

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

HMG COURTLAND PROPERTIES INC
Form 10QSB
May 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarterly period ended March 31, 2005
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from

to

Commission file number 1-7865

HMG/COURTLAND PROPERTIES, INC.

(Exact name of small business issuer as specified in its charter)

Delaware

59-1914299

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1870 S. Bayshore Drive, Coconut Grove, Florida 33133

(Address of principal executive offices) (Zip Code)

305-854-6803

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

Check whether the issuer (1) has filed all reports required to be filed by
Sections 13 or 15 (d) of the Securities Exchange Act of 1934 during the
preceding 12 months (or for such shorter period that the registrant was required
to file such reports), and (2) has been subject to such filing requirements for
the past 90 days. Yes x No

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date.

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

1,089,135 Common shares were outstanding as of March 31, 2005.

HMG/COURTLAND PROPERTIES, INC.

Index

PART I. Financial Information

Item 1. Financial Statements

Condensed Consolidated Balance Sheets as of March 31, 2005 (Unaudited) and December 31, 2004.....

Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2005 and 2004 (Unaudited).....

Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2005 and 2004 (Unaudited).....

Notes to Condensed Consolidated Financial Statements (Unaudited).....

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....

Item 3. Controls and Procedures.....

PART II. Other Information

Item 1. Legal Proceedings

Item 2. Changes in Securities and Small Business Issuer Purchases of Equity Securities

Item 3. Defaults Upon Senior Securities

Item 4. Submission of Matters to a Vote of Security Holders

Item 5. Other Information

Item 6. Exhibits and Reports on Form 8-K.....

Signatures.....

Cautionary Statement. This Form 10-QSB contains certain statements relating to future results of the Company that are considered "forward-looking statements" within the meaning of the Private Litigation Reform Act of 1995. Actual results may differ materially from those expressed or implied as a result of certain risks and uncertainties, including, but not limited to, changes in political and economic conditions; interest rate fluctuation; competitive pricing pressures within the Company's market; equity and fixed income market fluctuation; technological change; changes in law; changes in fiscal, monetary, regulatory and tax policies; monetary fluctuations as well as other risks and uncertainties detailed elsewhere in this Form 10-QSB or from time-to-time in the filings of the Company with the Securities and Exchange Commission. Such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2005	December 31, 2004
	-----	-----
ASSETS (UNAUDITED)		
Investment properties, net of accumulated depreciation:		
Commercial properties	\$ 4,672,470	\$ 4,721,261
Commercial properties- construction in progress	286,489	210,965
Hotel and club facility	3,731,393	3,827,201
Hotel and club facility-Spa improvements	2,124,089	1,489,702
Marina properties	2,465,570	2,515,265
Land held for development	589,419	589,419
	-----	-----
Total investment properties, net	13,869,430	13,353,813
Cash and cash equivalents	2,837,821	3,410,408
Investments in marketable securities	7,433,105	7,132,542
Other investments	4,967,872	5,190,543
Investment in affiliate	3,022,278	2,993,649
Loans, notes and other receivables	2,029,258	2,027,119
Notes and advances due from related parties	877,504	973,242
Deferred taxes	413,000	28,000
Goodwill	7,728,627	7,728,627
Other assets	672,437	536,706
	-----	-----
TOTAL ASSETS	\$ 43,851,332	\$ 43,374,649
	-----	-----
LIABILITIES		
Mortgages and notes payable	\$ 18,448,359	\$ 18,483,069
Accounts payable and accrued expenses	1,057,259	885,132
Margin payable to broker	1,581,426	1,448,605
Income taxes payable	250,000	250,000
Interest rate swap contract payable	286,000	579,000
	-----	-----
TOTAL LIABILITIES	21,623,044	21,645,806
	-----	-----
Minority interests	3,048,537	2,837,944
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock, \$1 par value; 2,000,000 shares authorized; none issued	--	--
Excess common stock, \$1 par value; 500,000 shares authorized; none issued	--	--
Common stock, \$1 par value; 1,500,000 shares authorized;		

