

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION**
July 30, 2007
Suite 2002 Antel 2000 Corporate Center
121 Valero Street, Makati City

Directors Present:

RENATO B. MAGADIA
ELVIRA A. TING
ATTY. LAMBERTO B. MERCADO, Jr.
RICARDO M. DE LA TORRE (Independent Director)

Absent:

KENNETH T. GATCHALIAN
ROGELIO D. GARCIA

Also Present:

ATTY. NESTOR S. ROMULO
JANICE A. DUNGCA

CALL TO ORDER

Mr. Renato B. Magadia called the meeting to order at 3:30 p.m. and presided thereat. The Corporate Secretary, ATTY. NESTOR S. ROMULO was instructed to record the Minutes of the Meeting.

EXISTENCE OF A QUORUM

Upon the Chairman's inquiry, the Corporate Secretary certified that a majority of all the directors of the Corporation were personally present and therefore, a quorum existed to transact business.

APPROVAL OF THE MINUTES OF THE LAST BOARD MEETING

The Chairman called the Board's attention to the minutes of the meeting of the Board on April 20, 2007. Copies of the same were previously circulated to the Board for the directors' comments and correction. As there were no objections to the minutes as well as to the Resolutions, the same were approved by the Board.

PETROCHEMICAL PROJECT UPDATE

The Chairman discussed the status of the Petrochemical Project and the various issues confronting the project. The Chairman is optimistic that a settlement with Mirant will be arrived at and once this is achieved the re-connection issue will be solved as well as all the other issues especially with NPCI and the remaining balance of receivables from NPCI and PIIC will be paid to Polymax.



OPERATIONAL HIGHLIGHTS AND OTHER ISSUES

a. Status of pending cases

Metro Alliance and BPC vs. Mirant (Philippines) Energy Corporation

Metro Alliance and BPC filed a civil action against Mirant on November 23, 2006 for its continuing refusal to reconnect the power substation, and which refusal is a violation of the Electric Power Purchase Agreement dated December 24, 1999 as well as the Contract of Sublease covering Mirant's substation occupancy of the subleased property, not to mention the various agreements with the national Power Corporation to operate the substation among others. Initially Metro Alliance and BPC were able to secure a preliminary mandatory injunction from the RTC of Bataan enjoining Mirant to make the re-connection but Mirant appealed it to the Court of Appeals which issued a temporary restraining order. The case is now pending with the Court of Appeals.

Metro Alliance vs. Commissioner of Internal Revenue

The case pertains to an assessment for deficiency withholding taxes for the years 1989, 1990 and 1991 amounting to P83,757,397.

Details of the deficiency withholding taxes follow:

Basic tax -----	25,770,276
25% surcharge -----	6,442,569
20% interest -----	51,540,552
Total -----	83,753,397

Metro Alliance has sought a reconsideration of the assessment but the Supreme Court denied Metro Alliance's petition. In the meantime Metro Alliance is making representation with the BIR.

Metro Alliance vs. WESTLB AG

This pertains to a case against WESTLB AG, A German Bank, filed in the High Court of Singapore on July 13, 2006 for the return of US\$1.635 million deposited with WESTLB as part payment for the purchase of the assets of BPC foreclosed by the IFC. The Agreement stipulated that upon deposit of US\$1,635 million, WESTLB AG will immediately effect the full assignment and transfer of the legal and beneficial title to the assets to Metro Alliance as well as to obtain the necessary consents required by the loan agreement. Metro Alliance has hired the services of a lawyer who is licensed to practice in Singapore who is now representing Metro Alliance. Judgment on the pleadings was rendered by the Court which was favorable to WESTLB AG so Metro Alliance has to engage a barrister to argue its case.

Metro Alliance and Philippine Estate Corp. vs. Philtrust Bank

On September 14, 2005, Metro Alliance and Philippine Estate Corporation filed a Civil Action for Declaratory Relief, Accounting, Reformation of Contracts, Annulment and Decrease in Interest Rates, Service Charge, Penalties and Notice of Sheriffs Sales, plus Damages with prayer for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction. Damages sought are P1,000,000 as and by way or exemplary damages and P500,000 as and by way of attorney's fees; litigation expenses and cost of suit. The case is now pending with the Regional Trial Court of Tagaytay City, Branch 18, Case No. TG-05-2519. The case stemmed from the imminent extra-judicial foreclosure of properties covered by Transfer Certificate of Title Nos. T-35522, T-35524 and T-35552 subject to the real Estate Mortgage executed by Metro Alliance and Philippine Estate Corporation on the amount of P42,000,000 which amount was never received. On October 6, 2005, the Regional Trial Court (RTC) of Tagaytay City issued and granted the Writ of Preliminary Injunction. On June 26, 2006, the Court resolves to grant Philtrust's Motion for Preliminary Hearing on its affirmative defense of lack of jurisdiction pursuant to the provisions of Section 6, Rule 16, Revised Rules of Civil Procedure. The Court also holds in abeyance the resolution of the Motion for Reconsideration and directs the parties to

