

## **EMERALD REGISTRY & TRANSFERS CORPORATION**

c/o Fernandez, Santos & Lopez, CPAs  
16th Floor, Pacific Star Building  
Sen. Gil J. Puyat Avenue corner Makati Avenue  
1200 Makati City  
Philippines

Telephone Nos. 63(2) 840-1604 local 33  
63(2) 812-8341 local 33  
Fax No. 63(2) 812-8342

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October 16, 2008

### **TO ALL OUR CLIENTS:**

We send you herewith the relevant information regarding your transfer agent, Emerald Registry & Transfers Corporation, as requested of you by the Exchange in connection with its study on the Accreditation of Transfer Agents for Listed Companies, including the standardization of procedures.

Very truly yours,



**BENEDICTO V. TAN**  
Head – Stock Operations

1.	Name of Transfer Agent:  <p style="text-align: center;"><b>Emerald Registry &amp; Transfers Corporation</b></p>																										
2.	Relationship with Issuer: (Indicate if: Independent, In-house or others.)  <p style="text-align: center;">Independent</p>																										
3.	No. of Employees:  <p style="text-align: center;">Two (2)</p>																										
4.	Transfer Agent System: (Indicate if: Manual, Computerized or both.)  <p style="text-align: center;">Computerized</p>																										
5.	For Corporate Transfer Agents:  Detailed information on the following:  a. Capital Structure:  Capital Stock – P100 Par Value: Authorized – 15,000 Shares P1,500,000: Issued and Outstanding Shares – 14,980 Shares  b. Ownership Structure:  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: right;"><u>% of Shares Held</u></th> </tr> </thead> <tbody> <tr> <td>Eliseo A. Fernandez</td> <td style="text-align: right;">30.60%</td> </tr> <tr> <td>Fernandez Santos &amp; Lopez</td> <td style="text-align: right;">20.00%</td> </tr> <tr> <td>Lina A. Aseneta</td> <td style="text-align: right;">17.40%</td> </tr> <tr> <td>Carlos G. Zulueta</td> <td style="text-align: right;">17.40%</td> </tr> <tr> <td>Gonzalo Villarín</td> <td style="text-align: right;">7.30%</td> </tr> <tr> <td>Estate of Henry E. Dy-Liacco</td> <td style="text-align: right;">7.30%</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>100.00%</u></td> </tr> </tbody> </table> c. Key Officers and Members of the Board of Directors:  <table style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>Eliseo A. Fernandez</td> <td>Director-President</td> </tr> <tr> <td>Lina A. Aseneta</td> <td>Director-Treasurer</td> </tr> <tr> <td>Carlos G. Zulueta</td> <td>Director-Corporate Secretary</td> </tr> <tr> <td>Gonzalo Villarín</td> <td>Director</td> </tr> <tr> <td>Benedicto V. Tan</td> <td>Head-Stock Operations</td> </tr> </tbody> </table> d. Latest Audited Financial Statements - See Attached		<u>% of Shares Held</u>	Eliseo A. Fernandez	30.60%	Fernandez Santos & Lopez	20.00%	Lina A. Aseneta	17.40%	Carlos G. Zulueta	17.40%	Gonzalo Villarín	7.30%	Estate of Henry E. Dy-Liacco	7.30%		<u>100.00%</u>	Eliseo A. Fernandez	Director-President	Lina A. Aseneta	Director-Treasurer	Carlos G. Zulueta	Director-Corporate Secretary	Gonzalo Villarín	Director	Benedicto V. Tan	Head-Stock Operations
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6.	<p>Transfer Agent Procedures on Lodgment and Upliftment of Shares:</p> <p>a. Detailed Procedures or Process Flow Diagram (indicate if personal appearance is required):</p> <p style="text-align: center;">See Attached</p>
	<p>b. Documentary Requirements:</p> <p>For Corporations:  A notarized copy of the affidavit of the Corporate Secretary, indicating the officer/s authorized, per subsisting Board Resolution, to endorse stock certificates.</p> <p>Photocopies of Valid IDs of the Authorized Officers.</p>
	<p>c. Availability of an "Express Lodgment or Upliftment of Shares":</p> <p style="text-align: center;">YES</p>
	<p>d. Fees (Normal and Express):</p> <p>For Normal Lodgment and Upliftment:  P100 for every stock certificate issued, and P20 for every stock certificate cancelled under which the amount of shares is more than P200 based on the par value of the stock, plus 12% VAT of the transfer fee and the cancellation fee..</p> <p>For Express Lodgment and Upliftment:  P200 for every stock certificate issued and P40 for every stock certificate cancelled, plus 12% VAT of the transfer fee and the cancellation fee.</p>
	<p>e. Actual Average Turnaround of Lodgment and Upliftment:</p> <p style="text-align: center;">Two (2) Days</p>

