**SEMIRARA MINING CORPORATION**
(**formerly known as Semirara Coal Corporation**)

August 14, 2006

**THE PHILIPPINE STOCK EXCHANGE, INC.**
4th Floor, Philippine Stock Exchange Center
Exchange Road, Ortigas Center, Pasig City

Attn.: **Ms. JURISITA M. QUINTOS**
Senior Vice-President

*Re:* *SEC Form 17-Q for the period ending June 30, 2006*

Gentlemen:

In compliance with Section 17.2(b) of the Revised Disclosure Rules of the Philippine Stock Exchange, Inc., we are submitting the quarterly report in SEC Form 17-Q of Semirara Mining Corporation for the period ending June 30, 2006.

We hope that you find the foregoing in order.

Thank you.

Very truly yours,

*(originally signed)*
**JOHN R. SADULLO**
Corporate Information Officer

*2nd Floor DMCI Plaza Building, 2281 Chino Roces Ave., Makati City*
*Tel. Nos.: (632) 888-3000; 816-7301-10 • Fax No. (632) 816-7185*

SEC Number : 91447
File Number : _________

**SEMIRARA MINING CORPORATION**
Company's Full Name

3rd Floor, DMCI Plaza
2281 Chino Roces Avenue, Makati City
Company's Address

**888-3550 to 888-3565**
Telephone Number

For the Period Ending June 30, 2006
Period ended

QUARTERLY REPORT FORM 17-Q
Form Type

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarterly period ended **June 30, 2006**

2. Commission Identification Number **91447**

3. BIR Tax Identification No. **410-000-190-324**

4. Exact Name of issuer as specified in its charter:

   **SEMIRARA MINING CORPORATION**

5. Province, Country or other jurisdiction of incorporation of organization:
   **PHILIPPINES**

6. Industry Classification Code:___________(SEC use only)

7. Address of issuer's principal office Postal Code

   **3rd Floor, DMCI Plaza, 1231**
   **2281 Chino Roces Avenue, Makati City**

8. Registrants telephone Number, including area code:
   **+63 2 8883550 to +63 2 8883565**

9. Former Address : 7th Floor, Quad Alpha Centrum Bldg., 125 Pioneer St., Mandaluyong City
   Telephone Nos. : 631-8001 to 6318010
   Former name : Semirara Coal Corporation
   No former fiscal year of the registrant.

10. Securities registered pursuant to Section 4 of the RSA.

| Title of each class | Number of shares of common Stock Outstanding |
|---|---|
| Common Stock, P1.00 par value | 277,572,800 shares |

11. 296,875,000 shares are listed in the Philippine Stock Exchange

12. The registrant has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11 (a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months.

    Has been subject for such filing requirements for the past 90 days

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**SEMIRARA MINING CORPORATION**
Balance Sheets
As of June 30, 2006

| | (Unaudited) | (Audited) |
|---|---|---|
| **ASSETS** | June 30, 2006 | December 31, 2005 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 1,040,931,687 | 1,331,641,854 |
| Receivables - net | 944,379,046 | 1,171,854,780 |
| Inventories - net | 1,620,135,575 | 1,366,127,761 |
| Other current assets | 128,603,448 | 84,564,749 |
| Total Current Assets | 3,734,049,756 | 3,954,189,144 |
| NONCURRENT ASSETS | | |
| Property, Plant and Equipment - net | 3,329,682,781 | 2,926,686,987 |
| Deferred Charges and Other Non-current assets | 6,736,440 | 47,051,433 |
| Total Noncurrent Assets | 3,336,419,221 | 2,973,738,420 |
| | **7,070,468,977** | **6,927,927,564** |
| **LIABILITIES & STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES | | |
| Accounts and other payables | 344,756,607 | 388,737,244 |
| Current portion of long-term debt | 763,858,573 | 402,742,462 |
| Income Taxes Payable | 99,466,942 | 324,107,390 |
| Customer's Deposit | 86,479,045 | 50,052,467 |
| Total Current Liabilities | 1,294,561,167 | 1,165,639,563 |
| NONCURRENT LIABILITIES | | |
| Long-Term Debt - net of current portion | 1,544,204,242 | 1,456,431,223 |
| Pension Liability | 43,833,608 | 42,332,361 |
| Asset Retirement Obligation | 10,000,000 | 10,000,000 |
| Deferred Tax Liability | 61,828,094 | 61,828,094 |
| Total Noncurrent Liabilities | 1,659,865,944 | 1,570,591,678 |
| | 2,954,427,112 | 2,736,231,241 |
| Capital Stock - common stock | 296,875,000 | 296,875,000 |
| Additional Paid-in Capital | 1,576,796,271 | 1,576,796,271 |
| Retained Earnings | 2,771,261,854 | 2,701,658,512 |
| | 4,644,933,125 | 4,575,329,783 |
| Treasury shares, at cost | 528,891,260 | 383,633,460 |
| TOTAL STOCKHOLDERS' EQUITY | 4,116,041,865 | 4,191,696,323 |
| | **7,070,468,977** | **6,927,927,564** |

**SEMIRARA MINING CORPORATION**
Income Statement
For the period ending June 30, 2006 and 2005
For the quarter ending June 30, 2006 and 2005

| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
|---|---|---|---|---|
| | For the period | | For the quarter | |
| | 2006 | 2005 | 2006 | 2005 |
| Revenue: | | | | |
| Sales | 2,767,700,678 | 2,306,546,057 | 1,382,886,762 | 1,305,148,990 |
| Cost of Sales: | | | | |
| Cost of Coal Sold | 1,907,315,286 | 1,408,382,844 | 976,336,265 | 834,021,557 |
| Shipping,Loading and Hauling Cost | 56,112,615 | 68,039,833 | 28,410,352 | 38,344,990 |
| | 1,963,427,901 | 1,476,422,677 | 1,004,746,617 | 872,366,547 |
| Gross Profit | 804,272,778 | 830,123,380 | 378,140,146 | 432,782,443 |
| Operating Expenses: | | | | |
| Government Share | 81,440,782 | 68,226,722 | 40,753,950 | 38,661,869 |
| General and Adm. Expenses | 30,082,519 | 49,022,479 | 12,492,210 | 18,249,263 |
| | 111,523,301 | 117,249,201 | 53,246,160 | 56,911,132 |
| INCOME FROM OPERATIONS | 692,749,477 | 712,874,179 | 324,893,986 | 375,871,311 |
| Other (Income)Expense | | | | |
| Other (Income)Charges | (35,844,948) | (1,159,006) | (18,261,042) | (397,204) |
| Interest and Financing Charges | 113,956,059 | 37,421,968 | 54,222,926 | 31,754,420 |
| Foreign Exchange(Gain)Loss | 9,849,294 | (17,605,180) | 62,408,250 | (2,767,556) |
| | 87,960,405 | 18,657,782 | 98,370,134 | 28,589,660 |
| NET INCOME BEFORE TAX | 604,789,072 | 694,216,397 | 226,523,852 | 347,281,651 |
| PROVISION FOR INCOME TAX | 202,098,369 | 16,602,468 | 94,036,666 | 8,655,649 |
| NET INCOME AFTER TAX | 402,690,703 | 677,613,929 | 132,487,186 | 338,626,002 |
| EARNINGS PER SHARE (EPS) | 1.446 | 2.354 | 0.476 | 1.177 |

Basis of EPS:
EPS = NET INCOME(LOSS) FOR THE PERIOD/NO. OF OUTSTANDING SHARES
Wherein:
Wtd Average Outstanding Shares = 287,810,773 (as of June 30, 2005)

Wtd Average Outstanding Shares = 278,539,394 (as of June 30, 2006)

