

BEL-AIR VILLAGE ASSOCIATION, INC.

FINANCIAL STATEMENTS

December 31, 2006



Alba Romeo & Co
Certified Public Accountants

7th Flr. Multinational Bancorporation Centre
6805 Ayala Avenue, Makati City, Philippines
Tel. Nos.: (632) 844-2016
Facsimile: (632) 844-2045
<http://www.bdoalbaromeo.com>
Branches: Bacolod / Cagayan de Oro / Cebu

REPORT OF INDEPENDENT AUDITORS

To the Board of Governors and Members
Bel-Air Village Association, Inc.
40 Solar St., Bel-Air Village
Makati City

Report on the Financial Statements

We have audited the accompanying financial statements of **BEL-AIR VILLAGE ASSOCIATION, INC.** (A Non-Stock and Non-Profit Corporation) which comprise the balance sheet as at December 31, 2006, and the related statements of revenues and expenses, changes in equity and cash flows for the year then ended, 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 fair presentation of these financial statements in accordance with accounting principles generally accepted in the Philippines. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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. 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 present fairly, in all material respects the financial position of **BEL-AIR VILLAGE ASSOCIATION, INC.** (A Non-Stock and Non-Profit Corporation) as of December 31, 2006, and of its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Philippines.

Alta Romeo & Co

Makati City, Philippines
March 30, 2007

BEL-AIR VILLAGE ASSOCIATION, INC.
(A Non-Stock and Non-Profit Corporation)

BALANCE SHEET
December 31, 2006

	Notes	2006	2005 (As Restated)
<u>A S S E T S</u>			
CURRENT ASSETS			
Cash and cash equivalents	3	P 40,269,774	P26,864,676
Investment in bonds	4	-	10,717,544
Assessment dues and other receivables, net	5	1,834,788	1,245,839
Prepaid expenses		<u>55,253</u>	<u>67,047</u>
Total Current Assets		<u>42,159,815</u>	<u>38,895,106</u>
NON-CURRENT ASSETS			
Property and equipment, net	6	22,375,242	24,324,408
Other assets	7	<u>422,662</u>	<u>774,590</u>
Total Non-current Assets		<u>22,797,904</u>	<u>25,098,998</u>
TOTAL ASSETS		<u>P64,957,719</u>	<u>P63,994,104</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Accounts payable		P 1,739,935	P 1,156,747
Refundable deposits	8	16,233,115	12,940,395
Accrued expenses		<u>450,002</u>	<u>492,502</u>
Total Current Liabilities		<u>18,423,052</u>	<u>14,589,644</u>
NON-CURRENT LIABILITIES			
Deferred assessment dues, net		458,182	2,813,963
Reserve for general contingencies	9	<u>16,643,639</u>	<u>14,444,546</u>
Total Non-current Liabilities		<u>17,101,821</u>	<u>17,258,509</u>
TOTAL LIABILITIES		<u>35,524,873</u>	<u>31,848,153</u>
EQUITY			
Members' equity		29,432,846	31,414,636
Unrealized gain on increase in market value of investment in bonds	4	<u>-</u>	<u>731,315</u>
TOTAL EQUITY		<u>29,432,846</u>	<u>32,145,951</u>
TOTAL LIABILITIES AND EQUITY		<u>P64,957,719</u>	<u>P63,994,104</u>

See accompanying Notes to Financial Statements.

BEL-AIR VILLAGE ASSOCIATION, INC.

(A Non-Stock and Non-Profit Corporation)

STATEMENT OF REVENUES AND EXPENSES

For the Year Ended December 31, 2006

	Note	2006	2005 (As restated)
REVENUES			
Assessment and other dues, net		P13,879,037	P13,321,367
Interest and other income, net		5,915,687	5,009,519
		19,794,724	18,330,886
EXPENSES			
Security services and related charges		9,504,315	9,680,735
Office salaries and bonuses		2,828,866	2,517,380
Depreciation and amortization		2,085,669	2,072,790
Employees' benefits		1,749,571	1,789,058
Repairs and maintenance		1,710,328	1,837,574
Socials and athletics		1,616,437	853,476
Professional fees		506,203	263,204
Taxes and licenses		462,326	379,588
Communications and publications		323,192	221,765
Retirement	10	303,200	184,500
Special project		284,307	123,643
Stationery and office supplies		152,970	144,672
Foreign exchange loss		71,327	625,195
Miscellaneous		276,077	334,916
		21,874,788	21,028,496
DEFICIENCY OF REVENUES OVER EXPENSES		(P 2,080,064)	(P 2,697,610)

See accompanying Notes to Financial Statements.