  
**ELISEO A. FERNANDEZ**  
President

# COVER SHEET

1 4 4 3 1 3

S.E.C. Registration Number

EMERALD REGISTRY & TRANSFERS CORPORATION

(Company's Full Name)

25 / F PACIFIC STAR BUILDING  
SEN. GIL PUYAT AVENUE  
MAKATI CITY

( Business Address: No. Street City / Town / Province )

LINA A. ASENETA

Contact Person

816-76-79

Company Telephone Number

1 2 / 3 1  
Month Day  
Fiscal Year

F . S .  
FORM TYPE

Month Day  
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

Document I.D.

ICU  
Cashier

APR 14 2017

STAMPS

Remarks = pls. use black ink for scanning purposes

**EMERALD REGISTRY & TRANSFERS CORPORATION**

Report of Independent Auditors

and

Financial Statements

*December 31, 2007 and 2006*

APR 14 2008

# EMERALD REGISTRY & TRANSFERS CORPORATION

c/o Fernandez, Santos & Lopez, CPAs  
Unit 2501, 25th Floor, Pacific Star Building  
Sen. Gil J. Puyat Avenue corner Makati Avenue  
1200 Makati City  
Philippines

Telephone Nos. 63(2) 840-1604  
Telephone No. 63(2) 812-8341 local 33  
Fax No. 63(2) 812-8342

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EMERALD REGISTRY AND TRANSFERS CORPORATION** is responsible for all information and representations contained in the financial statements for the year ended December 31, 2007 and 2006. The financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines, as described more fully in Note 2 to the financial statements, and reflect amounts that are based on best estimates and informed judgment of management with appropriate consideration to materiality.

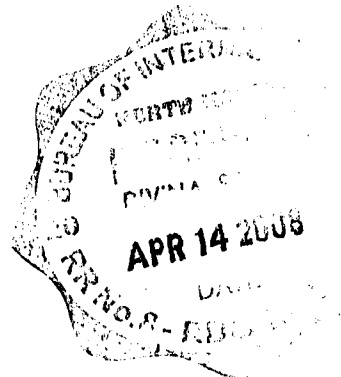
In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

**Virgilio R. Santos & Co., CPAs**, the independent auditors and appointed by the stockholders, have examined the financial statements of the company in accordance with generally accepted auditing standards and have expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the stockholders.

  
ELISEO A. FERNANDEZ  
Chairman of the Board

  
LINA A. ASENETA  
Treasurer



# EMERALD REGISTRY & TRANSFERS CORPORATION

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ELISEO A. FERNANDEZ  
*Chairman of the Board*



LINA A. ASENETA  
*Treasurer*





**REPORT OF INDEPENDENT AUDITORS**

**The Board of Directors and Stockholders**

**Emerald Registry & Transfers Corporation**

**25<sup>th</sup> Floor Pacific Star Building**

**Sen. Gil Puyat Avenue**

**Makati City**

We have audited the accompanying financial statements of **Emerald Registry & Transfers Corporation**, which comprise the balance sheets as at December 31, 2007 and 2006, and the statements of income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

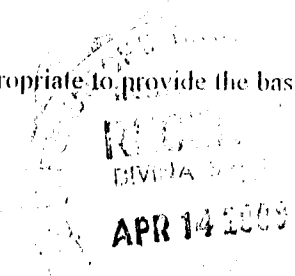
Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in the Philippines. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair 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 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.

