

SEC Number **A1998-16216**  
File Number \_\_\_\_\_

**PHILEQUITY DOLLAR INCOME FUND, INC.**

*(FORMERLY VANTAGE DOLLAR INCOME FUND, INC.)  
AN OPEN-END MUTUAL FUND COMPANY*

\_\_\_\_\_  
(Company's Full Name)

**2103-B, East Tower  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center, Pasig City**

\_\_\_\_\_  
(Company's Address)

**635-6963**

\_\_\_\_\_  
(Telephone Number)

**December 31**

\_\_\_\_\_  
(Year Ending)  
(month & day)

**Annual Audited Financial Statements**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

**December 31, 2001**

\_\_\_\_\_  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)

**PHILEQUITY DOLLAR INCOME FUND, INC.**  
*(FORMERLY VANTAGE DOLLAR INCOME FUND, INC.)*  
*AN OPEN-END MUTUAL FUND COMPANY*

FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000

# SGV & Co

## Report of Independent Public Accountants

### SyCip Gorres Velayo & Co

6760 Ayala Avenue  
1226 Makati City  
Philippines

Tel 632 891 0307  
Fax 632 819 0872

[www.sgv.com.ph](http://www.sgv.com.ph)

The Stockholders and the Board of Directors  
Philequity Dollar Income Fund, Inc.  
2103-B, East Tower  
Philippine Stock Exchange Centre  
Exchange Road, Ortigas Center  
Pasig City

We have audited the accompanying statements of assets and liabilities of Philequity Dollar Income Fund, Inc. (formerly Vantage Dollar Income Fund, Inc.), an open-end mutual fund company, as of December 31, 2001 and 2000, and the related statements of changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As mentioned in Note 1 to the financial statements, the Fund was registered with the Securities and Exchange Commission on March 4, 1999 and has not yet started commercial operations as of December 31, 2001.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Philequity Dollar Income Fund, Inc. as of December 31, 2001 and 2000, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Philippines.

B. C. SIY-YAP  
Partner  
CPA Certificate No. 57794  
PTR No. 6723215  
January 2, 2002  
Makati City

March 20, 2002

# SGV & Co

## Report of Independent Public Accountants

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PTR No. 6723215  
January 2, 2002  
Makati City

March 20, 2002

**PHILEQUITY DOLLAR INCOME FUND, INC.****(Formerly Vantage Dollar Income Fund, Inc.)****An Open-end Mutual Fund Company****STATEMENTS OF ASSETS AND LIABILITIES**

	<b>December 31</b>	
	<b>2001</b>	<b>2000</b>
<b>ASSETS</b>		
<b>Cash and Cash Equivalents (Note 3)</b>	<b>₱32,649,261</b>	<b>₱29,955,977</b>
<b>Interest Receivable</b>	<b>77,317</b>	<b>252,631</b>
<b>Organization Costs</b>	<b>—</b>	<b>580,711</b>
	<b>32,726,578</b>	<b>30,789,319</b>
<b>LIABILITIES</b>		
<b>Accounts Payable and Accrued Expenses</b>	<b>135,101</b>	<b>60,000</b>
<b>NET ASSETS (Note 4)</b>	<b>₱32,591,477</b>	<b>₱30,729,319</b>
<b>Net Asset Value Per Share</b>	<b>₱1.304</b>	<b>₱1.229</b>

*See accompanying Notes to Financial Statements.*

**PHILEQUITY DOLLAR INCOME FUND, INC.**  
(Formerly Vantage Dollar Income Fund, Inc.)  
An Open-end Mutual Fund Company

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**STATEMENTS OF CHANGES IN NET ASSETS**

	<b>Years Ended December 31</b>	
	<b>2001</b>	<b>2000</b>
<b>FROM INVESTING ACTIVITIES</b>		
Interest income - net	<b>₱1,862,158</b>	₱2,616,925
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>30,729,319</b>	28,112,394
<b>NET ASSETS AT END OF YEAR</b>	<b>₱32,591,477</b>	₱30,729,319

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*See accompanying Notes to Financial Statements.*

**PHILEQUITY DOLLAR INCOME FUND, INC.**

(Formerly Vantage Dollar Income Fund, Inc.)