BEL-AIR VILLAGE ASSOCIATION, INC.

(A Non-Stock and Non-Profit Corporation)

STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2006

	Notes	MEMBERS' EQUITY	UNREALIZED GAIN ON INCREASE MARKET VALUE OF INVESTMENT	TOTAL
Balance at January 1, 2005, as previously reported		P33,467,346	P -	P33,467,346
Change in accounting policy	11	644,900		644,900
Deficiency of revenues over expenses for the year as restated		(2,697,610)		(2,697,610)
Increase in market value of investment in bonds	4		731,315	731,315
Balance at December 31, 2005 as restated		31,414,636	731,315	32,145,951
Prior period adjustment	12	98,274		98,274
Balance at December 31, 2005 as restated		31,512,910	731,315	32,244,225
Sale of the investment in bonds	4		(731,315)	(731,315)
Deficiency of revenues over expenses for the year		(2,080,064)		(2,080,064)
Balance at December 31, 2006		P29,432,846	P -	P29,432,846

See accompanying Notes to Financial Statements.

BEL-AIR VILLAGE ASSOCIATION, INC.

(A Non-Stock and Non-Profit Corporation)

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2006

	Notes	2006	2005 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficiency of revenues over expenses		(P 2,080,064)	(P 2,697,610)
Adjustments for -			
Depreciation and amortization		2,085,669	2,072,790
Interest income		(2,472,745)	(2,440,201)
Gain on sale of investment in bonds		(554,220)	-
Unrealized foreign exchange loss, net		68,444	494,284
Change in accounting policy/prior period adjustment	11&12	98,274	803,400
Operating loss before working capital changes		(2,854,642)	(1,767,337)
Changes in working capital accounts -			
Decrease (increase) in			
Assessment and other receivables		(555,305)	745,030
Prepaid expenses		11,794	(342,624)
Increase in			
Accounts payable		583,188	192,011
Members' deposits		3,292,720	1,091,999
Accrued expenses		(42,500)	103,898
Cash provided by operations		435,255	22,977
Increase (decrease) prepaid benefit cost		303,200	(158,500)
Increase (decrease) in deferred assessment dues, net		(2,355,781)	197,670
Increase in reserve for general contingencies		2,199,093	2,036,766
Interest received		2,439,101	2,167,711
Net cash provided by operating activities		3,020,868	4,266,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	6	(116,766)	(89,278)
Acquisition of an intangible asset	7&12	-	(98,681)
Acquisition of investment in bonds	4	-	(10,448,014)
Proceeds from sale of investment in bonds	4	10,540,449	-
Decrease in miscellaneous deposits		28,991	26,008
Net cash provided by (used in) investing activities		10,452,674	(10,609,965)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		(68,444)	(32,498)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		13,405,098	(6,375,839)
CASH AND CASH EQUIVALENTS, January 1			
		26,864,676	33,240,515
CASH AND CASH EQUIVALENTS, December 31			
		P40,269,774	P26,864,676

See accompanying Notes to Financial Statements.

BEL-AIR VILLAGE ASSOCIATION, INC.
(A Non-Stock and Non-Profit Corporation)

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

Note 1 – Corporate Information

Bel-Air Village Association, Inc., a non-stock and non-profit corporation was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission per Registration No. 013005; its primary purpose is to maintain sanitation, afford community police protection, fire prevention, and uniformity of the surrounding premises of the occupants of the Bel-Air Subdivision situated in the City of Makati.

The Board of Governors approved and authorized for issue the Association's December 31, 2006 financial statements on March 30, 2007.

Note 2 – Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The accompanying financial statements have been prepared under the historical cost convention and in conformity with generally accepted accounting principles in the Philippines.

The financial statements have been prepared in accordance with generally accepted accounting principles in the Philippines applicable to non-publicly accountable entities (NPAEs) as set forth in Philippine Accounting Standards (PAS) 101, *Financial Reporting Standards for NPAEs*, issued and approved by the Accounting Standard Council (ASC) and the Securities and Exchange Commission (SEC), effective for periods beginning on or after January 1, 2005 to 2007. PAS 101 provides an option to NPAEs to apply financial reporting standards effective as of December 31, 2004, and not to apply any of the new Philippine Accounting Standards (PASs) and Philippine Financial Reporting Standards (PFRSs) that became effective in 2006 and 2005, or to apply all or some of the relevant new accounting standards.

The Company has qualified as an NPAE under PAS 101 and it has opted to apply the applicable financial reporting standards and some of the PASs and PFRSs that became effective in 2006, which are relevant to the Company.

An accounting estimates and assumptions are used in preparing the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements are prepared under the historical cost basis and are presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.

Standard and Amendment Effective January 1, 2006

The Company, being a non-publicly accountable entity, opted not to adopt the following amendments and standard that are related to its operations, which became effective on January 1, 2006:

Amendments to PAS 19, *Employee Benefits* - introduces an option for an alternative recognition approach for actuarial gains and losses. It also adds new disclosure requirements and impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting.

PAS 39, Financial Instruments: Recognition and Measurement

Amendment to the fair value option - revises the fair value option by limiting its use to those financial instruments to be measured at fair value through the statements of operations.

Standard and Amendment Effective Subsequent to 2006

The Company opted not to early adopt the following amendment and standard that are related to its operations that will become effective subsequent to December 31, 2006:

Amendment to PAS 1, *Presentation of Financial Statements* - requires disclosures on an entity's objectives, policies and processes for managing capital; quantitative data on what the entity regards as capital; whether the entity has complied with any capital requirements and if it has not, the consequences of such non-compliance.

PFRS 7, *Financial Instruments: Disclosures* - requires disclosures of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, and market risk, and including sensitivity analysis to market risk.

The Company's management believes that the adoption of the above amendment and standard will not have significant impact on the Company's financial statements. The required additional disclosures for capital management will be included in the financial statements when this will be adopted on its effectivity dates.

The following accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criterion must also be met before revenue is recognized:

Assessment and other dues are recognized on a yearly basis and the Association believes that there is a reasonable degree of certainty as to its collectibility.

Interest is recognized as the interest accrues taking into account the effective yield of the asset.

Cash and Cash Equivalents

Cash consists of cash on hand and in banks. Cash equivalents pertain to all highly liquid instruments, including short-term cash investments, with a maturity of three months or less from date of acquisition.

Receivables

Receivables are stated at their nominal value.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment losses. Depreciation is computed using the straight-line method based on the carrying values of the component properties over their estimated economic useful lives ranging from 2 to 25 years.

Minor repairs and maintenance costs are charged to operations when incurred, while significant renewals and betterments and/or major repairs, which improve the original assessed standard of performance of the property and equipment are capitalized.

Investment in Bonds

Investment in bonds is carried at fair value reduced by any probable loss. Any resultant gain or loss due to market fluctuations is treated as an equity account transaction.

Payables and Provisions

Payables are stated at their nominal value.

The Company recognizes a provision if a present obligation (legal and constructive) has arisen as a result of a past event, payment is probable and the amount can be measured reliably. The amount recognized is the best estimate of the expenditure required to settle the present obligation at balance sheet date, that is, the amount the Company would rationally pay to settle the obligation to a third party.

Impairment of Non-Financial Assets

At each financial reporting date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount which is the greater of net selling price and value in use. Impairment losses are charged to current operations.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset being evaluated. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Retirement Cost

The Association has a defined benefit retirement plan covering all permanent regular full-time employees. Retirement cost is computed based on the projected unit credit cost method which includes current service cost plus amortization of past service cost, experience adjustments and

changes in actuarial assumptions over the expected remaining average working lives of the covered employees.

Foreign Currency Transactions

The foreign-currency-denominated transactions are recorded in their Philippine Peso equivalent based on prevailing exchange rate as of transaction date. Existing foreign currency-denominated account balances as of the balance sheet date, where applicable, are translated into Philippine Peso at the foreign exchange rate existing at said closing date. Resultant foreign exchange differentials between the recorded and the actual settlements and/or translations on the basis of the closing rate, are recognized in income.

Events After the Financial Reporting Date

Post year-end events up to the date of the auditors’ report that provide additional information about the Company’s position at financial reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Note 3 – Cash and Cash Equivalents

This includes the Association’s short-term cash investments of P38,957,202 in 2006 and P25,570,081 in 2005 with certain domestic banks earning interest based on prevailing money market rates.