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

1,315,635 shares issued and outstanding	1,315,635	1,315,635
Additional paid-in capital	26,571,972	26,571,972
Undistributed gains from sales of properties, net of losses	41,735,070	41,735,070
Undistributed losses from operations	(48,382,062)	(48,524,414)
Accumulated other comprehensive loss	(143,000)	(289,500)
	-----	-----
	21,097,615	20,808,763
Less: Treasury stock, at cost (226,500 shares)	(1,659,114)	(1,659,114)
Notes receivable from exercise of stock options	(258,750)	(258,750)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	19,179,751	18,890,899
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 43,851,332	\$ 43,374,649
	-----	-----

See notes to the condensed consolidated financial statements

(1)

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

REVENUES	Three months 2005

Real estate rentals and related revenue	\$ 382,955
Food & beverage sales	1,564,448
Marina revenues	394,223
Spa revenues	61,124
Net gain from investments in marketable securities	7,780
Net loss from other investments	(83,631)
Interest, dividend and other income	142,419

Total	2,469,318
EXPENSES	
Operating expenses:	
Rental and other properties	219,751
Food and beverage cost of sales	451,758
Food and beverage labor and related costs	296,718
Food and beverage other operating costs	477,062
Marina expenses	212,195
Spa expenses	51,767
Depreciation and amortization	227,049
Adviser's base fee	225,000
General and administrative	71,802

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Professional fees and expenses	58,418
Directors' fees and expenses	16,732

Total operating expenses	2,308,252
Interest expense	342,694
Minority partners' interests in operating gain (loss) of consolidated entities	61,020

Total expenses	2,711,966

Loss before sales of properties and income taxes	(242,648)
Gain on sales of properties, net	--

Loss before income taxes	(242,648)
(Benefit from) provision for income taxes	(385,000)

Net income (loss)	\$ 142,352
	=====
Other comprehensive income:	
Unrealized gain on interest rate swap agreement	146,500

Total other comprehensive income	146,500

Comprehensive income (loss)	\$ 288,852
	=====
Net Income (Loss) Per Common Share:	
Basic and diluted	\$ 0.13
	=====
Weighted average common shares outstanding	1,089,135
	=====

See notes to the condensed consolidated financial statements

(2)

HMG/COURTLAND PROPERTIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three months ended March 31,
	2005 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Net income (loss)	\$ 142,352	(\$ 162,472)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	227,049	144,325
Net gain from other investments	92,856	47,899
Gain on sales of properties, net	--	(47,606)
Net gain from investments in marketable securities	(7,780)	(114,249)
Minority partners' interest in operating (losses) gains	61,020	(3,355)
Deferred income tax (benefit) expense	(385,000)	62,000
Changes in assets and liabilities:		
Increase in other assets and other receivables	(154,121)	(74,208)
Net proceeds from sales and redemptions of securities	157,068	817,106
Increased investments in marketable securities	(449,852)	(1,659,096)
Increase in accounts payable and accrued expenses	172,127	93,120
Increase in margin payable to brokers and other liabilities	132,821	--
	-----	-----
Total adjustments	(153,812)	(734,064)
	-----	-----
Net cash used in operating activities	(11,460)	(896,536)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Improvements of properties	(714,246)	--
Net proceeds from disposals of properties	--	69,752
Decrease in notes and advances from related parties	95,738	16,019
Additions in mortgage loans and notes receivables	(100,000)	--
Collections of mortgage loans and notes receivables	87,831	97,998
Distributions from other investments	235,451	442,294
Contributions to other investments	(131,192)	(290,000)
	-----	-----
Net cash (used in) provided by investing activities	(526,418)	336,063
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of mortgages and notes payables	(34,709)	(34,428)
	-----	-----
Net cash used in financing activities	(34,709)	(34,428)
	-----	-----
Net increase in cash and cash equivalents	(572,587)	(594,901)
Cash and cash equivalents at beginning of the period	3,410,408	2,624,643
	-----	-----
Cash and cash equivalents at end of the period	\$ 2,837,821	\$ 2,029,742
	-----	-----
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	\$ 343,000	\$ 113,000
	=====	=====

See notes to the condensed consolidated financial statements

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

HMG/COURTLAND PROPERTIES, INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of the Company, the accompanying unaudited condensed consolidated financial statements prepared in accordance with instructions for Form 10-QSB, include all adjustments (consisting only of normal recurring accruals) which are necessary for a fair presentation of the results for the periods presented. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the Company's Annual Report for the year ended December 31, 2004. The balance sheet as of December 31, 2004 was derived from audited financial statements as of that date. The results of operations for the three months ended March 31, 2005 are not necessarily indicative of the results to be expected for the full year.