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 the basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Emerald Registry & Transfers Corporation** as of December 31, 2007 and 2006, and its financial performance and its cash flows for the years then ended in accordance with generally accepted accounting principles in the Philippines.

**VIRGILIO R. SANTOS & CO.**

PRC BOA No. 0136

SEC ACCREDITATION No. 0010 FR 1

TIN No. 206-444-556-000



By: **REMEDIOS R. SANTOS**

Partner

TIN 146-784-749-000

CPA Certificate No. 28234

SEC Partner Accreditation No. 0306 - A

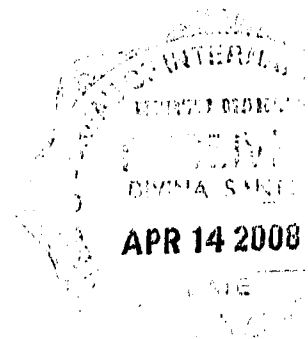
BIR AN 07-002044-2-2004

PTR No. 9758536

January 2, 2008

Quezon City

Quezon City  
Philippines  
April 14, 2008





Statement Required by:

BIR Revenue Regulations No. V-1, Section 8-A

And

SEC SRC Rule

**SECURITIES AND EXCHANGE COMMISSION**

**BUREAU OF INTERNAL REVENUE**

We have examined the financial statements of **Emerald Registry & Transfers Corporation** for the year ended December 31, 2007, on which we have rendered the attached report dated April 14, 2008.

In compliance with SRC Rule 68, we are stating that the said company has a total number of five (5) stockholders owning one hundred (100) or more shares.

In compliance with BIR Revenue Regulations V-1, Section 8-A, we are stating that none of the partners of the firm have any financial interest in **Emerald Registry & Transfers Corporation** or any family relationships with its president, manager, or principal stockholders.

**VIRGILIO R. SANTOS & CO.**

PRC BOA No. 0136

SEC ACCREDITATION No. 0010 FR 1

TIN No. 206-444-556-000

*Remedios R. Santos*  
By: **REMEDIOS R. SANTOS**

Partner

TIN 146-784-749 000

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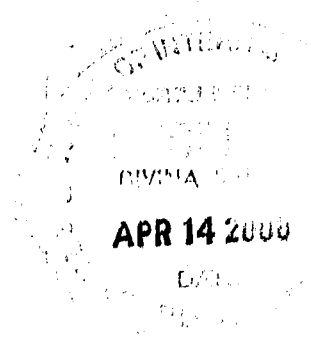
BIR AN 07-002014-2-2004

PTR No. 9758536

January 2, 2008

Quezon City

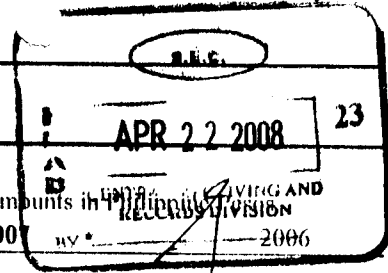
Quezon City  
Philippines  
April 14, 2008



**EMERALD REGISTRY TRANSFERS CORPORATION**

**BALANCE SHEETS**

**DECEMBER 31, 2007 AND 2006**



**ASSETS**

**Current assets**

Cash on hand and in bank	P	24,648	P	28,352
Receivables [Note 2]		149,890		84,805
Other current assets		70,197		52,666

<b>Total current assets</b>		<b>244,734</b>		<b>165,823</b>
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**Non current assets**

Property and equipment - net [Note 3]		6,201		10,691
Due from affiliates and others [Note 4]		1,837,968		1,867,968