Note 4 – Investment in Bonds

The 2005 account pertains to the purchase of 8.25% US\$190,000 face value ROP14 bonds at 99% for US\$ 188,100 plus accrued interest. As of said balance sheet date, it had a fair value of US\$201,875 or P10,717,544, with the resultant increase in market value of US\$13,775 or P731,315 being treated and shown under the equity section as “unrealized gain on increase in market value of investment”. This bond was sold on March 6, 2006 for US\$206,150 resulting to additional gain of US\$4,275 plus accrued interest of US\$2,209. Unrealized gain on increase in market value of investment was closed to gain on sale of bonds on the date of sale.

Note 5 – Assessment Dues and Other Receivables, Net

The breakdown of this account is as follows:

	<u>2006</u>	<u>2005</u>
Residential dues receivable	P 193,629	P 154,987
Commercial dues receivable	570,600	483,206
Advances to employees	65,810	107,435
Other accounts receivable	1,004,749	500,211
	<u>P1,834,788</u>	<u>P1,245,839</u>

Of the balance of commercial dues receivable, P381,996 in 2006 and P350,153 in 2005 pertains to the account of Multi-Realty Development Corporation, which has been the subject of a case filed by the Association with the Housing and Land Use Regulatory Board (HLURB) years back, for collection intentions. On November 8, 2002, the HLURB handed down the decision dismissing the case to which the Association filed an appeal to the Office of the President. On June 23, 2003, the Office of the President dismissed the instant appeal and affirmed the decision of the HLURB en toto. Based on the Petition for Review then filed by it with the Court of Appeals the latter passed a resolution dated January 11, 2005 which granted its Motion to Admit and the respondent was directed to comment on the said Motion.

In a decision promulgated on August 14, 2006, the Court of Appeals denied the Motion for Reconsideration filed by the Association of its decision denying the Petition for Review and affirming the decision of the office of the President.

Note 6 – Property and Equipment, Net

The details of the Association’s property and equipment are as follows:

	Community Center	Park Improvements and Playground Equipment	Perimeter Walls and Steel Gates	Security Building and Equipment	Furniture, Fixtures and Equipment	Cistern	Computer Software	Small Tools and Other Equipment	Total
Cost									
At January 1, 2006	P27,304,051	P5,123,035	P761,275	P675,682	P3,034,516	P343,120	P165,000 *	P565,282	P37,971,961
Additions	-	-	-	-	68,416	-	37,400	10,950	116,766
At December 31, 2006	27,304,051	5,123,035	761,275	675,682	3,102,932	343,120	202,400	576,232	38,088,727
Accumulated depreciation									
At January 1, 2006	6,356,399	2,780,029	725,313	567,785	2,491,941	257,340	14,163	454,583	13,647,553
Provisions	1,246,059	520,155	1,509	40,809	152,024	51,468	8,873	45,035	2,065,932
At December 31, 2006	7,602,458	3,300,184	726,822	608,594	2,643,965	308,808	23,036	499,618	15,713,485
Net book value									
At December 31, 2006	P19,701,593	P1,822,851	P34,453	P67,088	P458,967	P34,312	P179,364	P76,614	P22,375,242
At December 31, 2005	P20,947,652	P2,343,006	P35,962	P107,897	P542,575	P85,780	P150,837	P110,699	P24,324,408

* As restated

The internet website was appropriately reclassified to intangible asset as disclosed in Note 7.

The Association believes that there is no impairment of their fixed assets as of December 31, 2006.

Note 7 – Other Assets

This account is composed of the following:

	<u>2006</u>	<u>2005</u> (As restated)
Investment in shares of stock, at cost	P 14,500	P 14,500
Internet website	78,945	98,681 *
Prepaid benefit cost (Note 10)	157,200	460,400
Miscellaneous deposits	172,017	201,009
	<u>P422,662</u>	<u>P774,590</u>

*As restated

The internet website was a reclassification from property and equipment as disclosed in Note 6.

Note 8 – Refundable Deposits

This account pertains to non-interest bearing surety deposits for construction, excavation, violation, parking & others from members refundable upon satisfaction of certain conditions.

Note 9 – Reserve for General Contingencies

This account refers to the accumulated balance of the unused allocations for general contingencies, computed at 10% of the Association's yearly net revenues. The allocations determined for the years 2006 and 2005 amounted to P2,199,093 and P2,036,766, respectively.