The condensed consolidated financial statements include the accounts of HMG/Courtland Properties, Inc. (the "Company") and entities in which the Company owns a majority voting interest or controlling financial interest. All material transactions and balances with consolidated and unconsolidated entities have been eliminated in consolidation or as required under the equity method.

2. SPA AT GROVE ISLE BEGINS OPERATIONS

As previously reported, in September 2004 the Company entered into an agreement with Noble House Associates, LLC ("NHA"), an affiliate of the Company's tenant at its Grove Isle property (Westgroup Grove Isle Associates, Ltd., or "Westgroup"), for the purpose of developing and operating on the Grove Isle property a commercial project consisting of a first class spa, together with related improvements and amenities (the "Spa Property"). The Spa Property construction has been completed and spa operations began in the first quarter 2005.

3. UNAUDITED PRO-FORM RESULTS OF OPERATIONS FOR ACQUISITION OF RESTAURANT, MARINA AND OFFICE/RETAIL PROPERTY, COCONUT GROVE, FLORIDA

As previously reported On August 20, 2004, the Company, through two 50%-owned entities, Bayshore Landing, LLC ("Landing") and Bayshore Rawbar, LLC ("Rawbar"), (collectively, "Bayshore") purchased a restaurant, office/retail and marina property located in Coconut Grove (Miami), Florida known as Monty's (the "Monty's Property") for approximately \$13.9 million. The following are the Company's results of operations for the three months ended March 31, 2005 with comparative results of operations for the three months ended March 31, 2004, as if the acquisition of the Monty's property had taken place at the beginning of the years.

	2005	2004
	----	----
Revenues	\$2,469,000	\$2,509,000
	-----	-----
Net income	\$142,000	\$80,000
	-----	-----
Earnings per share	\$.13	\$.07
	----	----

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

(4)

HMG/COURTLAND PROPERTIES, INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (Continued)
 (Unaudited)

4. INVESTMENTS IN MARKETABLE SECURITIES

Investments in marketable securities consist primarily of large capital corporate equity and debt securities in varying industries or issued by government agencies with readily determinable fair values. These securities are stated at market value, as determined by the most recent traded price of each security at the balance sheet date. Consistent with the Company's overall current investment objectives and activities its entire marketable securities portfolio is classified as trading.

Net gain (loss) from investments in marketable securities for the three months ended March 31, 2005 and 2004 is summarized below:

Description	Three Months Ended March 31,	
	2005	2004
Net realized gain (loss) from sales of securities	\$ 42,000	(\$ 8,000)
Unrealized net (loss) gain in trading securities	(34,000)	122,000
Total net gain from investments in marketable securities	\$ 8,000	\$ 114,000

For the three months ended March 31, 2005 net realized gain from sales of marketable securities of approximately \$42,000 consisted of approximately \$49,000 of gross gains net of \$7,000 of gross losses. For the three months ended March 31, 2004 net realized loss from sales of marketable securities of approximately \$8,000 consisted of approximately \$79,000 of gross losses net of \$71,000 of gross gains.

Investment gains and losses on marketable securities may fluctuate significantly from period to period in the future and could have a significant impact on the Company's net earnings. However, the amount of investment gains or losses on marketable securities for any given period has no predictive value and variations in amount from period to period have no practical analytical value.

(5)

HMG/COURTLAND PROPERTIES, INC.
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

(Continued)

(Unaudited)

5. OTHER INVESTMENTS

As of March 31, 2005, the Company has committed to invest approximately \$10.5 million in other investments primarily in private capital funds, of which approximately \$9.6 million has been funded. The carrying value of other investments (which reflects distributions and valuation adjustments) is approximately \$5.0 million. During the three months ended March 31, 2005 the Company has made follow-on contributions to four existing investments of approximately \$122,000 and has received approximately \$232,000 in distributions from other investments.