<b>Total non current assets</b>		<b>1,844,169</b>		<b>1,878,659</b>
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<b>TOTAL ASSETS</b>	<b>P</b>	<b>2,088,903</b>	<b>P</b>	<b>2,044,482</b>
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**LIABILITIES AND EQUITY**

**Current Liabilities**

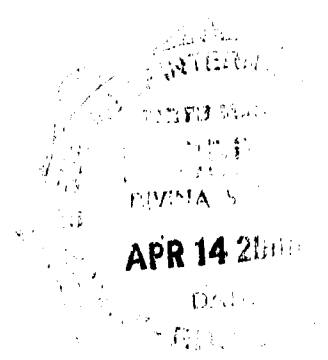
Accounts payable and accrued expenses	P	495,600	P	172,806
Advances from clients and others [Notes 4 and 5]		357,351		417,351
Other current liabilities		9,154		12,145

<b>Total Liabilities</b>		<b>862,106</b>		<b>902,302</b>
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<b>Equity</b>		<b>1,226,797</b>		<b>1,142,180</b>
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<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P</b>	<b>2,088,903</b>	<b>P</b>	<b>2,044,482</b>
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*See accompanying Notes to Financial Statements.*



**EMERALD REGISTI & TRANSFERS CORPORATION**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Amounts in Philippine Pesos			
	2007		2006	
<b>REVENUE [Note 2]</b>	<b>P</b>	<b>638,357</b>	<b>P</b>	<b>615,355</b>
<b>COST OF SERVICES</b>		<b>374,116</b>		<b>366,781</b>
<b>GROSS PROFIT</b>		<b>264,241</b>		<b>248,574</b>
<b>OPERATING AND ADMINISTRATIVE EXPENSES</b>				
Travel and transportation		118,153		116,092
Taxes and licenses		15,611		32,499
Telephone and telegraph		12,290		10,305
Utilities		15,000		12,000
Depreciation expense		4,490		7,397
Professional fees		5,000		3,000
Miscellaneous		9,080		1,530
<b>Total operating expenses</b>		<b>179,624</b>		<b>182,822</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>		<b>84,617</b>		<b>65,752</b>
<b>INCOME TAX EXPENSE [Note 6]</b>		<b>-</b>		<b>-</b>
<b>INCOME FOR THE YEAR</b>	<b>P</b>	<b>84,617</b>	<b>P</b>	<b>65,752</b>

*See accompanying Notes to Financial Statements.*

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**EMERALD REGIS / & TRANSFERS CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Amounts in Philippine Pesos	
	2007	2006
<b>CAPITAL STOCK - P100 par value</b>		
Authorized - 15,000 shares P1,500,000		
Issued and outstanding - 14,980 shares	P 1,498,000	P 1,498,000
Deposits for future subscription [Note 5]	150,000	150,000
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance at beginning of the year	(505,820)	(571,572)
Income for the period	84,617	65,752
Balance at end of the period	(421,203)	(505,820)
<b>TOTAL EQUITY</b>	<b>P 1,226,797</b>	<b>P 1,142,180</b>

*See accompanying Notes to Financial Statements.*

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**EMERALD REGISTER & TRANSFERS CORPORATION**  
**STATEMENTS OF CASHFLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	Amounts in Philippine Pesos	
	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Income for the year</b>	<b>P 84,617</b>	<b>P 65,752</b>
Adjustment for:		
Depreciation	4,490	7,397
Operating income before working capital changes	<b>89,107</b>	<b>73,149</b>
(Increase) Decrease in operating assets		
Accounts receivable	(65,085)	(36,445)
Other current assets	(17,531)	(8,810)
Increase (Decrease) in operating liabilities		
Accounts and accrued expenses payable	22,794	(30,991)
Advances from clients and others	(60,000)	19,121
Other current liabilities	(2,990)	(5,877)
<b>Net cash used in operating activities</b>	<b>(33,705)</b>	<b>10,147</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of office equipment	-	(5,000.00)
Due from affiliates and others	30,000	-
<b>Net cash provided by investing activities</b>	<b>30,000</b>	<b>(5,000)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(3,705)</b>	<b>5,117</b>
<b>CASH - BEGINNING OF PERIOD</b>	<b>28,352</b>	<b>23,205</b>
<b>CASH - END OF PERIOD</b>	<b>P 24,648</b>	<b>P 28,352</b>