maintain the status quo. On September 4, 2006, Philtrust Bank filed a Petition for Special Civil Action for Certiorari under Rule 65 of the 1997 Rules of Court so as to set aside the following Orders issued by the Honorable Public Respondent, to wit: (a) The Order dated October 6, 2005; and (b) The Order dated June 26, 2006. However, this has not been acted upon by the Court. Metro Alliance is awaiting for the Decision of the Court of Appeals.

b. Status of Loans/Advances

Metro Alliance loans and other liabilities amounts to Php 1.5 billion (inclusive of the Php 243 million penalties) as of December 31, 2006 and P1.574 billion (inclusive of the Php284.1 million penalties) as of June 30, 2007. Except for the liabilities in Equitable PCI Bank and PBCom, the loans/advances were acquired to finance the petrochemical project..

Philippine Veterans Bank

As of December 31, 2006, a total of Php510 million has been paid to Philippine Veterans Bank. Polymax and advances from Waterfront Philippines, Inc. financed the transactions. Outstanding liability in PVB, excluding penalties amounts to Php106,589,569 (principal – P98,278,949; accrued interest –P8,310,620).

Philtrust Bank

No payment was made on the Philtrust loan in 2006 and 2007. Liabilities with Philtrust Bank of P625 million (inclusive of penalties amounting to P254.6 million) as of June 30, 2007 remained outstanding to date.

Unimark Investments (formerly PBCom loan)

Unimark has been following up Metro Alliance's settlement scheme of the liabilities. However there are accounting issues that have to be settled first before Metro Alliance can act on the demand of Unimark Investments.

c. Status of Investment in MVC

In March 2005, Metro Alliance entered into a MOA whereby Metro Alliance offered to settle its obligation amounting to P176.7 million as of February 15, 2005 by way of assignment and transfer to Equitable PCI Bank of all its rights and interests over the 234,592,391 MVC shares. The MOA provides for a repurchase option within one year. There were no transfers of shares of stock from March 2005 to date. Metro Alliance's failure to exercise the repurchase technically vests in the Bank the right to sell the shares to any buyer. Because of Mr. Renato B. Magadia's good relations with the bank, he has been able to postpone the sale of the shares and is now negotiating with another third party to take over the bank's interest on the shares. Final discussions as to how this will be resolved are now underway and hopefully a second reprieve of another one year can be obtained.

d. Results of operations and company updates.

d.1 Metro Alliance 2006 consolidated financial statements

In the December 31, 2005 financial statements, NPC Alliance was included in the consolidation of Polymax being a wholly owned subsidiary of Polymax. As of December 31, 2006, NPC Alliance will no longer be consolidated in Polymax's financial statements due to Polymax's sale of 60% ownership interest in NPCA to NPCI and PIIC. But the equity method shall apply in Polymax books. Polymax

was also included in the consolidation of Metro Alliance being a special purpose entity. Metro Alliance 2006 consolidated financial statements are not yet available to date (July 16, 2007) pending the resolution of Polymax-NPC Alliance issues. Among others, NPC Alliance 2006 financial statements has not yet audited to date. Polymax needs the 2006 audited financial statements (audited net income/loss) of NPC Alliance to complete its transactions, being 40% shareholder of NPC Alliance. In addition, a review of Polymax and NPC Alliance unaudited financial statements reveal discrepancies in balances. In Polymax books, Polymax has receivables from NPC Alliance amounting to P35 million while in NPC Alliance books, NPC Alliance has receivables from Polymax amounting to P59 million. NPC Alliance's majority partner is insisting that because of the delays in the petrochemical project, all the expenses are for the account of Polymax, thus, NPC Alliance's pre-commissioning cost and operating expenses for the year ended December 31, 2006 amounting to P13.3 million and P81.3 million, respectively, were capitalized and recorded as receivables from Polymax. This is a major concern that may cause dispute. Failure to immediately resolve the Polymax and NPC Alliance issues may result to the delay in the preparation of Metro Alliance audited consolidated financial statements and SEC Form 17-A which may mean penalties, again, to the PSE and SEC, and possible suspension of Metro Alliance by PSE.

