

**ATR-KIM ENG EQUITY OPPORTUNITY
FUND, INC.**

(Formerly All Asia Fund, Inc.)

FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2006 AND 2005

AND FOR EACH OF THE THREE YEARS

IN THE PERIOD ENDED DECEMBER 31, 2006

Independent Auditor's Report

To the Shareholders and Board of Directors of
ATR-Kim Eng Equity Opportunity Fund, Inc.
(Formerly All Asia Fund, Inc.)

We have audited the accompanying financial statements of ATR-Kim Eng Equity Opportunity Fund, Inc., which comprise the statements of assets and liabilities as of December 31, 2006 and 2005, and the related statements of income, changes in equity and cash flows for each of the three years in the period ended December 31, 2006, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Independent Auditor's Report
To the Shareholders and Board of Directors of
ATR-Kim Eng Equity Opportunity Fund, Inc.
(Formerly All Asia Fund, Inc.)

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ATR-Kim Eng Equity Opportunity Fund, Inc. as of December 31, 2006 and 2005, and its financial performance and cash flows for each of the three years in the period ended December 31, 2006 in accordance with Philippine Financial Reporting Standards.

Makati City
April 4, 2007

ATR-KIM ENG EQUITY OPPORTUNITY FUND, INC.
(Formerly All Asia Fund, Inc.)

STATEMENTS OF ASSETS AND LIABILITIES
DECEMBER 31, 2006 AND 2005

	Notes	2006	2005
ASSETS			
Cash and cash equivalents	4	P 33,794,737	P 4,928,502
Available-for-sale financial assets	5	102,602,882	36,804,609
Receivables	6	218,362	88,261
Total assets		136,615,981	41,821,372
LIABILITIES			
Accounts payable and accrued expenses	11	474,484	353,794
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		P 136,141,497	P 41,467,578

The notes on pages 1 to 14 are an integral part of these financial statements.

ATR-KIM ENG EQUITY OPPORTUNITY FUND, INC.
(Formerly All Asia Fund, Inc.)

STATEMENTS OF INCOME
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2006

	Notes	2006	2005	2004
INCOME				
Net realized gain (loss) on sale of available-for-sale financial assets		P 8,765,518	P 3,483,976	P (5,310,530)
Dividends	5	2,148,431	897,379	756,460
Interest	4,5	1,177,855	453,643	1,385,699
Net change in unrealized gain on investments in listed equity securities		-	-	8,199,050
Other		-	83	261,997
Total income		12,091,804	4,835,081	5,292,676
EXPENSES				
Management and other fees	9	1,877,231	821,310	323,852
Taxes and licenses		463,677	151,308	27,556
Professional fees	10	310,814	351,267	441,888
Other		109,060	60,122	-
Total expenses		2,760,782	1,384,007	793,296
NET INVESTMENT INCOME BEFORE INCOME TAX		9,331,022	3,451,074	4,499,380
PROVISION FOR FINAL INCOME TAX	12	235,571	93,258	244,321
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FROM OPERATIONS		P 9,095,451	P 3,357,816	P 4,255,059

The notes on pages 1 to 14 are an integral part of these financial statements.

ATR-KIM ENG EQUITY OPPORTUNITY FUND, INC.
(Formerly All Asia Fund, Inc.)

STATEMENTS OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO SHAREHOLDERS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2006

	Notes	2006	2005	2004
NET INCREASE IN NET ASSETS RESULTING FROM SHARES OF STOCK TRANSACTIONS				
Issuances during the year	7	P 151,938,188	P 39,143,731	P -
Redemptions during the year	7	(90,313,032)	(34,871,851)	(10,479,804)
		61,625,156	4,271,880	(10,479,804)
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS FROM OPERATIONS				
		9,095,451	3,357,816	4,255,059
INCOME DIRECTLY RECOGNIZED IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS				
Net change in fair value of available-for-sale financial assets	5	23,953,312	3,812,152	-
Total income recognized during the year		33,048,763	7,169,968	4,255,059
NET INCREASE IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS				
		94,673,919	11,441,848	(6,224,745)
NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS				
January 1		41,467,578	30,025,730	36,250,475
December 31		P 136,141,497	P 41,467,578	P 30,025,730

The notes on pages 1 to 14 are an integral part of these financial statements.

