



Republic of the Philippines
National Electrification Administration

March 1, 2006

NEA MEMORANDUM No. 2006-004

TO : ALL ELECTRIC COOPERATIVES
SUBJECT : APPRAISAL OF THE ELECTRIC COOPERATIVES (ECs) ASSETS

On June 20, 2000, NEA issued a Memorandum to all ECs requiring the appraisal of all EC's assets by any one of NEA's three (3) accredited appraisal companies, (Royal Asia, Asian Appraisal Corp. and Cuervo Appraisers, Inc.) in order to determine the true financial and business valuation of each electric cooperative, and to maximize opportunities in the financial market.

As a result of NEA's memorandum, which was issued six (6) years ago, and issuance of the Revised Guidelines on Close-out of All Completed Construction Projects of ECs, there had been substantial addition to Utility Plant in Service of ECs.

More important information is that, the Accounting Standard Council (ASC) approved in November 2004, the adoption of International Financial Reporting Standards (IFRS) as a Philippine Financial Reporting Standard (PFRS). On said PFRS, specifically Philippine Accounting Standard 16 (Property, Plant and Equipment), an entity will measure an item of property, plant and equipment after recognition as an asset using the cost model or revaluation model as deemed cost.

On this context, all ECs are hereby required to conduct an immediate valuation/appraisal of their assets by any one of the NEA accredited appraisal companies, and to update said appraisal every three (3) years, thereafter. ECs are further required to submit to NEA thru the Accounts Management and Guarantee Department (AMGD) a copy of said Appraisal Report.

For your compliance.

Edita S. Bueno
EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. CITE: #0R008226



NEA-0R008226

42
3/14/06

AMGD-AMD-06-02-73