**SEMIRARA MINING CORPORATION**
Statement of Changes in Stockholders' Equity
For the periods ended June 30, 2006 and 2005

| | (UNAUDITED) | |
|---|---|---|
| | 2006 | 2005 |
| **CAPITAL STOCK** | | |
| Common stock - P1 par value | | |
| Authorized- 1,000,000,000 shares in 2006 and 2005 | | |
| Issued and outstanding - 296,875,000 in 2005 and 250,000,000 shares in 2004 | | |
| Balance at beginning of the quarter | 296,875,000 | 250,000,000 |
| Additional issuance of common stock | - | 46,875,000 |
| Balance at end of the quarter | 296,875,000 | 296,875,000 |
| | | |
| ADDITIONAL PAID-IN CAPITAL, beginning of the quarter | 1,576,796,271 | 1,277,836 |
| Add: Premium on subscribed capital stock | - | 1,575,518,435 |
| Balance at the end of the quarter | 1,576,796,271 | 1,576,796,271 |
| | | |
| **RETAINED EARNINGS** | | |
| Appropriated | | |
| Balance at beginning of the quarter | 1,000,000,000 | - |
| Appropriation during the quarter | | 1,000,000,000 |
| Balance at end of the quarter | 1,000,000,000 | 1,000,000,000 |
| Unappropriated | | |
| Balance at beginning of the quarter, as previously stated | 1,971,862,030 | 1,431,875,934 |
| Effect of adoption of new accounting standards | - | - |
| Balance at beginning of the quarter as restated | 1,971,862,030 | 1,431,875,934 |
| Net income | 132,487,186 | 338,626,002 |
| Dividends paid | (333,087,360) | |
| Appropriation for future capital expenditures | | (1,000,000,000) |
| Balance at end of the quarter | 1,771,261,855 | 770,501,935 |
| | 2,771,261,855 | 1,770,501,935 |
| COST OF SHARES HELD IN TREASURY | (528,891,260) | - |
| TOTAL STOCKHOLDERS' EQUITY | 4,116,041,865 | 3,644,173,206 |

**SEMIRARA MINING CORPORATION**
Statement of Cashflows
For the periods ended June 30, 2006 and 2005

| | (Unaudited) | (Unaudited) |
|---|---|---|
| | 2006 | 2005 |
| CASHFLOWS FROM OPERATING ACTIVITIES | | |
| Net Income before tax | 604,789,071 | 694,216,397 |
| Prior Period Adjustment | - | - |
| Adjustments to reconcile net income to net cash | | |
| Provided by operating activities: | | |
| Depreciation and depletion and amortization | 550,294,350 | 548,336,915 |
| Interest and Financing Charges | 113,956,059 | 37,421,968 |
| Loss on disposal/retirement/write-off of assets | | |
| Provisions for inventory losses | - | - |
| Pension liability provision (net of amortization) | 1,501,248 | 4,467,885 |
| Net Unrealized Foreign Exchange Losses | 11,412,949 | - |
| Provision for income taxes | (202,098,369) | (16,602,468) |
| Interest Income | (38,778,107) | - |
| Operating Income before working capital changes | 1,041,077,201 | 1,267,840,697 |
| Changes in operating assets and liabilities | | |
| Decrease(increase) in: | | |
| Receivables | 227,475,734 | (8,933,414) |
| Inventories | (254,007,814) | (457,923,440) |
| Other current assets | (44,038,699) | (56,962,896) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | 86,754,019 | (207,024,436) |
| Customer's Deposit | 36,426,578 | 25,987,631 |
| Net cash generated from operations | 1,093,687,019 | 562,984,142 |
| Interest Received | 38,778,107 | - |
| Interest Paid | (78,621,805) | (95,228,581) |
| Income Tax Paid | (343,674,068) | (16,602,468) |
| Net cash provided by operating activities | 710,169,253 | 451,153,093 |
| CASHFLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (993,075,705) | (1,069,818,295) |
| Decrease(Increase) in other non-current assets | 40,314,993 | 5,918,418 |
| Net cash used in investing activities | (952,760,712) | (1,063,899,877) |
| CASHFLOWS FROM FINANCING ACTIVITIES | | |
| Availment of long-term debt | 779,353,235 | 1,016,866,459 |
| Proceeds from additional subscription to capital stock | - | 1,622,393,436 |
| Repurchased shares of stocks (treasury shares) | (145,257,800) | - |
| Payments of Dividends | (333,087,360) | |
| Repayment of long-term debt | (349,126,783) | (673,106,683) |
| (Increase)Decrease in payable to related parties | - | (146,186,037) |
| Net cash used in financing activities | (48,118,708) | 1,819,967,175 |
| NET INCREASE(DECREASE) IN CASH | (290,710,167) | 1,207,220,391 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,331,641,854 | 34,568,979 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 1,040,931,687 | 1,241,789,370 |

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in preparing the financial statements of the Company are as follows:

Basis of Financial Statements Preparation
The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the Philippines (Philippine GAAP) using the historical cost basis except for certain property, plant and equipment which are carried at adjusted cost.

Use of Estimates
The preparation of financial statements in conformity with Philippine GAAP requires the Company to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates will be recorded in the financial statements as they become reasonably determinable.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

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### 2. First Time Adoption of Philippine Financial Reporting Standards (PFRS)

The Company applied PFRS 1, *First Time Adoption of PFRS*, in preparing the financial statements, with January 1, 2003 as the date of transition. The accompanying financial statements are prepared in accordance with PFRS.

As part of the transition to PFRS, the Company adopted new and revised accounting standards that are based on revised International Accounting Standards (IAS) and new International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Accounting Standards Council (ASC) has renamed the standards that it has issued to correspond better to the issuances of IASB. PAS corresponds to adopted IAS, while PFRS corresponds to adopted IFRS. Previously, accounting standards issued by the ASC were designated as Statements of Financial Accounting Standards (SFAS).

The transition to PFRS resulted in certain changes to the Company's previous accounting policies. The new and revised accounting standards adopted by the Company beginning January 1, 2005 are as follows:

New Accounting Standards

- PFRS 1, *First Time Adoption of PFRS*, requires an entity to comply with each PFRS effective at the reporting date for its first PFRS financial statements. The Company has adopted PFRS for these financial statements as of and for the year ended December 31, 2005. The Company also restated the comparative amounts for the years ended December 31, 2004 and 2003, except for the following courses of action that have been taken as allowed under PFRS 1:

  *Post Employment Benefits - Defined Benefit Scheme*
  As allowed under PFRS 1, the Company made use of the exemption not to recognize, using the "corridor approach", the cumulative actuarial gains and losses that resulted from the measurement of such scheme in accordance with PAS 19, *Employee Benefits*, at the date of transition. Instead, the Company has elected to recognize actuarial gains and losses at the date of transition to PFRS.

  *Financial Instruments*
  The Company has made use of the exemption available under PFRS 1, and as allowed by the Philippine Securities and Exchange Commission (SEC), to apply PAS 32, *Financial Instruments: Disclosure and Presentation* and PAS 39, *Financial Instruments: Recognition and Measurement*, to financial instruments outstanding as of January 1, 2005. The cumulative effect of adopting PAS 39 was not material. The January 1, 2005 retained earnings was not restated. The accounting policies applied to financial instruments beginning and prior to January 1, 2005 are disclosed separately.

  *Property, Plant and Equipment - Fair Value as Deemed Cost*
  The Company has made use of the optional exemption available under PFRS 1 to measure at cost items of property, plant and equipment previously stated at fair values, and used those fair values as their deemed cost at the date of transition to PFRS.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, specifies the accounting for assets held for sale and the presentation and disclosure requirements for discontinued operations. Under this standard, qualifying noncurrent assets or disposal groups held for sale shall be carried at fair value less cost to sell if this amount is lower than its carrying amount less accumulated impairment losses. The Company shall not depreciate (or amortize) noncurrent assets (or disposal groups) while classified as held for sale. Any gain or loss on the remeasurement of a noncurrent asset (or disposal group) classified as held for sale shall be included in the profit or loss from continuing operations.