Operating results

Metro Alliance

Metro Alliance remains to participate in the petrochemical project. Metro Alliance (parent company only) financial statements registered unaudited net loss of P10.4 million for the period ended May 31, 2007. This is mainly due to Metro Alliance's finance costs on loans obtained not related to the petrochemical project – Equitable PCI Bank and Unimark Investments (formerly loan from PBCom) totaling to P12.4 million. Dividend income from MVC amounts to 8.8 million. The dividends were used to partially settle Metro Alliance's loans with Equitable PCI Bank and MVC amounting to P7.9 million and P0.81 million. Operating expenses of P4.3 million pertains mainly to: (1) the Chairman's management fees (accrual only); (2) representation expenses and (3) audit, legal and other professional fees. The Wellex Group and Polymax are financing the expenses.

Consumer Products

CPDSI remains to be non-operating in. However, it registered unaudited net loss of P6.1 million for the year ended May 31, 2007.. This is mainly due to the finance cost on its loans from Star Management Asset of P11.3 million, and operating expenses, reduced by its interest income resulting from its receivables from Plastic City and Forum Holdings. The Wellex Group and Polymax also financed its expenses.

GAC Logistics

GAC Logistics registered audited net income of P5.1 million. Compared to the same period last year, GAC has an unaudited net income of P3.5 million. Increase in net income is attributed to lower expenses during the year.

Mabuhay Vinyl Corporation

MVC registered unaudited net income of P25 million. Year to date sales of P558.89 million is P15.5 million lower than plan.

Operating expense increased by 8% in 2007 as compared to 2006. Selling expenses is 6% less than in 2006.

6. OTHER MATTERS

The board was informed of the need to authorize Janice Concepcion A. Dungca to claim from PLDT all dividends, current and in arrears, on the PLDT shares in the name of Marsman & Company, Inc now METRO ALLIANCE HOLDINGS & EQUITIES CORPORATION and in having the PLDT shares in the name of Marsman & Company transferred in the name of METRO ALLIANCE HOLDINGS & EQUITIES CORP. and to sign such documents, and other such papers necessary thereto. After some discussion, the board approved the following resolution:

“Resolution number 6, series of 2007:

“**RESOLVED**, That Janice Concepcion A. Dungca, be authorized to claim from PLDT all dividends, current and in arrears, on the PLDT shares in the name of Marsman & Company, Inc now METRO ALLIANCE HOLDINGS & EQUITIES CORP.


“**RESOLVED, FURTHER**, that Janice Concepcion A. Dungca be authorized to negotiate with PLDT in having the PLDT shares in the name of Marsman & Company transferred in the name of METRO ALLIANCE HOLDINGS & EQUITIES CORP.

“**RESOLVED, FURTHERMORE**, that Janice Concepcion A. Dungca be authorized, to sign, execute and deliver any document necessary in receiving said dividends in behalf of the Corporation and in having the PLDT shares transferred in the name of METRO ALLIANCE HOLDINGS & EQUITIES CORP.

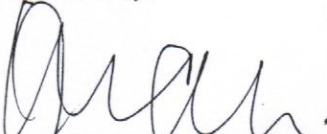
ADJOURNMENT

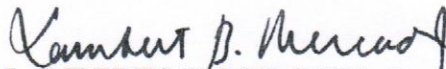
There being no other business to be discussed or acted upon by the Board, upon motion duly made and seconded, the meeting was adjourned at 4:30 p.m.

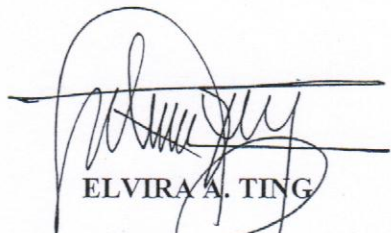
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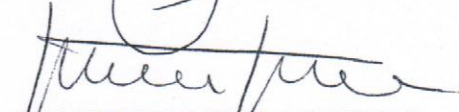

ATTY. NESTOR S. ROMULO
Corporate Secretary

Attested by:


RENATO B. MAGADIA


LAMBERTO B. MERCADO, Jr.


ELVIRA A. TING


RICARDO M. DE LA TORRE