*See accompanying Notes to Financial Statements.*

APR 14 2008

**EMERALD REGISTRY & TRANSFERS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**1. General corporate information**

**Emerald Registry & Transfers Corporation** was registered with the Securities and Exchange Commission on September 14, 1987 primarily to provide persons, firms and corporations with facilities for the preparation, recording, reproduction, conservation, preservation and classification of all kinds of documents, evidences of indebtedness or ownership, contracts and records; for settlement of contracts and assignments and/or transfers of evidences of indebtedness and ownership, and to do necessary, suitable or proper for the proper accomplishment of any of the purposes or the attainment of any one or more of the objects herein enumerated, or which at any time appear conducive to or expedient for the protection or benefit of this corporation.

The Company's registered address is at 25/F Pacific Star Building, Sen. Gil Puyat Avenue, Makati City.

The Company's financial statements as of and for the year ended December 31, 2007 (with comparatives for the year ended December 31, 2006) were approved and authorized for issue by its Board of Directors on April 14, 2008.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The Company's financial statements were prepared in conformity with generally accepted accounting principles in the Philippines under the historical cost convention. The Company qualifies as a non-publicly accountable entity (NPAE) under Philippine Accounting Standard (PAS) 101, Financial Reporting Standards for Non-Publicly Accountable Entities. Accordingly, it availed of the option not to apply the new and revised Philippine Financial Reporting Standards (PFRS) that became effective in 2005. In accordance with PAS 101 it applies the financial reporting standards as set forth in the applicable Statements of Financial Accounting Standards / International Accounting Standards (IAS) effective December 31, 2004. PAS 101 is effective for 2005 to 2007.

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 presented in Philippine pesos, the Company's functional currency, and all values represent absolute amounts except when otherwise indicated.

**2.2 Cash and cash equivalents**

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of 90 days or less from acquisition dates and that are subject to an insignificant risk of change in value.

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**EMERALD REGISTRY & TRANSFERS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**2.3 Receivables**

Trade receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amount. Allowance for doubtful accounts is maintained at a level to adequately provide for potentially uncollectible receivables. The amount of allowance is based on past collection experience and other factors that may affect collectibility. The allowance is established through provisions for doubtful accounts charged to operations.

**2.4 Property and equipment**

The Company's property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets ranging from 5 to 10 years. Maintenance and repairs are charged to expense as incurred while major renewals or betterments which result in increase in the future economic benefits beyond the originally assessed standard of performance are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is credited or charged to current operations.

**2.5 Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

**2.6 Revenue recognition**

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. The following specific criteria must also be met before revenue is recognized:

**2.7 Income taxes**

The Company follows the balance sheet liability method in accounting for deferred income taxes. Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date.

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**EMERALD REGISTRY & TRANSFERS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**3. Property and equipment - net**

This account consists of:

	Transportation Equipment		Office Furniture and Equipment		Totals
Balance at January 1, 2007					
net of accumulated depreciation and amortization	P	-	P	10,691	P
Additions		-		-	
Disposals		-		-	
Depreciation and amortization charges during the year		-		4,490	
Balance at December 31, 2007					
net of accumulated depreciation and amortization	P	-	P	6,201	P
January 1, 2007					
Cost	P	180,000	P	187,560	P
Accumulated depreciation		(180,000)		(176,869)	
Net carrying amount	P	-	P	10,691	P
December 31, 2007					
Cost	P	180,000	P	187,560	P
Accumulated depreciation		180,000		181,359	
Net carrying amount	P	-	P	6,201	P