- PAS 19, *Employee Benefits*, prescribes the accounting and disclosures by employers for employee benefits (including short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits). For post-employment benefits classified as defined benefit plans, the standard requires: (a) the use of the projected unit credit method to measure an entity's obligations and costs; (b) an entity to determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity; and (c) the recognition of a specific portion of net cumulative actuarial gains and losses when the net cumulative amount exceeds 10% of the greater of the present value of the defined benefit obligation or 10% of the fair value of the plan assets, but also permits the immediate recognition of these actuarial gains and losses.

- PAS 32, *Financial Instruments: Disclosure and Presentation*, covers the disclosure and presentation of all financial instruments. The adoption of this standard resulted to more comprehensive disclosures about the Company's financial instruments, whether recognized or unrecognized in the financial statements. New disclosure requirements include terms and conditions of financial instruments used by the entity, types of risks associated with both recognized and unrecognized financial instruments (market risk, foreign exchange risk, price risk, credit risk, liquidity risk and cash flow risk), fair value information of both recognized and unrecognized financial assets and liabilities and the entity's financial risk management policies and objectives. The standard also requires financial instruments to be classified as debt or equity in accordance with their substance and not their legal form.

  Also, under PAS 32, a financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when, and only when, an entity: (a) currently has a net legally enforceable right to offset the recognized amounts; and (b) intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

- PAS 39, *Financial Instruments: Recognition and Measurement*, establishes the accounting and reporting standards for the recognition and measurement of the Company's financial assets and liabilities. PAS 39 requires a financial asset or a financial liability to be recognized initially at cost including related transaction costs. Subsequent to initial recognition, an entity should measure financial assets at their fair values, except for loans and receivables and held-to-maturity investments, which are measured at amortized cost using the effective interest rate method. Financial liabilities are subsequently measured at amortized cost, except for liabilities designated as fair value through profit and loss (FVPL) and derivatives, which are subsequently measured at fair value.

  PAS 39 also establishes the accounting and reporting standards requiring that every derivative instrument (including certain derivatives embedded in other contracts) be recorded in the balance sheets as either an asset or liability measured at its fair value.

PAS 39 requires that changes in the derivative's fair value be recognized currently in the statements of income unless specific hedges allow a derivative's gains and losses to offset related results on the hedged item in the statements of income, or deferred in the stockholders' equity as "Cumulative translation adjustment". PAS 39 requires that an entity must formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment.

Derivatives that are not designated and do not qualify as hedges are adjusted to fair value through income.

As allowed by the SEC, the adoption of PAS 39 did not result in the restatement of prior years financial statements. The adoption of this standard did not have a material effect on the Company's financial statements.

<u>Revised Accounting Standards</u>

The adoption of the following revised accounting standards did not have a material effect on the Company's financial statements. Additional disclosures required by the revised accounting standards were included in the Company's financial statements.

- PAS 1, *Presentation of Financial Statements*, (a) provides a framework within which an entity assesses how to present fairly the effects of transactions and other events; (b) provides the base criteria for classifying liabilities as current or noncurrent; (c) prohibits the presentation of income from operating activities and extraordinary items as separate line items in the statements of income; and (d) specifies the disclosures about key sources of estimation, uncertainty and judgments management has made in the process of applying the Company's accounting policies (Note 4).

- PAS 2, *Inventories*, reduces the alternatives for measurement of inventories by disallowing the use of the last in, first out (LIFO) formula. Moreover, the revised accounting standard does not permit foreign exchange differences arising directly on the recent acquisition of inventories invoiced in a foreign currency to be included in the cost of inventories.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, (a) removes the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors; (b) updates the previous hierarchy of guidance to which management refers and whose applicability it considers when selecting accounting policies in the absence of standards and interpretations that specifically apply; (c) defines material omissions or misstatements; and (d) describes how to apply the concept of materiality when applying accounting policies and correcting errors.

- PAS 10, *Events after the Balance Sheet Date*, provides a limited clarification of the accounting for dividends declared after the balance sheet date.

- PAS 16, *Property, Plant and Equipment*, (a) provides additional guidance and clarification on the recognition and measurement of items of property, plant and equipment; (b) requires the capitalization of the costs of asset dismantling, removal or restoration as a result of either acquiring or having used the asset for purposes other than to produce inventories during the period; and (c) requires measurement of an item of property, plant and equipment acquired in exchange for a nonmonetary asset or a combination of monetary and nonmonetary assets at fair value, unless the exchange transaction lacks commercial substance. Under the previous version of the standard, an entity measured such an acquired asset at fair value unless the exchanged assets were similar.

  PAS 16 also provides additional guidance and clarity on recognition and measurement of items of property, plant and equipment. It also provides that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

- PAS 17, *Leases*, provides a limited revision to clarify on the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.

- PAS 24, *Related Party Disclosures,* provides additional guidance and clarity in the scope of the standard and the definitions and disclosures for related parties. It also requires the disclosure of the total compensation of key management personnel by benefit type (Note 15).

- PAS 33, *Earnings per Share*, prescribes principles for the determination and presentation of earnings per share for entities with publicly traded shares, entities in the process of issuing ordinary shares to the public and any entities that calculate and disclose earnings per share. This standard also provides additional guidance in computing earnings per share including, among others, the effects of mandatorily convertible instruments and contingently issuable shares.

- PAS 36, *Impairment of Assets*, establishes frequency of impairment testing for certain intangibles and provides additional guidance on the measurement of an asset's value in use.

- PAS 38, *Intangible Assets*, provides additional clarification on the definition and recognition of certain intangibles. Moreover, this revised accounting standard requires that an intangible asset with an indefinite useful life should not be amortized but will be tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

Emerging Issues Task Force (EITF) Issue

Starting December 16, 2005, the Company adopted EITF Issue No. 04-6, *Accounting for Stripping Costs Incurred during Production in the Mining Industry*. EITF Issue No. 04-6 prescribes the accounting for the production-related stripping costs incurred for the removal of overburden and waste materials in order that the underlying mineral deposit may be extracted. Under EITF Issue No. 04-6, the inventories consisting of extracted minerals and stock pile shall be allocated a portion of the production-related stripping costs. Minerals exposed by stripping activities but not extracted from the mine pit do not constitute as inventories and therefore shall not be allocated any production related stripping costs. Accordingly, all other production-related stripping costs incurred are recognized as a component of the cost of sales in the same period. Previously, the production-related stripping costs are deferred based on the difference between the actual stripping ratio (ratio of waste moved to coal mined) and the estimated stripping ratio established in accordance with the survey conducted on the mine.

<u>PFRS Effective in 2006 and 2007</u>

- Amendments to PAS 19, *Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures*. The revised disclosures from the amendments will be included in the Company's financial statements when the amendments are adopted in 2006.

- PFRS 6, *Exploration for and Evaluation of Mineral Resources*. This standard requires a company to develop its own accounting policy for the recognition and measurement of exploration and evaluation assets without specifically considering the requirements of paragraphs 11 and 12 of PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Thus, a company adopting PFRS 6 may continue to use the accounting policies applied immediately before adopting the PFRS. This includes continuing to use recognition and measurement practices that are part of those accounting policies. The standard also specifies the circumstances in which companies recognized exploration and evaluation assets should test such assets for impairment in accordance with PAS 36, *Impairment of Assets*. The standard also requires companies engaged in the exploration for and evaluation of mineral resources to disclose information about exploration and evaluation assets, the level at which such assets are assessed for impairment and any impairment losses recognized. The Company will adopt PFRS 6 on January 1, 2006. The adoption of this standard will not have a material impact on the Company's financial statements as the Company is not presently engaged in any exploration for and evaluation of mineral resources.

- PFRS 7, *Financial Instruments - Disclosures.* The revised disclosures on financial instruments provided by this standard will be included in the Company's financial statements when the standard is adopted starting January 1, 2007.

## 3. Summary of Significant Accounting Policies

Basis of Financial Statement Preparation

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the Philippines (Philippine GAAP), as set forth in PFRS.

The financial statements have been prepared using the historical cost basis. The preparation of the financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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 three months or less and that are subject to an insignificant risk of changes in value and are free of any encumbrances.

Financial Instruments

*Accounting Policies Effective January 1, 2005*

The Company classifies its financial assets in the following categories: (1) fair value through profit or loss (FVPL); (2) available-for-sale (AFS); (3) held-to-maturity investments; and (4) loans and receivables. The classification of the financial assets depends on the purpose for which the financial assets were acquired. The Company classifies financial liabilities in the following categories: (1) FVPL; and (2) other liabilities at amortized cost. Management determines the classification of its financial instruments at initial recognition and re-evaluates this designation at every reporting date.

Financial instruments are recognized initially at cost, which is the fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The fair values of the consideration given or received are determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts discounted using the prevailing market rates of interest for similar instruments with similar maturities. Investments are initially recognized at fair value plus transactions costs that are directly attributable to their acquisition in the case of all financial assets not carried at FVPL.

Financial instruments are recognized in the balance sheets when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognized either when the Company has transferred substantially all the risks and rewards of ownership or when it has neither transferred nor retained substantially all the risks and rewards of ownership but it no longer has control over the financial assets. Financial liabilities are derecognized when the obligation is extinguished.

The subsequent measurement bases for financial instruments depend on its classification.

Financial instruments that are classified as held-to-maturity investments, loans and receivables, and financial liabilities other than liabilities measured at FVPL are measured at amortized cost using the effective interest rate method. Investments are classified as held-to-maturity investments when these are nonderivatives with fixed or determinable payments and fixed maturity and that the Company has positive intention and ability to hold such investments to maturity. Investments to be held for an undefined period are not included in this classification. Amortized cost is calculated by taking into account any discount, premium and transaction costs on acquisition over the years to maturity. Amortization of discounts, premiums and transaction costs are taken directly to the statements of income. For investments carried at amortized cost, gains and losses are recognized in income when the investments are derecognized or impaired, as well as through the amortization process.

Changes in the fair value of financial assets and liabilities measured at fair value of: (a) all derivatives (except for those eligible for hedge accounting); (b) other items that are held for trading; and (c) any item designated as held "at FVPL" at origination, are taken directly to the statements of income. Changes in the fair value of investments classified as AFS securities are recognized in equity, except for the foreign exchange fluctuations on AFS debt securities and the interest component which is taken directly to the statements of income based on the asset's effective yield. Gains or losses on AFS securities are recognized in equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statements of income.

Financial assets and liabilities include financial instruments, which may be a primary instrument, such as receivables, payables and equity securities, or a derivative instrument, such as financial options, forwards and swaps.

Derivative financial instruments are recognized in the balance sheets at costs and subsequently re-measured to their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment. The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the statements of income.

To qualify for hedge accounting, the hedging relationship must comply with strict requirements such as the designation of the derivative of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments.

*Accounting Policies Prior to January 1, 2005*

Financial instruments are initially recorded at cost at the time of acquisitions, which are generally measured at the purchase price of the instruments, or the fair values of the assets given up or the security received in the exchange and other costs directly related to the acquisition. Any premiums or discounts included in the carrying amounts of the instruments are amortized on a straight-line basis over the term of the instruments.

Receivables

Receivables are recognized and carried at billable amounts less any allowance for uncollectible accounts. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The provision is recognized in the statements of income.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale for coal inventory or replacement cost for spare parts and supplies. Cost is determined using the weighted average production cost method for coal inventory and the moving average method for spare parts and supplies.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation, depletion and amortization and any impairment in value. The cost of an item of property, plant and equipment includes its purchase price, including import duties, taxes and any cost attributable in bringing the asset to its intended location and working condition. Costs also include asset retirement obligations (ARO).

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the year when the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures hav resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, and the costs of these items can be measured reliably, the expenditures are capitalized as an additional cost of the property, plant and equipment. All other repairs and maintenance expenses are charged to current operations as incurred.

The Company availed of the optional exemption available under PFRS 1, and has chosen to measure at cost items of property, plant and equipment, which were previously stated at fair values, and used those fair values as their deemed cost at the date of transition to PFRS.

Depreciation, depletion and amortization of assets commences once the assets are put into operational use.

Depreciation and amortization of property, plant and equipment are computed on a straight-line basis over the following estimated useful lives of the respective assets:

| | |
|---|---|
| Conventional and other mining equipment | 2 to 3 years |
| Continuous mining equipment | 3 to 13 years |
| Power plants and buildings | 17 years |
| Roads and bridges | 17 years |

Depletion of mining rights is calculated based on the units-of-production method.

The estimated useful lives and depreciation, depletion and amortization methods are reviewed periodically to ensure that the period and method of depreciation, depletion and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress, included in property, plant and equipment, is stated at cost. This includes the cost of the construction of property, plant and equipment and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and put into operational use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of income in the year the item is derecognized.

ARO

The Company is legally required to fulfill certain obligations as required under its Environmental Compliance Certificate (ECC) issued by Department of Environment and Natural Resources (DENR). The Company recognizes the liability for these obligations and these are shown as a separate account in the balance sheets. The ARO is expensed outright.

Mine Exploration and Development Costs

Expenditures for mine exploration and development activities on mining properties are deferred as incurred. These deferred costs are charged to expense when the results of the exploration activities are determined to be negative or not commercially viable. When exploration results are positive or commercially viable, the exploration expenses and subsequent development expenses are capitalized and presented under the *"Other noncurrent assets"* account in the balance sheets. Upon the start of commercial production, such capitalized costs are accordingly, transferred to the *"Property, plant and equipment"* account and amortized using the units-of-production method.

Stripping Costs

As discussed in Note 2, starting December 16, 2005, the Company adopted EITF Issue No. 04-6, *Accounting for Stripping Costs Incurred during Production in the Mining Industry*. Production-related stripping costs incurred for the removal of overburden and waste materials in order that the underlying mineral deposit may be extracted is allocated to the minerals extracted. Unextracted minerals do not constitute inventories and were not allocated any production-related stripping costs. All other production-related stripping costs incurred are recognized as a component of the costs of sales in the same period. Previously, the production-related stripping costs are deferred based on the difference between the actual stripping ratio (i.e., ratio of waste moved to coal mined) and the estimated stripping ratio established in accordance with the survey conducted on the mine. The deferred production-related stripping costs are amortized using the units-of-production method.

Intangible Assets

Intangible assets acquired separately are capitalized at cost and these are shown as part of the other noncurrent assets account in the balance sheet. Subsequently, intangible assets are measured at cost. The useful lives of intangible assets with finite lives are assessed at the individual asset level. An intangible asset with finite life is amortized over its useful life. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier where an indicator of impairment exists.

Costs incurred to acquire computer software (not an integral part of its related hardware) and bring it to its intended use are capitalized as part of intangible assets. These costs are amortized over their estimated useful lives ranging from 3 to 5 years. Costs directly associated with the development of identifiable computer software that generate expected future benefits to the Company are recognized as intangible assets. All other costs of developing and maintaining computer software programs are recognized as expenses as incurred.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income when the asset is derecognized.

Impairment of Assets

*Impairment of Financial Assets*
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the statements of income.

Impairment is determined as follows:

(a) for assets carried at amortized cost, such as receivables from customers, impairment is determined based on estimated cash flows discounted at the original effective interest rate.
(b) for assets carried at fair value, impairment is the difference between cost and fair value.
(c) for assets carried at cost, impairment is determined based on the present value of the future cash flows discounted at the current market rate of return for a similar financial asset.

In addition, a provision is made to cover the impairment for specific groups of assets where there is a measurable decrease in its estimated future cash flows.

*Impairment of Nonmonetary Assets*
The carrying values of assets (i.e., property, plant and equipment mine exploration and development cost and intangible assets) are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price and value in use. 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 assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged against income in the year in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset. However, the amount should not be higher than the carrying amount that would have been determined (net of any accumulated depreciation, depletion and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

Short-term and Long-term Debts

Effective January 1, 2005, all loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, short-term and long-term debts are subsequently measured at amortized cost using the effective interest rate method. The cummulative effect of change is not material.

Gains and losses are recognized in the statements of income when the liabilities are derecognized or impaired, as well as through the amortization process.

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 criteria must also be met before revenue is recognized:

*Sale of Coal*
Revenue from coal sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

*Interest*
Interest income is recognized as it accrues, taking into account the effective yield of the assets.

Leases

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payment is apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income for the year.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Depreciation and amortization are computed using the straight-line method.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as the lease income. Operating lease payments are recognized as an expense in the statements of income on a straight-line basis over the lease term.

Pension Costs

Pension cost is actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. Actuarial valuations are conducted with sufficient regularity, with the option to accelerate when significant changes to underlying assumptions occur.

Pension cost includes current service cost, interest cost, expected return on any plan assets, actuarial gains and losses, past service cost and the effect of any curtailment or settlement.

The net pension liability recognized by the Company in respect of the defined benefit pension plan is the lower of: (a) the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs that shall be recognized in later periods; or (b) the total of any cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related pension liability.

In accordance with PFRS 1, the effect of change in accounting policy includes all cumulative actuarial gains and losses at the date of transition to PFRS. In subsequent periods after the transition to PFRS, portion of actuarial gains and losses is recognized as income or expense if the cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of the 10% of the present value of defined benefit obligation or 10% of the fair value of the plan assets. These gains and losses are recognized over the expected average remaining working lives of the employees participating in the plans.

Foreign Exchange Transactions

The functional and presentation currency of the Company is the Philippine Peso. Transactions denominated in foreign currencies are initially recorded in Philippine Peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated to Philippine Pesos at exchange rate prevailing at the balance sheet date. Foreign exchange differentials between rate at transaction date, and rate at settlement date or balance sheet date of foreign currency denominated monetary assets or liabilities are credited to or charged against income for the year.

Provisions

A provision is recognized only when the Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Income Taxes

Deferred income tax is provided, using the balance sheet 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 liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, excess of minimum corporate income tax (MCIT) over regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, MCIT and NOLCO can be utilized.

The carrying amount of deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

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

Earnings Per Share (EPS)

Basic EPS is computed by dividing earnings applicable to common stock by the weighted average number of common shares outstanding after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year. Diluted earnings per share amount is computed assuming that the convertible preferred shares are converted to common shares.

Contingencies

Contingent liabilities are not recognized in the financial statements. These 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 when an inflow of economic benefits is probable.

Subsequent Events

Post year-end events up to the date of the auditors' report that provides additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Any post year-end event that is not an adjusting event is disclosed when material to the financial statements.

## 4. Critical Accounting Estimates and Judgments

The preparation of the accompanying financial statements in conformity with Philippine GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

PAS 1, *Presentation of Financial Statements*, which was adopted by the Company effective January 1, 2005, requires disclosures about key sources of estimation, uncertainty and judgments management has made in the process of applying accounting policies. The following presents a summary of these significant estimates and judgments:

*Management's Use of Estimates*
The key assumptions concerning the future and other key sources of estimating uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Estimating allowance for doubtful accounts*
The Company maintains an allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customer, the customer's payment behavior and known market factors. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance. This is performed regularly.

The amount and timing of recorded doubtful accounts for any period would differ if the Company made different judgments or utilized different estimates. An increase in the allowance for doubtful accounts would increase the recorded operating expenses and decrease the current assets.

*Estimating allowance for write down in spare parts and supplies*
The Company estimates its allowance for inventory write down in spare parts and supplies based on periodic specific identification. The Company provides 100% allowance for write down on items that are specifically identified as obsolete.

The amount and timing of recorded inventory write down for any period would differ if the Company made different judgments or utilized different estimates. An increase in the allowance for inventory write down would increase the Company's recorded operating expenses and decrease its current assets.

*Estimating ARO*

The Company is legally required to fulfill certain obligations under its DENR issued ECC when it abandons depleted mine pits. These costs are accrued based on in-house estimate, which incorporates estimates of the amount of obligations and interest rates, if appropriate. The Company recognizes the fair value of the liability for these obligations and these are shown as a separate account in the balance sheets. The ARO is expensed outright. Assumptions used to compute the ARO are reviewed and updated annually.

The amount and timing of the recorded obligations for any period would differ if different judgments were made or different estimates were utilized. An increase in ARO would increase the recorded operating expenses and increase noncurrent liabilities.

*Estimating useful lives of property, plant and equipment and intangible assets*

The Company estimated the useful lives of its property, plant and equipment and intangible assets based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property, plant and equipment and intangible assets based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

A reduction in the estimated useful lives of property, plant and equipment and intangible assets would increase the recorded depreciation, depletion and amortization expense and decrease noncurrent assets.

*Estimating provisions for asset impairment losses*

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

*Deferred income tax assets*

The Company reviews the carrying amounts of deferred income tax assets at each balance sheet date and reduces deferred income tax assets to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred income tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred income tax assets to be utilized.

As of December 31, 2005 and 2004, the Company has net deferred income tax liability of ₱61.83 million and ₱7.73 million, respectively.

*Estimating pension and other employee benefits*

The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. In accordance with Philippine GAAP, actual results that differ from the Company's assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligations.

The Company also estimates other employee benefits obligation and expense, including cost of paid leaves based on historical leave availments of employees, subject to the Company's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year.

*Financial assets and liabilities*

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgments. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, volatility rates), amount of changes in fair value would differ if the Company utilized a different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect profit and loss and equity.

*Judgments*

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

*Revenue recognition*

The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of the revenues and receivables.

The Company's sales arrangement with its customers includes reductions of invoice price to take into consideration charges for penalties and bonuses. These estimates are based on actual final coal quality analysis on delivered coal using ASTM standards.

There is no assurance that the use of estimates may not result in material adjustments in future periods.

*Contingencies*

The Company is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The Company currently does not believe that these proceedings will have a material adverse affect on its financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 2006 FIRST HALF OPERATION

The ramped up capacity enabled operations to move total materials in Q2 amounting to 10,005,757 bank cubic meters (bcm), 54% higher than Q2 of 2005 materials movement. Similarly, the 21,506,287 bcm materials moved in the first half of the current year is 65% better than first half of last year's movement. Although Q2 2006 material movement is 13% lower than the Q1 quantity, the current quarter's improved strip ratio of 12.92:1 as against the Q1's waste-to-coal ratio of 17.68:1 resulted to a 17% higher Run-of-Mine (ROM) coal production of 734,070 metric tons (MTs). ROM coal produced during the first half of the current year amounting to 1,359,235 MTs posted an 11% growth over H1 of 2005 production of 1,227,280 MTs. The slash in coal production growth rate, vis-à-vis the huge improvement in total material movement, is an effect of a higher effective strip ratio of 15.11:1 during H1 2006, compared to the 9.93:1 recorded in H1 2005. The infusion of additional capacities starting from the latter part of 2005 until Q1 of 2006 enabled operations to carry out advance stripping activities to maximize resources. Likewise, the employment of the newly installed in-pit crusher system shortened the hauling distance to dumping area, reducing hauling cycle time, thus increasing hauling movement to three times faster.

With the slower pace of coal shipment, mine planning is geared at pre-stripping activities to expose coal blocks, instead of actual coal extraction. This strategy ensures that when orders start to pick up, operations could immediately respond to stronger demand, without jeopardizing coal quality. Stockpile inventory level is maintained at 45 to 60 days sales

Meanwhile, the rehabilitation activities of the washing plant paid off with improved recovery rate of 73% from the 60% standard rate. Moreover, with the completion of the rehabilitation program, coal feed increased by 11% from the first quarter volume of 136,795 MTs to 151,993 MTs in Q2. On a year-on-year comparison however, coal feed during H1 of 2006 amounting to 288,788MTs was 24% lower than H1 of 2005 volume due to shortage of power supply brought about by the rehabilitation of the power plant. Available operating hours of the washing plant was cut back as other facilities, such shipping lines and coal lines, were given top priority in power dispatch.

