Bureau of International Trade Relations
  - F. Center for International Trade Expositions and Missions (CITEM)
  - G. Construction Industry Authority of the Philippines (CIAP)
  - H. Construction Manpower Development Foundation (CMDF)
  - I. Cottage Industry Technology (CITO)
  - J. Garments and Textile Export Board (GTEB)
  - K. International Coffee Organization-Certifying Agency (ICO-CA)
  - L. International Industrial Manpower Training Council (IIMTC)
  - M. Product Development and Design Center of the Philippines (PDCCP)
  - N. Philippine International Trading Corporation (PITC)
  - O. Philippine Shippers' Bureau
  - P. Philippine Trade Training Center
- March 1996 - March 1996 - Chairman of the Board, Calamba Medical Center, Crossing, Calamba, Laguna
- 1995 - March 1995 - President and Chairman of the Board, Calamba Investment Corporation, Calamba, Laguna
- June 1995 - October 1995 – Logistics Consultant of the Philippine Center for Population and Development, Inc, as part of the Department of Health Asian Development Bank's Women's Health and Safe Motherhood Project (1995-1998)
- 1993 - November 1993 - Chairman, Board of Chemistry, Professional Regulation Commission
- 1995- November 1993 - Chair, Continuing Professional Education Council in Chemistry, Professional Regulation Commission
- April 1994 - October 1995 - President, Marsman Laboratories, Bicutan, Metro Manila
- January 1995 - June 1995 - President & General Manager and Board Member, Interpharm Laboratories, Inc.
- January 1994 - December 1994 - Secretary and Member, Board of Trustees, Pharmaceutical and Healthcare Association of the Philippines
- September 1993 - December 1994 - Vice President and General Manager, Interpharm Laboratories, Inc.
- March 1993 - April 1993 - Acting General Manager and Country Manager for the Bristol Myers Group of Companies in the Philippines, 2309 Pasong Tamo Extension, Makati City, Metro Manila

- April 1981 - September 1988 - Vice President for Operations, Bristol Myers Group of Companies in the Philippines, namely,
    - A: Bristol Laboratories(Philippines) Inc.
    - B: Bristol Myers(Manila) Inc.
    - C: Mead Johnson Philippines, Inc.
  - November 1977 - March 1981 - General Production Manager, Lever Division, Philippine Refining Co. Inc., 1351 United Nations Avenue, Manila
  - January 1972 - October 1977 - General Development Manager, Lever Division, Philippine Refining Co., Inc.
  - January 1969 - December 1969 - Seconded to Development Department, Lever Brothers and Associates, Ltd., Port Sunlight, Birkenhead, Wirral, Cheshire, England
  - January 1968 - December 1968 - Seconded to Pilot Plant, Unilever Research Laboratorium, Vlaardingen, Netherlands
  - December 1965 - December 1971 - Technical Manager, Philippine Refining Company, Inc.
  - September 1964 - December 1965 - Acting Director, Philippine Atomic Research Center (PARC), Philippine Atomic Energy Commission (PAEC), Diliman, Quezon City
  - January 1964 - May 1964 - Visiting Scientist, Nuclear Chemistry Department, Nahal Soreq Nuclear Research Center, Israeli Atomic Energy Commission, Yavne, Israel (On International Atomic Energy Agency Fellowship)
  - October 1963 - September 1964 - Deputy Director, Philippine Atomic Research Center (PARC), Philippine Atomic Energy Commission (PAEC)
  - October 1961 - October 1963 - Supervising Scientist and Head, Physics Department, PARC
  - February 1960 - September 1961 - Research Associate Physicist, Reactor Engineering Division, Argonne National Laboratory, Argonne, Illinois, USA (On Special Detail from the Philippine Atomic Energy Commission)
  - November 1958 - October 1961 - Senior Scientist, Philippine Atomic Energy Commission (PAEC), 727 P. O. St., Manila
  - March 1958 - October 1958 - Research Associate Physicist, Dept. of Physics, Indiana University, Bloomington, Indiana, USA
  - October 1957 - March 1958 - Assistant Professor, Department of Chemistry, University of the Philippines, Diliman, Quezon City
  - September 1954 - June 1957 - US Atomic Energy Commission Pre-doctoral Fellow, Lawrence Radiation Laboratory, University of California, Berkeley, California, USA
  - June 1954 - September 1954 - Graduate Teaching Assistant in Chemistry, University of California, Berkeley, California, USA
  - May 1952 - January 1953 - Instructor in Agricultural Chemistry, College of Agriculture, University of the Philippines
12. Academic Honors, Research Fellowships, and Awards Received:
- Fulbright Travel Grantee, 1953-57
  - TOYM (Ten Outstanding Young Men) in Nuclear Science, 1959
13. Membership in Learned Societies:
- National Academy of Science and Technology
14. Membership in Professional Organizations:

- Rotary Club of Manila
  - Chamber of Filipino Drug Manufacturers & Distributors, Inc.
15. Who's Who Publications where Name is Included:
- American Men of Science, 1981
  - Who's Who in Atoms, 1969
  - Philippine Men of Science, 1964
16. Civil Service Eligibility: Chemist License NO:0001062-88 7 August 1959
17. Additional Information: Listed as One of the 24 Outstanding Young Men of the Philippines, Asia Magazine (1963)

August 1, 2001

## CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RENATO N. MIGAÑO**, Filipino, of legal age and resident of 24 Don Thomas Martigan Street, BF Homes, Parañaque City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Mahuhay Vinyl Corporation.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philex Mining Corporation	VP-Finance, Treasurer & CFO	Mar. 2, 1998 to Present
Philex Insurance Agency, Inc.	Director & Treasurer	Sept. 20, 2000 to Present
Northern Luzon Exploration & Mining Co., Inc.	Director	Oct. 22, 2003 to Present
Silliman Mining Co., Inc.	Director	Oct. 22, 2003 to Present
Silangan Mindanao Exploration Co., Inc.	Director	Oct. 22, 2003 to Present
Philippines Gold Mining Co. BV	Director	Jan. 1, 2004 to Present
Fidelity Stock Transfer, Inc.	Director & Treasurer	Feb. 24, 2005 to Present
Brixton Energy & Mining Corp.	Director & Treasurer	Jul. 19, 2005 to Present
Lascogon Mining Corp.	Director & Treasurer	Oct. 20, 2005 to Present
Philex Gold, Inc.	Director & CFO	Nov. 30, 2006 to Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Mahuhay Vinyl Corporation, as provided for in Section 38 of the Securities Regulation Code.
4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Mabuhay Vinyl of any changes in the above-mentioned information within five days from its occurrence.


Done this 15th day of March 2007 at Pasig City.

  
RENATO N. MIGRIÑO  
Affiant

SUBSCRIBED AND SWORN to before me this 15<sup>th</sup> day of March 2007 at Pasig City, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 19277418 issued at Pasig City on Feb. 23, 2007.

Doc. No. 307;  
Page No. 63;  
Book No. 407;  
Series of 2007.

[http://ghawar04/mvcc/nc 20-02\(2007\)/certification migriño.doc](#)

  
~~RICARDO C. PLATON~~  
Notary Public  
Appointment No. 38  
Until December 31, 2008  
PTR No. 3645262  
January 9, 2007/Pasig City  
TBP No 694959  
December 21, 2006/Pasig City  
Roll No. 25731

## CURRICULUM VITAE

### **RENATO N. NIGRINO**

c/o Philex Mining Corporation  
Philex Building  
27 Brbton Street, Pasig City 1600  
(832) 746-8756 (direct line)  
email address: rnm@philexmining.com.ph  
Mobile Phone No.: (0920) 810-5014

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### WORK EXPERIENCE

#### Present Positions

Treasurer & Chief Finance Officer  
Vice President - Finance  
Compliance Officer  
Corporate Information Officer

Philex Mining Corporation

Director and Treasurer

Brbton Coal Mining Corporation  
Lasecogen Mining Corporation  
Fidelity Stock Transfers, Inc.  
Philex Insurance Agency

Director

Mabuhay Vinyl Corporation  
Philippines Gold Mining Company BV (in Netherlands)  
Northern Luzon Exploration & Mining Co., Inc.  
Stangen Mindanao Exploration Co., Inc.  
Stangen Mindanao Mining Co., Inc.

#### Previous Work Experiences

Senior Vice President & Controller  
(last position held)

Banguet Corporation  
1975 to 1988

Senior Auditor  
(last position held)

Sycip, Gorres, Velaya & Co.  
1970 to 1975

#### Previous Directorships

Banguet Management Corporation  
Banguet-Ebara Corporation  
Arrow Freight Corporation  
AB Capital & Investment Corporation  
(a subsidiary of Asian Bank)

**EDUCATIONAL BACKGROUND**

1995	Strategic Business Economics Program Center for Research & Communication (now the University of Asia and the Pacific)
1989	Allen Management Program Louis A. Allen Associates, Inc.
1983	Executive Program Stanford University (at the National University of Singapore)
1980	Management Development Program Asian Institute of Management
1971 to 1974	Various training programs for audit staff Sydp. Gomez, Velayo & Co.
1970	BSC Accounting (minor in Management) Philippine College of Commerce (now Polytechnic University of the Philippines)

**CURRENT SOCIO-CIVIC & OTHER MEMBERSHIPS**

Philippine Institute of Certified Public Accountants  
 Brotherhood of Christian Businessmen & Professionals, Alabang Chapter  
 Makati Business Club  
 The Orchard Golf & Country Club  
 Baguio Country Club

**PERSONAL DATA**

Nickname	Rene
Date of Birth	July 12, 1949
Citizenship	Filipino
Religion	Roman Catholic
Civil Status	Married
Name of Spouse	Enfite de la Rosa Nigrifo
No. of children	3
Residence address	24 Don Thomas Martigan Street BF Homes, Paranaque City