ATR-KIM ENG EQUITY OPPORTUNITY FUND, INC.
(Formerly All Asia Fund, Inc.)

STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2006

	Notes	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Net investment income before income tax		P 9,331,022	P 3,451,074	P 4,499,380
Adjustments for:				
Dividend income	5	(2,148,431)	(897,379)	(756,460)
Dividend received		2,060,381	835,855	756,460
Interest income	4,5	(1,177,855)	(453,643)	(1,385,699)
Interest income received		1,254,552	440,643	2,029,758
Net realized (gain) loss on sale of available-for-sale financial assets		(8,765,518)	(3,483,976)	5,310,530
Reversal of allowance for impairment		-	-	(246,060)
Net change in unrealized gain on investments in listed equity securities		-	-	(8,199,050)
Operating income (loss) before changes in operating assets and liabilities		554,151	(107,426)	2,008,859
Changes in operating assets and liabilities				
Proceeds from disposal of available-for-sale financial assets		38,905,661	21,047,797	10,348,953
Acquisition of available-for-sale financial assets	5	(72,106,044)	(25,731,694)	(20,608,883)
(Increase) decrease in:				
Receivables		2,192	5,523,778	4,953,834
Other assets		-	-	(719,507)
Increase (decrease) in accounts payable and accrued expenses		120,690	(360,059)	597,917
Net cash (used in) generated from operations		(32,523,350)	372,396	(3,418,827)
Income taxes paid		(235,571)	(93,258)	(258,162)
Net cash (used in) from operating activities		(32,758,921)	279,138	(3,676,989)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of shares of stock	7	151,938,188	39,143,731	-
Payments for redemption of shares of stock	7	(90,313,032)	(34,871,851)	(10,479,804)
Net cash flows from (used in) financing activities		61,625,156	4,271,880	(10,479,804)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		28,866,235	4,551,018	(14,156,793)
CASH AND CASH EQUIVALENTS	4			
January 1		4,928,502	377,484	14,534,277
December 31		P 33,794,737	P 4,928,502	P 377,484

The notes on pages 1 to 14 are an integral part of these financial statements.

ATR-KIM ENG EQUITY OPPORTUNITY FUND, INC.
(Formerly All Asia Fund, Inc.)

NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2006 AND 2005
AND FOR EACH OF THE THREE YEARS
IN THE PERIOD ENDED DECEMBER 31, 2006

Note 1 - General information

ATR-Kim Eng Equity Opportunity Fund, Inc. (the "Fund") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) as an open-end investment company primarily to engage in the sale of its shares of stock and investment of the proceeds thereof in equity and fixed income securities. As an open-end investment company, the Fund stands ready at any time to redeem its outstanding shares of stock at net asset value per share (NAVPS) at the time of redemption.

The Fund is 24.11% (2005 - 50%) owned by AsianLife Financial Assurance Corporation (ALFA), which is 70% owned by AsianLife General Assurance Corporation.

The Fund has no employees. The Fund's investment, administrative and fund accounting are managed by The Mutual Fund Management Company of the Philippines Inc. (MFMCP) (see Note 9).

On August 21, 2004, the Fund's Board of Directors approved the Fund's filing of registration statements with the SEC for the sale of its 82,415,151 shares of stock (the "Offering"). The Fund used the proceeds from the Offering to invest and re-invest in equity securities of Philippine and non-Philippine issuers. The Offering was approved by the SEC on August 9, 2005.

On October 28, 2004, the SEC approved the change in the Fund's corporate name from All Asia Fund, Inc. to ATR-Kim Eng Equity Opportunity Fund, Inc.

The Fund's registered office, which is also its principal place of business, is located at the 17th Floor Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City.

As of December 31, 2006, the Fund has 228 shareholders owning one hundred or more shares (2005 - 85).

The financial statements have been approved and authorized for issuance by the Fund's Board of Directors on April 4, 2007.

Note 2 - Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the classification and measurement of financial instruments. The Fund has made use of the exemption available under Philippine Financial Reporting Standard (PFRS) 1, First-time Adoption of Philippine Financial Reporting Standards, to only apply Philippine Auditing Standard (PAS) 32, Financial Instruments: Disclosures and Presentation, and PAS 39, Financial Instruments: Recognition and Measurement, from January 1, 2005.

