Republic of the Philippines
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City Metro Manila
Philippines

23 June 2006

SEC- OGC No. 06-27
Stockholders' Right to Financial Statement

MS. ROSARIO M. APACIBLE
President
Rural Bank of Lemery, Inc.
Lemery, Batangas

Madam:

This refers to your letter dated 16 March 2006 requesting opinion whether the Rural Bank of Lemery, Inc. (*"Bank for brevity"*) can grant the request of a minority stockholder for a copy of the Audited Financial Statements and other related documents of the corporation.

Section 75 of the Corporation Code vests every stockholder or member the right to be furnished with a copy of the most recent financial statement of the corporation. The pertinent provision of the Code reads thus:

> "Section 75. Right to financial statements. - Within ten (10) days from receipt of a written request of any stockholder or member, the corporation shall furnish to him its most recent financial statement, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the result of its operations.
>
> At the regular meeting of stockholders or members, the board of directors or trustees shall present to such stockholders or members a financial report of the operations of the corporation for the preceding year, which shall include financial statements, duly signed and certified by an independent certified public accountant."

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The aforecited provision used the word "shall" which indicates that it is mandatory for the Bank to furnish the most recent financial statement, within ten (10) days from receipt of a written request from the stockholder.

In one opinion, it was held that "[A] stockholder of a corporation has the right to inspect the corporate books and records and/or request for copies of financial statements. This right is based on the principle that a stockholder has the right to be fully informed as to the status and condition of the corporation, the manner its affairs are conducted, and how its capital to which they have contributed is employed or managed. Said right may be exercised either by himself or by any proper representative or attorney-in-fact, who may be an accountant or a lawyer or any other person who can help the stockholder understand and interpret the corporate records, and either with or without the attendance of the stockholder.[1]"

It shall be understood that the opinion rendered is based solely on the facts disclosed in the query and relevant solely to the particular issues raised therein and shall not be used in the nature of a standing rule binding upon the Commission in other cases whether of similar or dissimilar circumstances.

Very truly yours,

VERNETTE G. UMALI-PACO
General Counsel

[1] SEC Opinion addressed to T. J. Mulvany & Co. dated 12 January 1996.