Note 10 – Retirement Plan

The Association adopted a funded, non-contributory retirement plan known as "Bel-Air Village Association, Inc. Employees' Retirement Plan" made effective January 1, 1976, providing for retirement, death, disability, and separation benefits to all regular and full-time employees. The Association has the right to amend, reduce, suspend or discontinue its contribution at any time without the consent of the participants or their beneficiaries, except that no amendments shall deprive any participants or his beneficiaries of any accrued or vested benefits derived from contributions previously made and no amendment shall permit the return or transfer to the Association of any money or shall change the purpose of the plan.

As of December 31, 2006, the principal balance of the retirement fund under the trusteeship or management of China Banking Corporation stands at P4,993,619 as compared to P5,245,238 as of December 31, 2005. The principal actuarial assumptions used to determine pension benefits were an interest rate and salary increase of 10% each per annum.

The plan has qualified as a reasonable retirement plan within the contemplation of Republic Act No. 4917 and, as such, it shall be entitled to all tax benefits and/or privileges provided under the said Act.

Based on the actuarial valuation by Institutional Synergy, Inc. dated April 2, 2006 as based on PAS 19, the prepaid benefit cost is P157,200 and P460,400 as of December 31, 2006 and 2005, respectively.

Retirement benefits charged to operations amounted to P303,200 in 2006 and P184,500 in 2005.

Changes in the present value of the obligation and in the fair value of the plan assets for the years ended 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Present value of obligation, January 1	P4,637,000	P 3,446,400
Interest cost	528,100	485,300
Current service cost	338,900	218,100
Benefits paid	(788,600)	-
Actuarial loss on obligation	-	487,200
	<u>P4,715,400</u>	<u>P 4,637,000</u>
Present value of obligation, December 31		
Fair value of plan assets, January 1	P5,245,200	P 4,717,500
Expected return on plan assets	563,800	518,900
Contributions	-	-
Benefits paid	(788,600)	-
Actuarial gain (loss) on plan assets	(26,800)	8,800
	<u>P4,993,600</u>	<u>P5,245,200</u>
Fair value of plan assets, December 31		

The computation of asset recognized in the balance sheet for the years ended December 31, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Present value of the obligation	P4,715,400	P 4,637,000
Fair value of plan assets	(4,993,600)	(5,245,200)
Unfunded obligation	(278,200)	(608,200)
Unrecognized actuarial losses	(326,700)	(299,900)
Unrecognized asset due to limit	447,700	447,700
	<u>(P 157,200)</u>	<u>(P 460,400)</u>
Asset recognized in balance sheet (Note 7)		

Details of the retirement benefits recognized in the income statement for the years ended 2006 and 2005 are as follows:

	<u>2006</u>	<u>2005</u>
Current service cost	P338,900	P218,100
Interest cost	528,100	485,300
Expected return on plan assets	(563,800)	(518,900)
	<u>P303,200</u>	<u>P184,500</u>

Note 11 – Effects of Adoption of PAS 19

The Association's adoption of the PAS 19 Employee Benefits resulted to the recognition of prepaid benefit cost amounting to P460,400 and retirement expense of P184,500 or a total of P644,900. These amounts were treated as a change in accounting policy in accordance with PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and were taken directly to members' equity.

Note 12 – Prior Period Adjustment

The amount of P98,274 pertains to the overstatement of health care benefits of employees in 2005.

Note 13 – Contingencies

In addition to the case filed by the Association with the HLURB as disclosed in Note 5 hereof, there is a petition filed by some members of the Association on December 15, 2006 with the HLURB. This is to declare as null and void the extension of the BAVA deed of restrictions approved at the general membership meeting held on December 12, 2006 or that the said petition is not binding and enforceable against the petitioners. In a Resolution dated January 30, 2007, the HLURB Arbiter issued a writ of preliminary injunction restraining BAVA from implementing the BAVA deed of restrictions as against the petitioners while the case is pending. BAVA appealed this Resolution to the HLURB Board of Commissioners on February 19, 2007, which appeals remain pending. The main case remains pending with the HLURB Arbiter, with the same set for continuation of mediation conference on March 13, 2007.

Note 14 – Other Matter

The 2005 financial statements, which were also audited by BDO Alba Romeo & Co, were presented herein for comparative presentation purposes.