Basis of preparation

The financial statements of the Fund have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, PAS, International Financial Reporting Interpretations Committee (IFRIC)/Standing Interpretations Committee and Philippine Interpretations Committee Interpretations, which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Fund's accounting policies. There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements that are required to be disclosed therein.

Standards, interpretations and amendments to published standards effective beginning January 1, 2006 and onwards

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after January 1, 2006 or later periods, which are not relevant to the Fund, except for PFRS 7 and the amendment to PAS 1 which the Fund has not early adopted.

- PAS 19, Employee Benefits (Amendment) - Actuarial Gains and Losses, Group Plans and Disclosures (effective from January 1, 2006)
- PAS 21 (Amendment), Net Investment in Foreign Operation (effective from January 1, 2006)
- PAS 39 (Amendment), Financial Instruments: Recognition and Measurement - The Fair Value Option (effective from January 1, 2006)
- PAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective from January 1, 2006)
- PAS 39 and PFRS 4 (Amendment), Financial Guarantee Contracts (effective from January 1, 2006)
- IFRIC 4, Determining whether an Arrangement contains a Lease (effective from January 1, 2006)

- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (effective from January 1, 2006)
- IFRIC 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (effective from December 1, 2005)
- IFRIC 7, Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies (effective from March 1, 2006)
- IFRIC 8, Scope of PFRS 2 (effective from May 1, 2006)
- IFRIC 9, Reassessment of Embedded Derivatives (effective from June 1, 2006)
- IFRIC 10, Interim Financial Reporting and Impairment (effective from November 1, 2006)
- PFRS 1 (Amendment), First-time Adoption of Philippine Financial Reporting Standards (effective from January 1, 2006)
- PFRS 6, Exploration for and Evaluation of Mineral Resources (effective from January 1, 2006)
- PFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to PAS 1, Presentation of Financial Statements - Capital Disclosures (effective from January 1, 2007). PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to PAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. The Fund assessed the impact of PFRS 7 and the amendment to PAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and the capital disclosures required by the amendment of PAS 1. In the case of the Fund, the capital disclosures will center mainly on how it manages its net assets attributable to shareholders. The Fund will apply PFRS 7 and the amendment to PAS 1 beginning January 1, 2007.

Cash and cash equivalents

Cash and cash equivalents consist of deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less from the date of acquisition.

Available-for-sale financial assets

Up to December 31, 2004, as allowed by PFRS 1, investments in listed equity securities are stated at market values based on year-end market quotations at the Philippine Stock Exchange, Inc. Realized gains and losses on disposition of investments and net change in unrealized gain on investments are included in the determination of net increase in net assets attributable to shareholders from operations.

From January 1, 2005, the Fund classifies its investments as available-for-sale financial assets. Such classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Regular purchases and sales of investments are recognized on trade date - the date on which the Fund commits to purchase or sell the asset. Available-for-sale financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition. Such investments are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Fund has also transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Changes in the fair value of available-for-sale financial assets are recognized in the statements of changes in net assets attributable to shareholders. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statements of income as net realized gains or losses on financial assets.

The fair values of quoted investments and other securities are based on market quotations. The quoted market price is the current bid price.

Premiums and discounts arising from the difference of acquisition cost and face amount at acquisition date are amortized using the effective interest rate method and are recognized in the statements of income.

Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that available-for-sale financial assets are impaired and a significant decline in the fair value of the securities below their cost. If any such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognized in profit or loss) is recognized in the statements of income.

Shares of stock

Shares of stock are redeemable at the shareholders option and are classified as financial liabilities. Sales of shares of stock are accounted for based on prevailing NAVPS of the Fund. Repurchases of shares of stock are accounted for based on the prevailing NAVPS of the Fund, less any applicable redemption fee.

Dividend and other income

Dividend income on available-for-sale financial asset is recognized when the right to receive payment is established. Other income is recognized when earned.

Interest income

Interest income from cash in banks which are subject to final withholding tax are presented at gross amounts while taxes paid or withheld are included in Provision for final tax.