Net (loss) gain from other investments for the three months ended March 31, 2005 and 2004, is summarized below:

	2005	2004
Others, net	(\$133,000)	(\$ 3,000)
Real estate development and operation	--	38,000
Venture capital fund - technology	20,000	(104,000)
Income from investment in 49% owned affiliate (T.G.I.F. Texas, Inc.)	29,000	21,000
Total net (loss) gain from other investments	(\$ 84,000)	(\$ 48,000)

In March 2005, the Company reduced the remaining carrying value (approximately \$147,000) of one of its investments in a privately held company in the personal cosmetic industry. This investment experienced a decline in demand for its product which is believed to result in an other-than-temporary decline in the value of the investment. This write down is included in others, net in the table above.

In March 2004, the Company reduced the carrying value of one of its investments in a venture capital fund by \$104,000. This fund experienced a decline in the market value of its holdings in publicly-traded companies having a concentration in technology and communications.

(6)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

RESULTS OF OPERATIONS

 The Company reported net income of approximately \$142,000 (or \$.13 per share) for the three months ended March 31, 2005. This is as compared with a net loss of approximately \$162,000 (or \$.15 per share) for the three months ended March 31, 2004.

As discussed further below, total revenues for the three months ended March 31,

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

2005 as compared with the same period in 2004, increased by approximately \$1.8 million or 258%. Total expenses for the three months ended March 31, 2005, as compared with the same periods in 2004, increased by approximately \$1.9 million or 223%. There were no sales of properties for the three months ended March 31, 2005 as compared with gains of approximately \$48,000 for the three months ended March 31, 2004.

REVENUES

Rentals and related revenues for the three months ended March 31, 2005 as compared with the same comparable periods in 2004 decreased by \$46,000 (11%). This decrease was primarily due to decreased rental revenue of approximately \$89,000 as a result of the sale in April 2004 of the Fashion Square shopping center located near Jacksonville, Florida. This decrease in rental revenue was partially offset by increased rental revenue of approximately \$31,000 from the retail space of the Monty's property in Miami, Florida which was acquired in August 2004.

Food and beverage sales of \$1.6 million for the three months ended March 31, 2005 consists of sales from Bayshore Rawbar, LLC, which is the restaurant portion of the Monty's property acquired in August 2004.

Marina revenues for the three months ended March 31, 2005 as compared with the same comparable periods in 2004 increased by \$278,000 (or 238%). This increase was almost entirely from transient rental dockage fees from the marina at the Monty's property acquired in August 2004.

Spa revenues for the three months ended March 31, 2005 of approximately \$61,000 were from the newly constructed spa at the Grove Isle property which began operations in the first quarter 2005.

Net gain (loss) from investments in marketable securities for the three months ended March 31 2005 as a gain of approximately \$8,000, as compared with a net gain from investments in marketable securities of approximately \$114,000 for the same comparable period in 2004. For further details refer to Note 4 to Condensed Consolidated Financial Statements (unaudited).

Net loss from other investments for the three months ended March 31, 2005 was approximately \$84,000. This is as compared with a net loss of approximately \$48,000 for the same comparable period in 2004. The increase loss was primarily from the write down of one investment for \$147,000. For further details refer to Note 5 to Condensed Consolidated Financial Statements (unaudited).

(7)

Management's Discussion and Analysis of Financial
Condition and Results of Operations
(continued)

Interest and dividend income for the three months ended March 31, 2005 was approximately \$142,000 as compared with approximately \$79,000, for the same comparable period in 2004. The increase from last year of \$63,000 (or 80%) consists primarily of approximately \$20,000 interest income from notes receivable (Key West restaurant operator) and approximately \$29,000 increased

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

interest and dividends from investments in bonds, other fixed income securities and equity securities which pay dividends.

EXPENSES

Expenses for rental and other properties for the three months ended March 31, 2005 increased by approximately \$96,000 (or 78%) as compared to that for the three months ended March 31, 2004. This increase was primarily due to operating expenses relating to the rental operations of the Monty's property acquired in August 2004.

Food and beverage cost of sales, labor and related costs and other operating costs are all related to the Monty's property acquired in August 2004.

Marina expenses for the three months ended March 31, 2005 increased by approximately \$100,000 (or 89%), as compared with the same comparable period in 2004. This was primarily due to increased operating expenses of the marina portion of Monty's property acquired in August 2004.

