

**HOME GUARANTY CORPORATION**  
**STATEMENT OF INCOME AND EXPENSES**

For the year ended December 31, 2008  
(In Philippine Peso)

	Note	2008	As Restated 2007
<b>INCOME</b>			
Financing fees - insurance/guaranty fees		424,810,201	409,425,274
Rent income		68,500,650	63,581,537
Interest income - installment receivable		38,708,271	42,990,604
Other fines and penalties		6,787,416	8,252,849
Other service income		2,546,209	2,327,044
Miscellaneous income		1,051,898	6,114,755
		<b>542,404,645</b>	<b>532,692,063</b>
<b>EXPENSES</b>			
Personal services	16	75,411,648	85,904,596
Maintenance and other operating expenses (MOOE)	16	146,482,750	180,169,121
		<b>221,894,398</b>	<b>266,073,717</b>
<b>INCOME FROM OPERATIONS</b>		<b>320,510,247</b>	<b>266,618,346</b>
<b>OTHER INCOME (EXPENSES)</b>			
Interest income - banks		1,207,747	3,765,220
Loss/Gain on sale of disposed assets		(382,362,529)	(2,060,753,801)
Technical loss reserve		(4,121,689)	(8,550,126)
Gain on sale of securities		244,604,146	298,145,782
Loss/Gain on foreign exchange		279,389	(336,399)
Dividend income		723,816	379,888
Other MOOE - projects		(46,989,219)	(73,945,715)
		<b>(186,658,339)</b>	<b>(1,841,295,151)</b>
<b>INCOME (LOSS) BEFORE FINANCIAL CHARGES</b>		<b>133,851,908</b>	<b>(1,574,676,805)</b>
<b>FINANCIAL CHARGES</b>			
Interest on zero coupon bond		966,988,806	1,344,429,653
Interest on debenture bonds		185,720,284	174,557,564
Interest on guaranty obligations		8,797,006	-
Bank charges		86,019	137,938
		<b>1,161,592,115</b>	<b>1,519,125,155</b>
<b>LOSS BEFORE TAX</b>		<b>1,027,740,207</b>	<b>3,093,801,960</b>
<b>TAXES</b>			
Final tax		48,635,255	64,250,224
Income tax		8,037,328	7,944,912
		<b>56,672,583</b>	<b>72,195,136</b>
<b>NET LOSS</b>		<b>1,084,412,790</b>	<b>3,165,997,096</b>

The Notes on pages 7 to 21 form part of these financial statements.