	Transportation Equipment		Office Furniture and Equipment		Totals
Balance at January 1, 2006					
net of accumulated depreciation and amortization	P	-	P	13,088	P
Additions		-		5,000	
Disposals		-		-	
Depreciation and amortization charges during the year		-		7,397	
Balance at December 31, 2006					
net of accumulated depreciation and amortization	P	-	P	10,691	P
January 1, 2006					
Cost		180,000	P	182,560	
Accumulated depreciation		(180,000)		(169,472)	
Net carrying amount		-		13,088	
December 31, 2006					
Cost		180,000	P	187,560	
Accumulated depreciation		180,000		176,869	
Net carrying amount	P	-	P	10,691	P

APR 14 2008

**EMERALD REGISTRY & TRANSFERS CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2007 AND 2006**

**4. Related party transactions**

In the ordinary course of business, the Company has transactions with certain related parties. The Company made advances to such related parties with no definite repayment date.

The significant transactions with related parties are as follows:

<i>Name of Related Party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Transaction Amount</i>	<i>2007</i>	<i>Balance at end of year</i>
Various	Stockholder Affiliate	Advances to (Payment)	P (30,000)	P	1,837,968

<i>Name of Related Party</i>	<i>Relationship</i>	<i>Nature of transaction</i>	<i>Transaction Amount</i>	<i>2006</i>	<i>Balance at end of year</i>
Various	Stockholder Affiliate	Advances to (Payment)	P 0	P	1,867,968

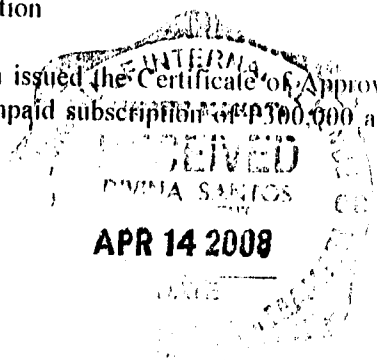
**5. Conversion of advances into equity and deposits for future stock subscription.**

Under an agreement dated June 30, 2005, a related party agreed to assume the obligation of two stockholders corresponding to their unpaid subscriptions to the capital stock of the company in the total amount of P300,000. Subsequent to the said assumption of the unpaid subscriptions, the Company and the said related party agreed to the application of the advances to and owing from the Company in the amount of P300,000 against the unpaid subscriptions assumed by the said related party for the same amount as evidenced by a deed of assignment executed by the parties on June 30, 2005. Also on the same date, the parties agreed to the conversion of additional advances in the amount of P150,000 into deposit for future stock subscription.

Under a separate deed of assignment also dated June 30, 2005, the company and another stockholder agreed to the conversion of advances made by the said stockholder into shares of stock with a total par value of P198,000.00.

The advances converted into equity in the total amount of P300,000.00 are presented as part of the paid-up on subscription in the balance sheet, while the amount converted as deposit is shown as deposit for future subscription under the stockholders' equity caption

On October 17, 2005, the Securities and Exchange Commission issued the Certificate of Approval for the valuation of the advances of P498,000 as payment of unpaid subscription of P300,000 and additional shares worth P198,000 of the Company.



**EMERALD REGISTRY & TRANSFERS CORPORATION**  
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**DECEMBER 31, 2007 AND 2006**

**6. Income taxes**

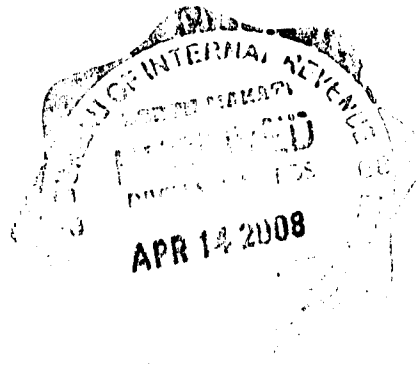
The reconciliation of the income tax expense computed at the statutory income tax rate to income tax expense shown in the statements of income is summarized as follows:

	2007		2006
Income tax computed at			
statutory income tax rate	P	84,617	P 23,013
Add (deduct) resulting from:			
NOLCO availment (2004)		(84,617)	(23,013)
<b>Taxable Income</b>	<b>P</b>	<b>-</b>	<b>P -</b>

The unutilized balance of the 2004 NOLCO has expired. Realization of the future tax benefit relating to the deferred tax assets is dependent on many factors including the Company's ability to generate taxable income during the periods in which those temporary differences are expected to be recovered.

**7. Reclassification of accounts**

Certain accounts in the 2006 financial statements were reclassified to conform to the current year's presentation.



## EMERALD REGISTRY & TRANSFERS CORPORATION

### STOCK TRANSFER PROCEDURE

#### I. RECEIPT OF TRANSFER INSTRUCTIONS

- a. Checking completeness of documents attached to the transfer instructions.
- b. Checking the transfer instructions and the documents attached thereto if signed.
- c. Collection of, and issuance of official receipt for, the transfer fee of P100 (for PCD's Transmittal Letters and Stock Brokers' Direct Transfers) for every stock certificate issued, and the cancellation fee of P20 for every stock certificate cancelled under which the amount of shares is more than P200 based on the par value of the stock, plus the 12% VAT of the transfer fee and the cancellation fee.
- d. Acknowledgment of receipt of transfer instructions by stamping "RECEIVED" thereon and affixing the date of receipt.

#### II. PROCESSING OF TRANSFER INSTRUCTIONS RECEIVED

- a. Checking individually the number of shares under the stock certificates or stock assignments to be cancelled if the same as with the instructions.
- b. Footing individually the number of shares to be cancelled and issued to determine the equality of the total number of shares cancelled and the total number of shares issued.
- c. Verification of signature of a stockholder per endorsement on the stock certificate if the signature corresponds with the specimen signature on the signature card with the attached photocopies of valid IDs such as Passport, Driver's License, SSS/GSIS ID, Company ID, and other IDs. If not, a stockbroker is called and notified of the discrepancy of the signature and requested to submit a new signature card, together with the photocopies of valid IDs, for a stockholder concerned, or the Transfer Instructions together with the enclosed stock certificates and other documents will be returned within two (2) days or will be picked up. However, if circumstances require his personal appearance before us, we will make him to do so.
- d. Verification of stock certificates for cancellation in the list of issued and outstanding stock certificates if outstanding and free from any lien.
- e. Cancellation of the stock certificates by stamping "CANCELLED" and affixing the date of cancellation.
- f. Issuance of new stock certificates in the names of stockholders as stated in the Transfer Instructions.

### **III. CONFIRMATION OF GOOD DELIVERIES**

- a. Confirmation of good deliveries of Transfer Instructions is made via fax to the PCD Nominee Corporation (PCD) and/or Stock Brokers concerned within two (2) days from receipt of PCD Transmittal Letters or Stock Brokers' DTs.


### **IV. POSTING TO THE COMPUTER**

- a. Computerized registration of stock certificate cancelled under which is the name of stockholder and his postal address and nationality, and its serial number, number of shares and date of cancellation.
- b. Computerized registration of stock certificate issued under which is the name of stockholder and his postal address and nationality, and its serial number, number of shares and date of issuance.
- c. Computerized printing of stock transfer journals.
- d. Computerized printing of list of issued and outstanding shares and/or outstanding shares of stock as of the end of each month.

### **V. SIGNING AND RELEASING OF STOCK CERTIFICATES ISSUED**

- a. Emerald's Corporate Secretary or its authorized signatory countersigns stock certificates that have been signed by the authorized signatories of the stock corporation.
- b. Stock certificates for release to PCD Nominee Corporation (PCD) are sent with a list prepared, while those to stockbrokers are picked up.

**Certified True Copy of the Procedure in Force:**  
by:

  
**Eliseo A. Fernandez**  
President