REPORT OF INDEPENDENT AUDITORS[1]

The Board of Directors
Granthor Holdings Philippines, Inc.
and Subsidiaries

90 Amihan Street[2]
Somewhere There Ave. Pasay City

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Granthor Holdings Philippines, Inc. and subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2006 and 2005, and the consolidated income statements, statements of changes in equity and cash flow statements for each of the three[3] years in the period ended December 31, 2006, and notes to consolidated financial statements comprising of 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 Philippine Financial Reporting Standards. 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'[4] 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

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[1] Refer to PSA 700 (Revised) or AA2006-04 (released December 14, 2006) for guidance on the new wording for independent auditor's report. As a Firm policy, the old report titles will be retained.

[2] Added when the financial statements is for submission to the SEC and BIR.

[3] Refer to SEC Rule 68.1(b.)(iii) for guidance.

[4] Take note of the location of the apostrophe, it should be after s.

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.

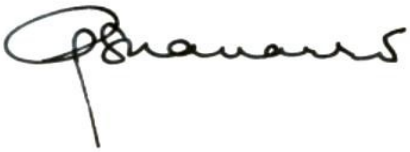
Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Granthor Holdings Philippines, Inc. and subsidiaries as of December 31, 2006 and 2005, and of their consolidated financial performance and their cash flows for each of the three years in the period ended December 31, 2006 in accordance with Philippine Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements[5]

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary Schedules A to I (see table of contents) of the Group as at December 31, 2006 and for the year then ended, required by the Securities and Exchange Commission, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO[6]



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SEC Accreditation No. 0013-AR-1
BIR AN 08-002511-2-2005 (Dec. 27, 2005 to 2008)

March 31, 2007

[5] Refer to PSA 700 or AA2006-04 for guidance.

[6] Refer to AM 2006-001for guidance.