Expenses

Expenses are recognized when incurred and are accrued daily.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused credits (excess of minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantially enacted at the dates of the statements of assets and liabilities and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The Fund reassesses at each date of the statements of assets and liabilities the need to recognize previously unrecognized deferred income tax assets.

Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. Transactions between related parties are accounted for at arms' length prices or on terms similar to those offered to non-related entities in an economically comparable market.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Fund's financial statements are presented in Philippine Peso, which is the Fund's functional and presentation currency.

Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns different from those of other business segments. The Fund has no material identifiable reportable segment other than its investing activities. It is also not necessary to present geographical segmentation as all revenues are derived from one principal place of business.

Note 3 - Financial risk management

The Fund is exposed to the following risks:

(a) Market risk

The risk of a single stock as measured by its volatility is known as market risk. This risk has two components: systematic risk and unsystematic risk. Systematic risk is not related to the stock itself but to sentiment or issues related to the stock market as an investment outlet. It is a type of risk that cannot be avoided and is inherent to the overall market. Unsystematic risk, also known as company-specific risk, is the variability in a stock's price due to factors related to the company itself.

(b) Liquidity risk

Liquidity risk is the risk that an investment may not find a ready buyer or that it may have to be disposed at a substantial loss. The prices of longer-term bonds are more affected by changes in interest rates than shorter-term bonds.

(c) Interest rate risk

Interest rate risk refers to the volatility of bond prices that result from changes in interest rates. If bonds are purchased and interest rates subsequently rise, then the prices of the purchased bonds will decline. Lower interest rates, on the other hand, adversely affect the yield on money market instruments and funds. Interest rates are affected by various factors and are difficult to predict especially over the long term.

(d) Credit/Default risk

Credit or default risk refers to the "creditworthiness" of the bond issuer and its expected ability to pay interest and repay its debt. A decline in an issuer's credit rating can cause a bond's price to decline. A fixed income fund holding the bond could then experience a decline in its NAVPS. However, restricting investments to high-grade debt instruments can also limit choices and dampen earnings.

Risks in investing are managed by the Fund by proper portfolio diversification. Interest rate risk is managed by spreading out the schedule of maturities such that the Fund can purchase higher yielding instruments as near-term investment matures. By diversifying its investments across different issuers, the Fund can manage credit risk, or default risk. Additionally, Republic Act No. 2629 requires that no more than 10% of the Fund's assets may be invested in one issuer.

Note 4 - Cash and cash equivalents

The account at December 31 consists of:

	2006	2005
Cash in bank	P 11,654,564	P 2,731,623
Short-term investments	22,140,173	2,196,879
	P 33,794,737	P 4,928,502

Short-term investments represent placements in special savings deposits with interest rates ranging from 3.25% to 5.75% (2005 - 8.00% to 9.00%). These investments have maturities of 14 to 32 days (2005 - 34 to 43 days).

Interest income earned on cash and cash equivalents amounts to P1,044,342 (2005 - P392,633; 2004 - P332,523).

Note 5 - Available-for-sale financial assets

The account at December 31 consists of:

	2006	2005
Investments in listed equity securities	P 100,897,810	P 35,285,085
Treasury notes	1,705,072	1,519,524
	P 102,602,882	P 36,804,609

Movements of available-for-sale financial assets follow:

	2006	2005
January 1	P 36,804,609	P 24,836,130
Additions during the year	72,106,044	25,731,694
Disposals during the year	(30,140,143)	(17,563,821)
Accretion/amortization of premium/discount, net	(120,940)	(11,546)
Fair value adjustments	23,953,312	3,812,152
December 31	P 102,602,882	P 36,804,609

The investment in Treasury note in 2006 has a maturity of 5 years (2005 - 10 years) with interest rate of 8.5% (2005 - 14.25%). The investment in Treasury note in 2005 was sold in 2006. Interest income amounts to P133,513 (2005 - P61,010; 2004 - P1,053,176).

Dividends income on equity securities amounts to P2,148,431 (2005 - 897,379, 2004 - P756,460).