**An Open-end Mutual Fund Company****STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2001</b>	<b>2000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income - net	<b>₱1,862,158</b>	₱2,616,925
Unrealized foreign exchange loss	<b>229,275</b>	—
Decrease (increase) in:		
Interest receivable	<b>175,314</b>	(70,156)
Organization costs	<b>580,711</b>	(580,711)
Increase in accounts payable and accrued expenses	<b>75,101</b>	60,000
Net cash provided by investing activities	<b>2,922,559</b>	2,026,058
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(229,275)</b>	—
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,693,284</b>	2,026,058
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>29,955,977</b>	27,929,919
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱32,649,261</b>	₱29,955,977

*See accompanying Notes to Financial Statements.*



## **PHILEQUITY DOLLAR INCOME FUND, INC.**

(Formerly Vantage Dollar Income Fund, Inc.)

An Open-end Mutual Fund Company

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### **NOTES TO FINANCIAL STATEMENTS**

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#### **1. General**

Philequity Dollar Income Fund, Inc. (the Fund) is incorporated in the Philippines. It was registered with the Securities and Exchange Commission (SEC) on March 4, 1999 as an open-end mutual fund company, the purpose of which is to, among others, engage in the sale of its capital stock and investing of such proceeds in dollar-denominated bonds and debt securities.

The registered office address of the Fund is 2013-B, East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City. The Fund did not employ any personnel as of December 31, 2001 and 2000.

The Fund has not yet started commercial operations as of December 31, 2001.

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#### **2. Summary of Significant Accounting Policies**

The principal accounting policies adopted in preparing the financial statements of the Fund are as follows:

##### General

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the Philippines.

##### Basis of Preparation

The accompanying financial statements have been prepared under the historical cost convention.

##### Adoption of New Statements of Financial Accounting Standards (SFAS)

The Company adopted the following SFAS effective January 1, 2001:

- SFAS No. 1 (revised 2000), "Presentation of Financial Statements"; and
- SFAS No. 22 (revised 2000), "Cash Flow Statements."

Following the new presentation rules under SFAS No. 1 (revised 2000) and SFAS No. 22 (revised 2000), prior year financial statements were restated to follow the format prescribed by the new standards. Changes made pertain principally to the statements of cash flows presentation, the inclusion of statements of changes in net assets and additional disclosures required by these standards.

##### Cash and Cash Equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

##### Organization Costs

All expenses incurred in connection with the organization and incorporation of the Fund are deferred, net of incidental income, and will be amortized over a period of five years from the start of commercial operations.

Interest Income

Interest income from short-term placements is recognized on a time proportion basis taking into account the effective yield of the asset.

Net Asset Value Per Share

Net asset value per share is computed by dividing net assets by the total number of shares issued and outstanding.

Foreign Currency Transactions

Foreign currency transactions are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement and reporting of monetary items at rates different from those at which they were initially recorded during the periods are recognized in the period in which they arise.

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**3. Cash and Cash Equivalents**

This account consists of:

	2001	2000
Cash in banks	<b>₱107,442</b>	<b>₱—</b>
Short-term investments	<b>32,541,819</b>	29,955,977
	<b>₱32,649,261</b>	<b>₱29,955,977</b>

As of December 31, 2001, short-term investments consist of dollar-denominated cash placements with a local bank amounting to US\$616,217.

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**4. Net Assets**

The Fund's net assets consist of:

	2001	2000
Capital stock - ₱1 par value (see Note 5)		
Authorized - 100,000,000 shares		
Issued - 25,000,000 shares	<b>₱25,000,000</b>	<b>₱25,000,000</b>
Retained earnings:		
Balance at beginning of year	<b>5,729,319</b>	3,112,394
Interest income - net	<b>1,862,158</b>	2,616,925
Balance at end of year	<b>7,591,477</b>	5,729,319
	<b>₱32,591,477</b>	<b>₱30,729,319</b>

As an open-end mutual fund company, the Fund stands ready at any time to redeem the outstanding capital stock at net asset value per share.

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**5. Registration of Fund Shares**

On March 5, 1999, the Fund's Board of Directors approved the registration of the Fund's 100,000,000 shares with the SEC. The application for registration was approved by the SEC on October 25, 2001.

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**6. Change of Fund Name**

On October 25, 2001, the SEC also approved the change of the Fund's corporate name from Vantage Dollar Income Fund, Inc. to Philequity Dollar Income Fund, Inc.