With the employment of new mining equipment, machine availability is high at 88% for the hauling units and 90% of the loading units. However, heavy rains during the second quarter tempered mining activities, such that utilization only registered at an average of 64% and 78%, for hauling and loading units, respectively, compared to the average equipment utilization of 83% in the first quarter.

## 2006 FIRST HALF FINANCIAL CONDITION

The first half of 2006 generated Gross Revenues of P2.768 billion, P2.715 billion of which were from Coal Sales, while P53.01 million were earnings from Calaca Coal Handling operations. Cost of Sales was recorded at P1.963 billion, of this amount, Shipping, Loading and Hauling Costs accounted for P56.11 million, thus recording a Cost of Coal Sold of P1.93 billion. This translates to per metric ton Cost of Coal Sold of P1,612/MT, 14% higher than last year's first half cost of P1,412/MT. This increase is mainly attributed to the higher strip ratio in the current period, compared to same period of last year. Meanwhile, on a quarter-to-quarter comparison, Q2 posted a 5% over Q1's cost of P1,571/MT. Although strip ratio improved in the second quarter by 27%, there was no noticeable drop in the cost per metric ton due to the increase in depreciation cost per bcm. This increase is an effect of recognizing additional depreciation cost of new equipment acquired in 2006, which had an impact in the second quarter results. The availabilities of these new equipment were not maximized due to heavy rainfall toward the end of the second quarter, thus the rise in cost per bcm. In accordance with the accounting treatment prescribed in EITF Issue No. 04-6 of the Financial Accounting Standards Board effective 2005, all waste stripping costs were fully absorbed by the quantity of coal actually produced during the period. This accounting treatment favors the most conservative approach, such that, only when production picks up and draws the benefit of the advance stripping will cost/MT drops as strip ratio goes down. The mining plan for the current year targets an average strip ratio of 7.9:1, hence, production cost in the subsequent periods is expected to drop accordingly. The estimated average strip ratio over the life of the Panian mine is 8:1.

As a result, Gross Profit registered at P804.27 million, posting a Gross Profit Ratio of 29%. This amount is 3% lower than H1 last year's Gross Profit of 830.12 million, which rendered a higher gross profit ratio of 36%.

Higher stip ratio spelled a whopping 33% increase in Cost of Sales, from P1.48 million in H1 2005 to P1.96 million in H1 2006.

With higher revenues, Government Share for H1 2006 correspondingly increased to P81.4 million, P13.2 million more than same period last year's figure. On the contrary, General and Administrative Expenses went down by 39% year on year, amounting to P30.08 million in H1 2006, as against H1 2005's figure of P49.02 million. The reason for this is that last year's General and Administrative Expenses included expenses related to the international shares offering incurred in the first quarter of last year. Consistent to the drop in Gross Profits, Operating Income likewise dipped by 3% year-on-year.

Interest and Financing Charges is notably high this period as more loans from foreign banks and suppliers were availed and various letters of credits and trust receipts from local banks were opened in line with the company's capacity expansion and rehabilitation program. During the first half, Interest and Financing Charges amounted to P113.96 million as against a more comfortable level of P37.42 million in the same period last year. It must however be noted that last year's figure included an adjustment to reverse over-accrual of interest charges due to the government in 2005 amounting to P86 million.

The foreign exchange fluctuation which was heavily felt towards the end of the semester, wiped out the huge Unrealized Foreign Exchange Gain of P51.97 million recognized in the first quarter and even ended with an Unrealized Foreign Exchange Loss of P11.41 million, when exchange rate shot up to 1USD: P53.587 from P51.284 at the end of the first quarter this year. Foreign denominated loans were restated at 30 June 2006 exchange rate.

Meanwhile, the exhaustion of Net Operating Loss Carry Over (NOLCO) incentive, which allowed the Company to provide only for Minimum Corporate Income Tax in the same period last year as against the current year provision of 35% of taxable income recorded a huge Provision for Income Tax. The additional provision of P94.04 million in Q2 brought Provision for Income Tax to an unprecedented level of P202.10 million at the end of the first half. This year's tax provision is 12.2x more compared to H1 last year's tax figure of P16.60 million. It is worthy to note that total government share for this period, inclusive of taxes and royalties, amounted to P283.54 million, 47% of Net Income Before Tax.

Current Assets of the Company closed at P3.73 billion at the end H1 2006, P220 million less than this year's beginning balance of P3.95 billion. The drop in Cash and Cash Equivalents as well as Net Receivable, offset by the increase in inventories brought the decrease in Current Assets. The payment of cash dividends amounting to P333.08 million and income taxes amounting to P343.67 million brought down Cash and Cash Equivalents to current levels. Short-term placements declined to P885.67 million at the end of the second quarter from the P1.34 billion first quarter balance.

Inventories comprised 43% of Current Assets, amounting to P1.62 billion. Of which, Coal Inventory amounted to P653.89 million for 447,864 MTs of coal. Meanwhile Materials, Supplies, and Parts accounted for P966.24 million. Among others, major items comprising this inventory account are: P99 million worth of Fuel and Lube, P80 million worth of Conveyor Belts, major machine parts assemblies amounting to P70 million, tires valued at P26 million, and other major parts and supplies worth P31 million. Inventories maintained in-house are mostly for machineries and equipment not used for conventional mining. The rise in inventory cost can primarily be ascribed to the purchases of materials and parts for the rehabilitation of the Power Plants, construction of the In-pit crusher Line 2 (which is still in progress) and electrical supplies and materials related to these projects.

Other Current Assets include creditable withholding taxes on coal sales, prepaid insurance and environmental gurantee fund.

First quarter creditable withholding tax amounting to P16.52 million was already used to settle the corresponding period's corporate Income Tax. The significant decrease in Other Current Assets from beginning of the year included the utilization of P83.06 million creditable withholding taxes in the previous year which was applied to the 2005 ITR filed on April 2006 tempered the increase to only P44.0 million despite of the recorded P93.41 million representing 5%-6% VAT withheld by NPC. However, the Company is contesting the withholding of said amount as Semirara is exempted from VAT under the provisions of PD 972. Semirara has filed last May 16, 2006 for a ruling on the matter from the Bureau of Internal Revenue. The Managament is confident of the tax exemption of its coal sales. Said position is strongly supported by the recent BIR Ruling No. 007-2006 dated June 7, 2006 wherein BIR upheld the exemption from VAT of the Malampaya Natural Gas, the factual backdrop of which are similar in all respect with that of Semirara. Natural Gas is exempted from VAT under PD 87.

Receivables account declined due to the decrease in Trade Receivables by P184.74 million, decrease in Receivable from Related Parties by P8.94 million and drop in Other Receivables after reclassification of Deposit to Suppliers for the acquisition of equipment to PPE upon the arrival of equipment. The net average coal price of Semirara coal at the close of the first half inched up to P2,250/MT from P2,225 for first quarter and P2,205 year-end 2005 level. The meager 1% increase in composite price from first quarter was an effect of the escalation of the US dollar rate vis-à-vis the peso in the second quarter.

Major additions to Property, Plant and Equipment (PPE) grew by P993.07 million inclusive of P56.20 million for various job orders in progress. Net increase in PPE is P403.0 million after recognition of depreciation cost amounting to P590.08 million incurred during the first half. Major equipment procurement in 2006 consisted of additional trucks funded by a loan from a foreign bank, eight out of 12 units of which were booked in 2006 and were delivered on January and February. The other four units were booked in 2005 as In-transit Equipment. Another seven(7) 100-tonner trucks arrived in April 2006, three(3) units were financed by a local bank through letters of credit which were subsequently converted to trust receipts, while the other four (4) units, together with four(4) units bulldozers were financed by another local bank. Other equipment acquired during the period included one unit small excavator, one unit forklift, one unit tower light, two units service vehicles and other minor equipment.

Other Non-Current Assets represents remaining marginal deposits on Letters of Credit opened with local banks for importation of additional equipment and parts.

Total Liabilities of the Company posted a net increase of P218.19 million from 31 December 2005 level. The reclassification of Long-Term Portion of Long-Term Debt to Current Portion and availment of new credit facilities in the form of Letters of Credit/Trust Receipts substantially contributed to the increase in Current Liabilities from P1.17 billion as at the end of 2005 to P1.29 billion as at 30 June 2006. On the other hand, Income Tax Payable decreased as income tax payables covering calendar year 2005 and Q1 2006 were paid. With its NOLCO fully expended, the Company recorded a higher tax provision at Regular Corporate Income Tax (RCIT) rate.

New advance payment for coal made by a customer in June 2006 brought up Customers' Deposit in the second quarter. The increase was tempered by coal deliveries amounting to P21.55 million to NPC- Calaca which was applied to NPC deposits under MOA1 during the first quarter.

Despite the availment of more loans to finance equpment purchases, Long-Term Debt (Net of Current Portion) showed a minimal increase as Current Portion of Long Term Debt was reclassified to Current Liabilities. Meanwhile, the increase in Pension Liability represented additional accrual of pension liability based on the latest actuarial valuation dated 11 March 2006, net of amortization of liability already recognized in the prior years.

The net earnings for the first half of P402.69 million further strengthened the Company's Stockholders' Equity. The increase was tempered by the acquisition of shares in line with the buy-back program launched by the Company in 2005. Shares Held in Treasury as at the end of the period amounted to P528.89 billion for the acquisition of 19,302,200 common shares. The payment of cash dividends last 20 April 2006, likewise reduced Retained Earnings by P333.09 million. As a result, Total Stockholders' Equity posted a slight decrease of 2% to P4.12 billion from P4.19 billion as at the beginning of the period.

## 2006 COMPARATIVE REPORT

### I. PRODUCTION

Current quarter production yielded 649,565 MTs of Net Product Coal from a total ROM coal of 734,070 MTs. Total Product Coal is 15% higher than the first quarter volume, and 9% more than Q2 2005 production. During the first half, total product coal was recorded at 1,225,371 MTs. Year-on-year, it is 8% higher than H1 2005. The increased equipment complement correspondingly increased production capacity. However, mining operations were managed to approximate coal demand, which slumped in the second quarter. Thus, to maximize equipment utilization, the focus of operation is diverted to waste stripping, as reflected by the higher stripping ratio posted in the current quarter as against the comparable period in the previous year.

Waste stripped this quarter, inclusive of limestone and silt, reached a high of 9.48 million bcm but it dipped by 14% against Q1 ratio, or lower by 1.57 million bcm since there were several occasions when production activities were suspended due to heavy rainfall. Compared to the same quarter last year, this figure is still better by 57%. First half 2006 operations moved total waste amounting to 20.54 bcm, 69% higher than H1 2005 movement of 12.19 million bcm. Apart from heavy rains, no major accidents disrupted operations during the period. Thus, unlike last year's focus of equipment deployment which was slopes stabilization on the portion of the pit where a landslide occurred, this period's stripping activities were aimed to expose coal blocks for easier and quicker coal extraction from the ground.

Second quarter machine availability is lower compared to Q1 average of 93% and 92%, respectively; as few units were down for scheduled programmed maintenance in Q2. Likewise, utilization was only at an average of 64% and 78%, for hauling and loading units, respectively compared to an average equipment utilization of 83% in the first quarter. Utilization efficiency was adversely affected by heavy rains during the second quarter.

## II. MARKETING

Deliveries to Calaca plant no. 2 posted a 22% increase from Q1 2006 sales of 304,730 MTs to 370,417 MTs in Q2. Year on year, NPC sales in the first half of the year marked a 56% improvement at 675,147 MTs, compared to 2005 first half deliveries of 432,096 MTs. However, projected increase in total NPC volume did not materialize as targeted volumes to other NPC IPP plants in Masinloc, Sual, and Pagbilao, were not sold as these plants were still fulfilling import commitments.

Out of the total H1 sales volume of 1,196,991 MTs, sales to Calaca Plants accounted for 56% at 675,147 MTs. Q2 sales of 370,417 is 22% higher than Q1 volume of 304,730 MTs, and 60% more than the total NPC deliveries in Q2 2005.

Meanwhile, deliveries to other markets comprised 44% of total H1 sales. On a per industry analysis, power plants took up most of coal sales at 68%; cement industry bought 31%; while a paper mill & a fertilizer company accounted for 1% of sales. On the other hand, H1 2005 sales mix is as follows: power plants accounted for 71%, cement plants at 27%, and other industries absorbed 1%. Total H1 sales to power plants is up by 14% at 815,879 MTs from H1 2005 volume of 714,710. The variance primarily came from increased NPC

Calaca sales as Plant No. 2 is already operational, unlike in the previous period when it was on a preventive maintenance shutdown. Sales to cement plants likewise posted an impressive improvement of 34% from 276,817 MTs in H1 2005 to 371,249 MTs in the current period. On the other hand, owing to reduced purchases of a paper mill, deliveries to Other industrial plants slumped to 9,863 MTs in the current period, as against H1 2005 volume of 16,237.

On a quarter-on-quarter scenario, Q2 2006 total sales to power plants was up at 75% of total sales, as compared to the industry's Q1 market share of 62%. On the other hand, the drop in cement plants purchases manifested in a lower market share of 24% in Q2 from 38% in Q1.

The effectivity of the additional Value Added Tax (VAT) of 2% in February this year, which is imputed in the pricing formula of coal deliveries to NPC as stipulated in the import parity pricing scheme with the buyer, had a favorable effect to its FOB price. The depreciation of the peso against the dollar in the second quarter likewise had a positive effect on Semirara coal prices. As a result, composite average price as at the end of H1 2006 increased to P2,250/MT, compared Q1 2006 price of P2,225/MT.

## III. FINANCE

### A. Sales and Profitability

Higher coal sales of 1.197 million MTs translated to higher Coal Revenues of P2.714 billion, or 19% and 18% better than H1 2005 figures in terms of sales volume and revenues, respectively. Meanwhile, better Q2 2006 FOB prices at a composite average of P2,275, as compared to Q1 average of P2,225, likewise spelled a slight increase in the current quarter's Coal Revenues of P1.358 billion from Q1's Revenues of P1.356 billion, despite a small slump in sales volume. With more tons delivered to Calaca, Coal Handling Revenues correspondingly increased by 64%, from P32.32 million in H1 2005 to P53.01 million in H1 2006.

However, as Cost of Coal Sold/MT escalated (largely due to higher strip ratio during the period), profit margins are maintained at lower levels. Further dampening profitability is the recognition of Unrealized Forex losses and the increase in Interest and Financing Charges compared to last year's figure (which was tempered with the reversal of over accrual of interest on Government Share). Finally, higher taxes incurred in the current period drastically cut down profitability versus last year with the absence of the NOLCO. On a positive note, H1 2006 recorded a fairly high EBITDA of P1.27 billion, 6% better than H1 2005's level of P1.19 billion.

## B. Solvency and Liquidity

Current semester operations recorded a Net Cash Outflow of P290.7 million as against H1 2005 Net Cash Inflow of P1.21 billion. The primary reason for this decline was the payments of taxes and cash dividends during the second quarter, which totaled to P676.76 million.

Net Cash Provided by Operating Activities however increased by P259 million, from P451 million in H1 2005 to P710 million in H1 2006. The main factors for this improvement were decrease in Receivables, as well as the cut in the increase in inventories to P254.01 million from last period's escalation in inventory to P457.92 million. Likewise, the Company's strong financials afforded it to negotiate better financing rates, such that actual interest payment is 17% lower at P78.62 million compared to P95.23 million in H1 2005. Moreover, the Company's short-term investments posted an Interest Income of P38.79 million.

To properly match capital expenditures with the productive life of mining equipment, the Company availed of long-term loans amounting to P779.35 million to finance equipment purchases. This amount is lower by 23% compared to H1 last year's new loans availment of P1.02 billion as its capacity expansion program was in its completion phase.

The buy-back program undertaken by the Company starting 2005 ended in the first quarter of 2006. Additional 5,499,500 common shares costing P145.26 million were reacquired and were logged as Treasury Shares.

Last year's cash level was mainly boosted by the proceeds from sale of 46,875,000 additional common shares which earned the Company P1.62 billion.

The highly liquid finances of the Company continued to punctuate its financial condition as Current Ratio still impressively stands at 2.88x from 3.02x at the end of Q1 and 3.39x at the end of last year. The slight dip is attributed to the reclassification of current portion of Long-term Debt and payment of taxes and dividends during the period. Meanwhile, Net Income of P402.69 million for H1 2006 brought total capitalization to P4.12 billion, thus contributing to the strong solvency condition of the Company as Total Debt to Equity

Ratio remained robust at 0.72:1 as at the end of the current period from 0.69:1 in Q1 2006 and 0.65:1 as at 31 December 2005.

Earnings Per Share (EPS) of P0.48 in Q2 2006 is 51% lower than Q1 figure. Year-on-year, EPS of P1.45 is likewise lower by 39% as against H2 of 2005 EPS of P2.354. This is mainly caused by higher tax provision.

## IV. PERFORMANCE INDICATORS:

1. **Average Selling Price** - The imposition of an additional 2% VAT in February had a positive impact on the price of Semirara Coal since its price to its major market, NPC-Calaca, is dictated by an import parity pricing mechanism. Since this additional tax is imputed in imported coal prices, the price computation for Semirara coal was correspondingly adjusted.

2. **Debt to Equity Ratio** - Despite the availment of new loans to fund Capital Expenditures, as well as the slight dip in Stockholders' Equity due to dividend declaration and reacquisition of shares, Debt-to-Equity ratio still stands at a respectable level of 0.72:1.

3. **Capital Expenditures** – Additional large capacity trucks and other support equipment were acquired during the period to complete the Company's capacity expansion program. Its effect was an improvement of production efficiency as evidenced by an impressive increase in total material movement of 64%. The operation of the in-pit crusher is likewise expected to improve cost efficiency.

4. **Expanded Market** – While non-traditional markets, especially cement plants, showed a strengthening acceptance of Semirara coal as evidenced by increasing orders, the Company experienced a marketing set-back as NPC IPPs stopped to purchase Semirara coal since they were compelled to honor import commitments first. However, at the onset of the third quarter, Sual Power Plant has started to purchase again.

5. **Improved coal quality** – The continuous effort of the Company to improve coal quality through investments in quality-enhancing processes, such as the current rehabilitation of the coal washing plant, brings forth a positive impact on market's acceptability of its coal. With the employment of selective mining, deliveries during the semester registered higher heating values averaging 9,552 BTU compared to last year's average of 9,524 BTU. Bonuses were earned for higher heating values.

## PART II OTHER INFORMATION

### Other disclosures:

a. Company's operation is not cyclical in nature or seasonal. Mining activities is continuous throughout the year;
b. There were no issuances, repurchases, and repayments of debt in equity securities which transpired during the quarter;
c. There are no subsequent events, that came to our knowledge, which are material enough to warrant an adjustments in the interim financial statements;
d. The company has no business segments;
e. The company has no contingent assets nor liabilities known as of interim balance sheet date;

**PART III SIGNATURES**

Pursuant to the requirement of the Revised Securities **Code,** the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: **SEMIRARA MINING CORPORATION**

Signature and Title:

**VICTOR A. CONSUNJI**
**Principal Executive and Operating Officer**

Date: August 10, 2006

**NESTOR D. DADIVAS**
**Principal Financial Officer/Comptroller**

Date: August 10, 2006

**JUNALINA S. TABOR**
**Principal Accounting Officer**

Date: August 10, 2006

RT III - ANNEX

MIRARA MINING CORPORATION
ING OF ACCOUNTS RECEIVABLE
of June 30,2006

| | TOTAL | Current | 2 - 3 Months | 4 - 6 Months | 7 Months to 1 Year | 1 to 2 Years | 2 to 5 Years | Over 5 Years | Allowance for doubtful acct. |
|---|---|---|---|---|---|---|---|---|---|
| ACCOUNTS RECEIVABLE - TRADE | | | | | | | | | |
| 1. NPC | 608,550,507.40 | 316,046,672.50 | 232,646,978.70 | 25,634,411.49 | 25,012,056.50 | 6,616,623.76 | 2,593,764.45 | | 3,389,777.47 |
| 2. MMDC | - | | | | | | | | |
| 3. PNOC | 112,061,950.61 | 51,757,286.16 | 58,047,984.95 | 2,256,679.50 | | | | | |
| 4. GFCC | - | | | | | | | | |
| 5. TPC | 132,515,142.06 | 28,632,933.37 | 76,502,533.67 | 21,352,695.00 | 6,026,980.02 | | | | |
| 5. APO | 1,665,000.00 | 1,665,000.00 | | | | | | | |
| 5. PPFC | 17,417,203.00 | 9,707,483.13 | 7,709,719.87 | | | | | | |
| 7. PASAR | - | | | | | | | | |
| 3. SUAL - MIRANT | - | | | | | | | | |
| 9. PICOP | - | | | | | | | | |
| 10. SOLID | - | | | | | | | | |
| 11. NPC - Coal Handling | 7,731,110.22 | 7,731,110.22 | | | | | | | |
| | 879,940,913.29 | 415,540,485.38 | 374,907,217.19 | 49,243,785.99 | 31,039,036.52 | 6,616,623.76 | 2,593,764.45 | - | 3,389,777.47 |
| s: Allowance for doubtful accounts | 3,389,777.47 | | | | | | | | |
| TOTAL | 876,551,135.82 | | | | | | | | |

| | TOTAL | 1 Month | 2 - 3 Months | 4 - 6 Months | 7 Months to 1 Year | 1 to 2 Years | 2 to 5 Years | Over 5 Years | Allowance for doubtful acct. |
|---|---|---|---|---|---|---|---|---|---|
| NON - TRADE RECEIVABLES | | | | | | | | | |
| 1. Advances - Officers | 405,344.20 | | | 405,344.20 | | | | | |
| 2. Advances - Employees | (706,005.83) | | | (706,005.83) | | | | | 822,913.36 |
| 3. Advances - Suppliers | 134,860.21 | | 122,063.26 | 12,796.95 | | | | | 614,351.63 |
| 4. Advances - Operations | - | | | | | | | | |
| 5. Advances - Contractors | 10,165,877.06 | 1,520,173.58 | | | 3,753,970.12 | 4,774,372.24 | 117,361.12 | | 2,303,257.85 |
| 6. Advances - for Liquidation | 3,231,416.50 | 64,692.20 | 246,478.50 | 1,707,803.81 | 1,212,441.99 | | | | 1,948,808.90 |
| 7. Advances - SSS Claims | 508,272.48 | 24,600.00 | | | | | 319,701.85 | 163,970.63 | 500,910.10 |
| 8. Advances - Others | 59,939.09 | | | | 59,939.09 | | | | |
| 9. Advances - Medical Accounts | 684,870.20 | | 54,210.35 | | 630,659.85 | | | | |
| 10. Receivable from Related Parties | 59,533,577.22 | 59,533,577.22 | | | | | | | |
| | 74,018,151.13 | 61,143,043.00 | 422,752.11 | 1,419,939.13 | 5,657,011.05 | 4,774,372.24 | 437,062.97 | 163,970.63 | 6,190,241.84 |
| s: Allowance for D/A-AR Others | 6,190,241.84 | | | | | | | | |
| NON - TRADE RECEIVABLE | 67,827,909.29 | | | | | | | | |
| NET RECEIVABLES ( A & B ) | 944,379,045.11 | | | | | | | | |