Details of dividend income at December 31 are as follows:

	2006	2005	2004
A. Soriano Corporation	P 639,900	P 80,000	P -
Philippine Long Distance Telephone Co.	321,620	100,590	-
Bank of the Philippine Islands	240,768	127,010	-
First Philippines Holding Corporation	138,100	137,600	93,600
Globe Telecom, Inc.	104,900	49,800	-
Security Bank Corporation	101,175	53,500	-
Robinsons Land Corporation	83,200	-	-
International Container Terminal Services, Inc.	67,775	20,250	-
Petron Corporation	67,300	-	-
Aboitiz Equity Ventures, Inc.	64,350	55,200	-
Ayala Land, Inc.	57,180	108,400	-
Jollibee Foods Corp.	57,143	4,564	-
SM Prime Holdings, Inc.	-	59,415	145,000
Asian Terminals, Inc.	-	-	491,520
Others	205,020	101,050	26,340
	P 2,148,431	P 897,379	P 756,460

The composition of the account at December 31 follows:

	2006			2005		
	Number of shares held	Cost	Fair value	Number of shares held	Cost	Fair value
a. Equity securities						
Philippine Long Distance Telephone Co.	4,220	P 7,605,440	P 10,653,390	2,790	P 4,309,959	P 5,068,454
JG Summit Holdings, Inc.	695,000	3,169,374	7,568,550	400,000	1,140,789	1,366,200
Banco De Oro	148,000	5,077,488	6,739,920	41,300	1,017,333	1,390,158
Robinsons Land Corp.	401,000	3,909,385	6,451,088	-	-	-
First Philippine Holdings Corporation	97,800	4,031,633	6,099,786	80,300	2,776,202	3,895,353
Jollibee Food Corp.	119,900	4,147,425	4,985,442	23,800	845,338	954,261
Ayala Land, Inc.	327,000	3,413,226	4,936,883	248,000	1,833,645	2,430,648
Aboitiz Equity Ventures, Inc.	707,000	3,040,809	4,899,510	429,000	1,461,852	2,038,608
Petron Corporation	1,188,000	4,745,656	4,822,090	387,000	1,425,310	1,724,085
Manila Water Company, Inc.	477,000	3,743,840	4,438,962	150,000	963,211	920,700
Bank of the Philippine Islands	70,560	3,208,315	4,435,754	51,900	2,517,172	2,800,265
Globe Telecom Inc.	3,460	3,434,544	4,230,369	1,930	1,748,187	1,404,365
Ayala Corporation	7,000	3,432,221	4,088,700	3,370	1,089,793	1,050,935
Universal Robina Corporation	205,200	3,885,990	3,910,599	-	-	-
International Container Terminal Services, Inc.	181,100	1,649,794	3,720,247	154,000	783,803	1,417,878
Filinvest Development Corporation	946,000	2,241,918	3,418,371	-	-	-
Pilipino Telephone Corp.	488,000	2,120,994	3,333,528	-	-	-
Megaworld Corporation	1,336,000	2,234,139	3,200,789	425,000	563,731	504,900
Security Bank Corporation	47,900	2,019,130	3,106,076	25,000	753,376	853,874
A. Soriano Corporation	1,088,500	2,335,919	3,071,203	320,000	611,400	658,943
PNOC Energy Development	350,000	1,272,180	1,680,525	-	-	-
Union Bank of the Philippines	22,800	1,029,958	1,106,028	-	-	-
SM Investments Corporation	-	-	-	9,000	2,131,050	2,138,400
SM Prime Holdings, Inc.	-	-	-	248,000	1,646,453	1,939,608
Metropolitan Bank and Trust Co.	-	-	-	36,000	1,172,849	1,140,480
San Miguel Corporation	-	-	-	10,000	653,640	643,500
Philex Mining Corporation "A"	-	-	-	410,000	261,309	527,670
International Exchange Bank	-	-	-	20,000	335,723	415,800
		71,749,378	100,897,810		30,042,125	35,285,085
b. Treasury notes		1,558,649	1,705,072		1,429,669	1,519,524
		P 73,308,027	P 102,602,882		P 31,471,794	P 36,804,609

Note 6 - Receivables

The account at December 31 consists of:

	Note	2006	2005
Dividend receivable		P 149,574	P 61,524
Accrued interest receivable		68,788	24,545
Due from a related party	11	-	2,192
		P 218,362	P 88,261

The carrying amounts of the above receivables approximate their fair values.

Note 7 - Shares of stock

The account at December 31 consists of:

	2006		2005		2004	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Common shares at P1.00 par value per share						
Authorized	109,886,868	P 109,886,868	109,886,868	P 109,886,868	109,886,868	P 109,886,868
Issued and outstanding	70,571,987	70,571,987	31,389,720	31,389,720	27,471,717	27,471,717
NET INCREASE IN NET ASSETS RESULTING FROM SHARES OF STOCK TRANSACTIONS						
Issuances during the year	92,508,747	P 151,938,188	31,965,771	P 39,143,731	-	P -
Redemptions during the year	(53,326,480)	(90,313,032)	(28,047,768)	(34,871,851)	(13,897,100)	(10,479,804)
Elimination of deficit and decrease in shares of stock	-	-	-	-	(8,631,183)	-
	39,182,267	P 61,625,156	3,918,003	P 4,271,880	(22,528,283)	P (10,479,804)

On August 21, 2004, the Fund's Board of Directors and shareholders approved the redemption of 13,897,100 shares by ALFA at net asset value per share of P0.75 at the time of redemption.

Redemption of shares was made on August 31, 2004 through the transfer of the following assets to ALFA:

Special savings deposit	P 7,482,035
Note receivable	2,278,262
Interest receivable	719,507
	P 10,479,804

On August 1, 2004, the Fund's Board of Directors approved the decrease in the authorized shares of stock of the Fund from P200,000,000 divided into 200,000,000 shares at P1.00 par value per share to P109,886,868 divided into 109,886,868 shares with P1.00 par value per share; and the corresponding decrease in the subscribed and paid-up shares of stock of the Fund from 36,102,900 shares with aggregate par value of P36,102,900 to 27,471,717 shares with aggregate par value of P27,471,717. The decrease in the subscribed and paid-up shares of stock of P8,631,183 was used to eliminate the deficit of the Fund as of August 31, 2004.

On October 28, 2004, the SEC approved the said decrease in the Fund's authorized shares of stock, together with the corresponding decrease in the subscribed and paid-up shares of stock of the Fund.

Note 8 - Net asset value per share

Net assets attributable to shareholders, which represent a financial liability in the statements of assets and liabilities, are carried at redemption amount that would be payable if the holder exercised the right to put the shares back to the Fund.

In accordance with the Fund's Prospectus, the NAVPS of the Fund is computed by dividing the value of the securities held by the Fund plus any cash or other assets (including interest and dividends accrued but not received) minus all liabilities (including accrued expenses) by the total number of shares outstanding at such time. The result is rounded to the nearest centavo (four decimal places). Any change in the NAVPS calculation or valuation method shall be subject to the approval by the SEC.

The NAVPS of the Fund amounts to P1.9291 as of December 31, 2006 (2005 - P1.3211; 2004 - P1.0930).

Note 9 - Management agreement/Custodian agreement

In 2004, the Fund entered into an investment advisory agreement with MFMCP, a related entity, to act as its investment advisor in re-activating and re-launching the Fund. For its services, the Fund pays MFMCP a monthly fee of one and a half percent (1.5%) (on an annualized basis) based on the average daily net assets of the Fund. Additionally, MFMCP will be paid a performance fee.

MFMCP continues to provide administrative support and accounting services to the Fund in relation to the Fund's reportorial requirements. For services rendered, the Fund pays MFMCP a monthly fee at the annual rate of 0.15% of the average daily net assets of the Fund subject to a minimum fee of one hundred thousand pesos (P100,000) annually. MFMCP will also serve as distributor for the Fund for an annual rate of up to 0.5% of the average daily net assets.

Management, administration and distribution fees charged to operations for the year amount to P1,858,034 (2005 - P818,825; 2004 - P323,852).

Additionally, MFMCP charges redemption fee against shareholders who redeem their shares within two years from date of purchase. Redemption fees collected by the Fund are paid to MFMCP. Redemption fee charged by MFMCP against shareholders amount to P1,013,916 (2005 - P13,813; 2004 - nil)

In 2005, the Fund entered into a Custodian Agreement with a foreign bank (Bank) for custodial services of the Fund's proprietary assets and of its assets in the Philippines. For the services provided, the Fund shall pay a monthly fee at the rate of 0.03% per annum for Peso and foreign currency denominated investments plus transaction fees in accordance with the Bank's Tariff Reply Form and Custodian Agreement. Total assets in custody of the Bank is P102,602,882 (2005 - P37,106,743). Fee charged to operation from these services amounts to P19,197 (2005 - P2,485)

Note 10 - Professional fees

Professional fees mainly pertain to audit and legal fees.

Note 11 - Related party transactions

Related party transactions consist mainly of management fees paid in accordance with the management agreements with MFMCP (see Note 9).

Outstanding balances with related parties at December 31 are as follows:

	2006	2005
Due from ATR KimEng Securities	P -	P 2,192
Due to MFMCP (included in Accounts payable and accrued expenses)	225,282	175,188

Due to MFMCP pertains mainly to the management fees being charged by MFMCP in accordance with the management agreement with the Fund.

Due to related parties are settled within a month after the receipt of the statement of accounts.

There are no loans to and remunerations paid to directors.

Note 12 - Taxes

On October 18, 2005, the Supreme Court has lifted the Temporary Restraining Order on, and approved the implementation beginning November 1, 2005 of Republic Act 9337 (the "Act"), otherwise known as "Expanded Value-Added Tax (EVAT) of 2005". Such implementation was made following the declaration by the Supreme Court on September 2, 2005 of the constitutionality of the Act.

The Act, which was passed into law in May 2005, amended certain provisions of the National Internal Revenue Code of 1997. The more salient provisions of the Act included: 1) change in normal corporate income tax from 32% to 35% effective November 1, 2005 and 30% effective January 1, 2009; and 2) change in allowable deduction for interest expense from 38% to 42% effective November 1, 2005 and 33% beginning January 1, 2009.

The Company did not recognize deferred income tax (DIT) assets of P3,524,105 (2005 - P10,164,382; 2004 - P9,181,821) due to the Company's limited ability to generate sufficient taxable income against which such DIT assets can be applied.

The details of these DIT assets at December 31 are as follows:

	2006	2005	2004
NOLCO	P 10,068,871	P 29,001,547	P 28,649,938
Tax rate	35%	35%	32%
	3,524,105	10,150,541	9,167,980
MCIT	-	13,841	13,841
	P 3,524,105	P 10,164,382	P 9,181,821

The details of the Fund's NOLCO at December 31 are as follows:

Year of incurrence	Year of expiration	2006	2005	2004
2006	2009	P 2,760,782	P -	P -
2005	2008	1,383,924	1,383,924	-
2004	2007	5,924,165	5,924,165	5,924,165
2003	2006	21,693,458	21,693,458	21,693,458
2002	2005	-	1,032,315	1,032,315
2001	2004	-	-	1,234,419
		31,762,329	30,033,862	29,884,357
Expired NOLCO		(21,693,458)	(1,032,315)	(1,234,419)
		P 10,068,871	P 29,001,547	P 28,649,938

In compliance with the Tax Reform Act of 1997, the Fund shall pay the higher of MCIT or the normal income tax. Any excess of the MCIT over the normal income tax shall be carried forward annually and credited against the normal income tax for the next three succeeding taxable years.

The details of the Company's MCIT follow:

Year of incurrence	Year of expiration	2006	2005	2004
2003	2006	P 13,481	P 13,481	P 13,481
Expired MCIT		(13,481)	-	-
		P -	P 13,481	P 13,481

The reconciliation between the provision for income tax at the statutory income tax rate and the actual provision for income tax at December 31 follows:

	2006	2005	2004
Net investment income before income tax	P 9,331,022	P 3,451,074	P 4,499,380
Tax calculated at 35% (2005 - 32.5%; 2004 - 32%)	3,265,857	1,121,599	1,439,801
Income subjected to lower tax rate	(176,678)	(54,175)	(146,711)
Non-taxable income	(751,951)	(291,648)	(320,806)
NOLCO for which no DIT asset was recognized	966,274	449,774	1,895,733
Gain on sale of available-for-sale financial assets	(3,067,931)	(1,132,292)	-
Unrealized gain on investments in listed equity securities	-	-	(2,623,696)
Provision for final tax	P 235,571	P 93,258	P 244,321