ADDITIONAL DISCLOSURES FOR INVESTMENTS IN ASSOCIATES - AT EQUITY[1]

BALANCE SHEETS (Extract)

		Notes	**2006**	2005
PAS 1.51	**NON-CURRENT ASSETS**			
PAS 1.68(d)	Long-term financial assets	9	**33,422,701**	34,931,355
PAS 1.68(e)	Investments in associates	10	**37,230,120**	31,604,876

INCOME STATEMENTS (Extract)

		Notes	**2006**	2005
PAS 1.83	**OPERATING PROFIT**		**54,846,748**	60,201,791
	OTHER INCOME (CHARGES)			
PAS 1.81 (b)	Finance costs		**(11,110,130)**	(10,929,530)
PAS 1.81 (c)	Equity in net earnings of associates	10	**18,865,644**	(12,654,456)

[1] See PAS 28.13 for guidance on when to account for Investments in Associates at equity.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PAS 1.110

2.7 Investments in Associates[2]

PAS 28.13

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor interests in a joint venture. Investments in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investments in associates are also subject to purchase accounting. However, any goodwill or fair value adjustment attributable to the share in the associate is included in the amount recognized as investments in associates. Goodwill is the excess of the acquisition cost over the fair value of the Company's chare of the identifiable net assets of the investee at the date of acquisition.

All subsequent changes to the ownership interest in the equity of the associates are recognized in the Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity in Net Earnings (Losses) of Associates account in the Company's statement of income. Items that have been directly recognized in the associates' equity are recognized in equity of the Company. Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

PAS 28.22
PAS 28.26

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset acquired from the transaction with the associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

---

[2] The investor shall apply the requirements of PAS 39 to determine whether any impairment loss should be recognized on its investments. If there is an indication of imapairment, the entities carrying amount of the investment (including goodwill) shall be tested for impairment under PAS 36.

Note 11 - INVESTMENTS IN ASSOCIATES

The components of the carrying amount of investments in associates accounted for under the equity method are as follows:

	% Interest Held	**2006**	2005
Acquisition costs:			
Trio Company	40%	**P23,500,000**	P 23,500,000
Zire, Inc.	30%	**15,000,000**	11,250,000
Tungs Ltd.	25%	**5,000,00**	5,000,000
		38,500,000	34,750,000
Equity in net earnings:			
Balance at beginning of year		**4,755,720**	12,156,220
Equity in net earnings (losses)		**6,870,950**	(5,900,500)
Dividends received		**(1,500,000)**	(1,500,000)
PAS 28.38(d) Balance at end of year		**10,126,670**	4,755,720
		P48,626,670	P 39,505,720

PAS 28.37(a) All of the above associates are incorporated in the Philippines whose shares of stock are not listed in the stock exchange and, hence, the fair value of its shares cannot be determined reliably.

In June 2006, the Company made an additional investment in shares of Zire, Inc. amounting to P3,750,000 which increased the Company's ownership interest in the investee from 25% to 30%.

The balance of the equity in net earnings of P10.1 million and P4.8 million as of December 31, 2006 and 2005, respectively, which is lodged in the Company's retained earnings as of those dates is not available for declaration as dividends by the Company.[3]

[3] Consolidated subsidiaries' income included in consolidated retained earnings is also not available for dividend declaration.

PAS 28.37(b)

The Company's share[4] in the results of operations of associates and in their assets and liabilities (including goodwill) are as follows:

	Assets	Liabilities	Revenues	Income (Loss)
2006:				
Trio Company	P 40,654,154	P 24,587,963	P 30,548,123	P 6,354,124
Zire, Inc.	33,564,981	10,569,456	8,546,789	(1,356,897)
Tungs Ltd.	25,549,781	15,894,827	14,598,789	1,873,723
	P 99,768,916	**P 51,142,246**	**P 53,692,701**	**P 6,870,950**
2005:				
Trio Company	P 47,659,234	P 32,584,965	P 20,548,123	P 2,356,344
Zire, Inc.	23,564,952	10,546,328	5,546,723	(5,356,897)
Tungs Ltd.	28,549,541	17,136,714	8,554,419	(2,899,947)
	P99,683,727	**P60,268,007**	**P34,649,265**	**(P5,900,500)**

The carrying amount of goodwill as of December 31, 2006 and 2005 included in the carrying value of Investments in Associates amounted to P3.5 million in both years.

---

4 Alternatively, the Company may present the gross amount of the assets and liabilities (excluding goodwill) of associates.