Spa expenses for the three months ended March 31, 2005 were approximately \$52,000 and all related to the opening of the spa at Grove Isle in the first quarter of 2005.

Depreciation expense for the three months ended March 31, 2005 increase by approximately \$83,000 (or 57%) primarily as the result of acquisition of property in August 2004.

Professional fees expense for the three months ended March 31, 2005 increased by approximately \$29,000 (or 100%) as compared with the same comparable period in 2004. This increase was primarily the result of an increase in professional services (accounting and legal) relating to the aforementioned acquisitions and improvements of properties.

Interest expense for the three months ended March 31, 2005 increased by approximately \$230,000 (or 204%), as compared with the same comparable period in 2004. This increase was primarily from new debt related to the acquisition of the Monty's property in August 2004.

EFFECT OF INFLATION:

Inflation affects the costs of operating and maintaining the Company's investments. In addition, rentals under certain leases are based in part on the lessee's sales and tend to increase with inflation, and certain leases provide for periodic adjustments according to changes in predetermined price indices.

(8)

Management's Discussion and Analysis of Financial
Condition and Results of Operations
(continued)

LIQUIDITY, CAPITAL EXPENDITURE REQUIREMENTS AND CAPITAL RESOURCES

The Company's material commitments in 2005 primarily consist of maturities of debt obligations of approximately \$3.9 million and commitments to fund private capital investments of approximately \$872,000 due upon demand. The funds

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

necessary to meet these obligations are expected to be available from the proceeds of sales of properties or investments, refinancing, distributions from investments and available cash. The majority of maturing debt obligations for 2005 is a note payable to the Company's 49% owned affiliate, T.G.I.F. Texas, Inc. ("TGIF") of approximately \$3.7 million. This amount is due on demand. It is expected that this obligation when due to TGIF would be paid with funds available from distributions from its investment in TGIF and from available cash.

MATERIAL COMPONENTS OF CASH FLOWS

For the three months ended March 31, 2005, net cash used by operating activities was approximately \$11,000. Included in this amount are increased investments in marketable securities of approximately \$450,000 and increased other assets and other receivables of \$154,000. These uses of funds were partially offset by proceeds from sales of marketable securities of \$157,000, increased accounts payable and accrued expenses of \$172,000 and increased in margin payable to brokers and other liabilities.

For the three months ended March 31, 2005, net cash used in investing activities was approximately \$526,000. This was comprised primarily of improvements of properties of \$714,000, additions to mortgage loans and notes receivable of \$100,000 and contributions to other investments of \$131,000. These uses of funds were partially offset by distributions from other investments of \$235,000, collections of notes and advances from related parties of \$96,000 and collections of mortgage loans and notes receivable of \$88,000.

For the three months ended March 31, 2005, net cash used in financing activities was approximately \$35,000 consisting of repayments of mortgages and notes payable.

(9)

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-QSB have concluded that, based on such evaluation, our disclosure controls and procedures were adequate and designed to ensure that material information relating to us and our consolidated subsidiaries, which we are required to disclose in the reports we file or submit under the Exchange Act of 1934, was made known to them by others within those entities and reported within the time periods specified in the SEC's rules and forms.

(b) There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls during the quarter covered by this report or from the end of the reporting period to the date of this Form 10-QSB.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings: None.

Item 2. Changes in Securities and Small Business Issuers Purchase of

Edgar Filing: HMG COURTLAND PROPERTIES INC - Form 10QSB

Equity Securities: None.

Item 3. Defaults Upon Senior Securities: None.

Item 4. Submission of Matters to a Vote of Security Holders: None.

Item 5. Other Information: None.

Item 6. Exhibits and Reports on Form 8-K:

(a) Certifications pursuant to 18 USC Section 1350-Sarbanes-Oxley Act of 2002. Filed herewith.

(b) Reports on Form 8-K filed for the quarter ended March 31, 2005: None.

(10)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HMG/COURTLAND PROPERTIES, INC.

Dated: May 12, 2005

/s/Lawrence Rothstein
President, Treasurer and Secretary
Principal Financial Officer

Dated: May 12, 2005

/s/Carlos Camarotti
Vice President - Finance and Controller
Principal Accounting Officer

(11)

Exhibits: