COVER SHEET

9 1 4 4 7 - - - - - - -

SEC Registration Number

S E M I R A R A   M I N I N G   C O R P O R A T I O N

(Company's Full Name)

2 N D   F L O O R   D M C I   P L A Z A   B U I L D I N G

2 2 8 1   P A S O N G   T A M O   E X T E N S I O N

M A K A T I   C I T Y

(Business Address: No. Street City/Town/Province)

Atty. John R. Sadullo

(Contact Person)

888-3622

(Company Telephone Number)

1 2   3 1

(Fiscal Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting[1])

(Secondary License Type, If Applicable)

Corporate Finance Dept.

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

[1] Last Friday of July of each year.

SEC Number : 91447
File Number : _________

SEMIRARA MINING CORPORATION
Company's Full Name

2nd Floor, DMCI Plaza
2281 Chino Roces Avenue, Makati City
Company's Address

888-3550 to 888-3565
Telephone Number

For the Quarter Ending March 31, 2008
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 **March 31, 2008**

2. Commission Identification Number **91447**

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

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 March 31, 2008

	(Unaudited) March 31, 2008	(Audited) December 31,2007
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	534,977,168	237,357,196
Short-term Investment	647,886,637	1,413,449,141
Trade Receivables - net	1,065,411,889	1,046,226,519
Receivable from Related Parties	97,235,121	57,920,745
Other Receivable-net	8,739,221	11,668,902
Inventories - net	1,079,859,753	1,452,670,221
Other Current Assets	238,883,451	215,241,438
Total Current Assets	3,672,993,239	4,434,534,162
NONCURRENT ASSETS		
Property, Plant and Equipment - net	1,492,185,373	1,904,372,202
Financial Lease Asset	333,573,141	-
Investment and Advances	176,801,743	80,871,207
Other Noncurrent Assets - net	2,611,443	2,869,167
Total Noncurrent Assets	2,005,171,700	1,988,112,576
TOTAL ASSETS	**5,678,164,939**	**6,422,646,738**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts and Other Payables	643,937,773	533,680,900
Current Portion of Long Term Debt	453,270,876	730,171,195
Financial Lease Payable -Curr	174,294,207	-
Income Taxes Payable	98,682,590	40,166,543
Payable to related parties	7,230,208	12,920,756
Customer's Deposit	9,796,546	8,867,023
Total Current Liabilities	1,387,212,200	1,325,806,417
NONCURRENT LIABILITIES		
Long Term Debt - net of current portion	402,791,244	397,581,035
Financial Lease Payable - net of current	159,278,934	-
Pension Liability	4,659,224	4,659,224
Asset Retirement Obligation	12,205,198	12,205,198
Deferred Tax Liability	67,603,209	67,603,209
Total Noncurrent Liabilities	646,537,809	482,048,666
TOTAL LIABILITIES	2,033,750,009	1,807,855,083
STOCKHOLDERS' EQUITY		
Capital Stock - common stock	296,875,000	296,875,000
Additional Paid-In Capital	1,576,796,271	1,576,796,271
Retained Earnings	2,299,634,919	3,270,011,644
	4,173,306,190	5,143,682,915
Treasury Shares, at cost	(528,891,260)	(528,891,260)
TOTAL STOCKHOLDERS' EQUITY	3,644,414,930	4,614,791,655
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**5,678,164,939**	**6,422,646,738**

SEMIRARA MINING CORPORATION
Income Statement
For the period ending March 31, 2008 and 2007
For the quarter ending March 31, 2008 and 2007

	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	For the period		For the quarter	
	2008	2007	2008	2007
Revenue:				
Sales	2,163,284,137	1,303,462,052	2,163,284,137	1,303,462,052
Cost of Sales:				
Cost of Coal Sold	1,758,308,715	1,018,487,794	1,758,308,715	1,018,487,794
Shipping,Loading and Hauling Cost	84,570,949	39,827,823	84,570,949	39,827,823
	1,842,879,664	1,058,315,617	1,842,879,664	1,058,315,617
Gross Profit	320,404,473	245,146,435	320,404,473	245,146,435
Operating Expenses:				
Government Share	64,619,999	38,322,753	64,619,999	38,322,753
General and Adm. Expenses	26,495,615	24,649,614	26,495,615	24,649,614
	91,115,614	62,972,367	91,115,614	62,972,367
INCOME FROM OPERATIONS	229,288,860	182,174,068	229,288,860	182,174,068
Other (Income)Expense				
Other (Income)Charges	2,812,534	(16,147,163)	2,812,534	(16,147,163)
Interest and Financing Charges	26,095,965	41,271,306	26,095,965	41,271,306
Foreign Exchange(Gain)Loss	1,949,839	(14,772,822)	1,949,839	(14,772,822)
	30,858,338	10,351,321	30,858,338	10,351,321
NET INCOME BEFORE TAX	198,430,522	171,822,747	198,430,522	171,822,747
PROVISION FOR INCOME TAX	58,516,047	51,882,116	58,516,047	51,882,116
NET INCOME AFTER TAX	139,914,475	119,940,631	139,914,475	119,940,631
EARNINGS PER SHARE (EPS)	0.504	0.432	0.504	0.432

Basis of EPS:
EPS = NET INCOME(LOSS) FOR THE PERIOD/NO. OF OUTSTANDING SHARES
Wherein:

Wtd Average Outstanding Shares 277,572,800 (as of March 31, 2007)

Wtd Average Outstanding Shares 277,572,800 (as of March 31, 2008)

SEMIRARA MINING CORPORATION
Statement of Changes in Stockholders' Equity
For the periods ended March 31, 2008 and 2007

	(UNAUDITED)	
	2008	2007
CAPITAL STOCK		
Common stock - P1 par value		
Authorized- 1,000,000,000 shares in 2007 and 2006		
Issued and outstanding - 296,875,000 in 2006 and 2005		
Balance at beginning of the quarter	296,875,000	296,875,000
Additional issuance of common stock	-	-
Balance at end of the quarter	296,875,000	296,875,000
ADDITIONAL PAID-IN CAPITAL, beginning of the quarter	1,576,796,271	1,576,796,271
Add: Premium on subscribed capital stock	-	-
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	1,000,000,000
Appropriation during the quarter	500,000,000	-
Balance at end of the quarter	1,500,000,000	1,000,000,000
Unappropriated		
Balance at beginning of the quarter, as previously stated	2,270,011,644	1,969,814,010
Appropriation during the quarter	(500,000,000)	-
Balance at beginning of the quarter as restated	1,770,011,644	1,969,814,010
Net income during the quarter	139,914,475	119,940,632
Dividends	(1,110,291,200)	(333,087,360)
Appropriation for future capital expenditures	-	-
Balance at end of the quarter	799,634,919	1,756,667,282
	2,299,634,919	2,756,667,282
COST OF SHARES HELD IN TREASURY	(528,891,260)	(528,891,260)
TOTAL STOCKHOLDERS' EQUITY	3,644,414,930	4,101,447,293

SEMIRARA MINING CORPORATION
Statement of Cashflows
For the period ended March 31, 2008 and 2007

	(Unaudited) 2008	(Unaudited) 2007
CASHFLOWS FROM OPERATING ACTIVITIES		
Net Income before tax	198,430,156	171,822,749
Prior Period Adjustment		
Adjustments to reconcile net income to net cash		
Provided by operating activities:		
Depreciation and depletion and amortization	373,536,801	376,903,822
Interest and Financing Charges	26,095,965	41,271,306
Loss on disposal/retirement/write-off of assets	(16,564,875)	-
Pension liability provision (net of amortization)	-	750,624
Net Unrealized Foreign Exchange Losses	1,111,775	(12,185,379)
Provision for income taxes	(58,516,047)	(51,882,116)
Interest Income	(17,208,149)	(11,402,752)
Operating Income before working capital changes	506,885,626	515,278,254
Changes in operating assets and liabilities		
Decrease(increase) in:		
Receivables	(55,570,065)	(398,048,111)
Inventories	372,810,468	127,599,402
Other current assets	(23,642,013)	(34,501,010)
Financial Lease	(333,573,141)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(317,772,235)	(81,133,069)
Financial Lease liability	333,573,141	-
Customer's Deposit	929,523	(4,846,874)
Net cash generated from operations	483,641,305	124,348,592
Interest Received	15,089,319	9,249,767
Interest Paid	(21,695,649)	(41,510,530)
Net cash provided by operating activities	477,034,975	92,087,829
CASHFLOWS FROM INVESTING ACTIVITIES		
Short term investment palcement	-	300,000,000
Additions to property, plant and equipment	260,987,804	(78,281,743)
Additions to investment	(95,930,536)	-
Proceed from sales of assets	16,564,875	-
Decrease(Increase) in other non-current assets	(52,826,773)	(1,786,847)
Net cash used in investing activities	128,795,370	219,931,410
CASHFLOWS FROM FINANCING ACTIVITIES		
Availment of long-term debt	222,510,596	176,054,213
Repurchased shares of stocks (treasury shares)	-	-
Lease back of equipment	314,569,941	-
Dividend payable	(1,110,291,200)	-
Repayment of long-term debt	(500,562,213)	(330,773,403)
Net cash used in financing activities	(1,073,772,876)	(154,719,190)
NET INCREASE(DECREASE) IN CASH	(467,942,532)	157,300,049
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,650,806,337	510,439,223
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,182,863,805	667,739,272

1. Summary of Significant Accounting policies

Basis of Preparation
The financial statements have been prepared using the historical cost basis. The Company's functional and presentation currency is the Philippine Peso.

Statement of Compliance
The accompanying financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

New PFRS, Amendment to PAS and Philippine Interpretations effective in 2007
The Company has adopted the following new Philippine Financial Reporting Standards (PFRS) and amended Philippine Accounting Standards (PAS) and Philippine Interpretations during the year. Adoption of these revised standards and Philippine Interpretations did not have any effect on the financial statements of the Company. These, however, give rise to additional disclosures.

- PFRS 7 *Financial Instruments: Disclosures*
- PAS 1 *Amendment - Presentation of Financial Statements*

- Philippine Interpretation IFRIC 7 - *Applying the Restatement Approach Under PAS 29, Financial Reporting in Hyperinflationary Economies*
- Philippine Interpretation IFRIC 8 *Scope of PFRS 2*
- Philippine Interpretation IFRIC 9 *Reassessment of Embedded Derivatives*
- Philippine Interpretation IFRIC 10 *Interim Financial Reporting and Impairment*

The principal effects of these changes are as follows:

PFRS 7 - *Financial Instruments: Disclosures*
PFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, and the disclosure requirements in PAS 32, *Financial Instruments: Disclosure and Presentation*. It is applicable to all entities that report under PFRS.

The Company adopted the amendment to the transition provisions of PFRS 7, as approved by the Financial Reporting Standards Council, which gives transitory relief with respect to the presentation of comparative information for the new risk disclosures about the nature and extent of risks arising from financial instruments. Accordingly, the Company does not need to present comparative information for the disclosures required by paragraphs 31-42 of PFRS 7, unless the disclosure was previously required under PAS 30 or PAS 32. Adoption of PFRS 7 resulted in additional disclosures, which are included throughout the financial statements. Adoption of this standard resulted in the inclusion of additional disclosures such as market risk sensitivity analysis, contractual maturity analysis of financial liabilities and aging analysis of financial assets that are past due but not impaired (Note 28).

PAS 1 *Amendments to - Presentation of Financial Statements*
The amendment to PAS 1 introduces disclosures about the level of an entity's capital and how it manages capital. Adoption of the Amendments resulted to the inclusion of additional disclosures on capital management (Note 28).

Philippine Interpretation IFRIC 7 - *Applying the Restatement Approach under PAS 29 Financial* This Philippine Interpretation requires entities to apply PAS 29, *Financial Reporting in Hyper-inflationary Economies*, in the reporting period in which an entity first identifies the existence of hyperinflation in the economy of its functional currency as if the economy had always been hyperinflationary. This Philippine Interpretation is not applicable to the Company.

Philippine Interpretation IFRIC 8 - *Scope of PFRS 2*
This interpretation requires PFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. The adoption of this Philippine Interpretation will not impact the financial statements as the Company has no share-based payments.

Philippine Interpretation IFRIC 9 - *Reassessment of Embedded Derivatives*
Philippine Interpretation IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Company has no embedded derivative requiring separation from the host contract, the Philippine Interpretation had no impact on the financial position or performance of the Company.

Philippine Interpretation IFRIC 10 - *Interim Financial Reporting and Impairment*
The Company adopted Philippine Interpretation IFRIC 10 as of January 1, 2007, which requires that an entity must not reverse an impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Company had no impairment losses in interim period that was reversed, the Philippine Interpretation had no impact on the financial position or performance of the Company.

Future Changes in Accounting Policies

The following are the Philippine Interpretations and accounting standards that have been issued but effective for financial statements after January 1, 2007. The Company did not early adopt this Philippine Interpretations and accounting standards.

- PAS 1, *Presentation of Financial Statements* (Revised) *(effective for annual periods beginning on or after January 1, 2009).* The revised standard requires that the statement of changes in stockholders' equity includes only transactions with owners and all non-owner changes are presented in equity as a single line with details included in a separate statement.

  In addition, the amendment to PAS 1 provides for the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the statement of income together with 'other comprehensive income'. The revisions specify what is included in other comprehensive income, such as actuarial gains and losses on defined benefit pension plans and changes in the asset revaluation reserve. Entities can choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. The Company will assess the impact of the Standard on its current manner of reporting all items of income and expenses.

- PAS 23, *Borrowing Costs (effective for annual periods beginning on or after January 1, 2009)*
  The Standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements of the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalized on qualifying assets with a commencement date after January 1, 2009. The adoption of this standard has no impact on the Company's financial statements.

- Philippine Interpretation IFRIC 11, *PFRS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after March 1, 2007).* This Philippine Interpretation requires arrangements whereby an employee is granted rights to a Company's equity instruments to be accounted for as an equity-settled scheme by the Company even if: (a) the Company chooses or is required to buy those equity instruments (e.g. treasury shares) from another party, or (b) the shareholders of the Company provide the equity instruments needed. It also provides guidance on how subsidiaries, in their separate financial statements, account for such schemes when their employees receive rights to equity instruments of the parent. The adoption of this Philippine Interpretation will have no impact on the Company's financial statements.

o Philippine Interpretation IFRIC 12, *Service Concession Arrangements (effective for annual periods beginning on or after January 1, 2008).* This Philippine Interpretation outlines an approach to account for contractual arrangements arising from entities providing public services. It provides that the operator should not account for the infrastructure as property, plant and equipment, but recognize a financial asset and/or an intangible asset. This Philippine Interpretation will not have an impact on the financial statements of the Company since the Company is not involved in providing public services.

- PFRS 8, *Operating Segments (effective for annual periods beginning on or after January 1, 2009).* This amendment was issued as part of the convergence project with the US Financial Accounting Standards Board. This new standard replaces PAS 14, *Segment Reporting,* and adopts a management approach to segment reporting as required in the US Standard SFAS 131 - *Disclosures about Segments of an Enterprise and Related Information*. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. This information may be different from that reported in the balance sheet and statement of income and entities will need to provide explanations and reconciliations of the differences. The Company will assess the impact of the adoption of this standard.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes (effective for annual periods beginning on or after July 1, 2008).* This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted, and therefore, part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Company expects that this Interpretation will have no impact on the Company's financial statements as no such schemes currently exist.

- Philippine Interpretation IFRIC 14 *PAS 19*, *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after January 1, 2008).* This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognized as an asset under PAS 19 *Employee Benefits*. The Company expects that this Interpretation will have no impact on the financial position or performance of the Company as all defined benefit schemes are currently in deficit.

<u>Revenue Recognition</u>
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 upon delivery 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. Revenue from local and export coal sales are denominated in Philippine Pesos and US Dollars, respectively.

Rendering of services
Service fees from coal handling activities are recognized as revenue when the related services have been rendered.

Interest income
Interest income is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

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
Date of recognition
The Company recognizes a financial asset or a financial liability on the balance sheet when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments
All financial assets are initially recognized at fair value. Except for securities at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Company classifies its financial assets in the following categories: securities at FVPL, held-to-maturity (HTM) investments, available-for-sale (AFS) investments, and loans and receivables. The Company classifies its financial liabilities as financial liabilities at FVPL and other liabilities. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

Determination of fair value
The fair value for financial instruments traded in active markets at the balance sheet date is based on its quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

Day 1 profit

For transactions other than those related to customers' guaranty and other deposits, where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a Day 1 profit) in the statement of income unless it qualifies for recognition as some other type of asset. In cases where the valuation technique used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit amount.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as AFS or financial assets at FVPL. These are included in current assets if maturity is within 12 months from the balance sheet date otherwise; these are classified as noncurrent assets. This accounting policy relates to the balance sheet caption "Short-term cash investments" and "Receivables".

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate and transaction costs. The amortization is included in "Interest income" in the statement of income. The Company's loans and receivables consist mainly of receivable from customers and related parties.

Other financial liabilities

Other financial liabilities include interest bearing loans and borrowings. 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 method.

Gains and losses are recognized under the "Other income" and "Other expense" accounts in the statement of income when the liabilities are derecognized or impaired, as well as through the amortization process under the "Interest expense" account.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Loans and receivables

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account and the amount of loss is charged to the statement of income during the period in which it arises. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery has been realized.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, customer type, customer location, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

<u>Derecognition of Financial Assets and Liabilities</u>

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting
Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

The cost of extracted coal includes all stripping costs and other mine-related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with total volume of coal produced. Except for shiploading cost, which is a component of total minesite cost, all other production related costs are charged to production cost.

Property, Plant and Equipment
Property, plant and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. Costs also include decommissioning and site rehabilitation cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable 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 have 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.

Property, plant and equipment that were previously stated at fair values are reported at their deemed cost.

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.

Depreciation 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 (EUL) of the respective assets or the remaining contract period, whichever is shorter:

Conventional and continuous mining properties and equipment	**2 to 13 years**
Power plant and buildings	**10 to 17 years**
Roads and bridges	**17 years**

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

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 statement of income in the year the item is derecognized.

Mine Exploration and Development Costs

Cost incurred for exploration and development of 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, these deferred costs are capitalized under “Conventional and continuous mining properties and equipment”.

Mine development costs are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. 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 assets) is included in the statement of income in the year the item is derecognized.

Decommissioning and Site Rehabilitation Costs

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 present value of the liability for these obligations and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment accounts which are depreciated on a straight-line basis over the EUL of the related property, plant and equipment or the contract period, whichever is shorter. The ARO was determined based on PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The Company recognizes the liability for these obligations as *"Provision for the decommissioning and site rehabilitation"* in the balance sheet.

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. 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. The Company considered its software cost as its intangible assets.

Software Cost

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 expense 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 statement of income when the asset is derecognized.

Impairment of Non-financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Interest on borrowed funds used to finance the construction of building to the extent incurred during the period of construction is capitalized as part of the cost of building. The capitalization of these borrowing costs as part of the cost of building: (a) commences when the expenditures and borrowing costs are being incurred during the construction and related activities necessary to prepare the building for its intended use are in progress; and (b) ceases when substantially all the activities necessary to prepare the property for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on the applicable weighted average borrowing rate.

Interest expense on loans is recognized using the effective interest method over the term of the loans.

Pension Expense

The Company has a noncontributory defined benefit retirement plan.

The retirement cost of the Company is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using prevailing interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited to or charged against income when the net cumulative unrecognized actuarial gains and losses at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past-service costs, if any, are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.
The retirement benefits of officers and employees are determined and provided for by the Company and are charged against current operations.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs not yet recognized, if any, and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service costs not yet recognized, if any, and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Income Tax

Current Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred Income tax

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 tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets 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 tax asset to be utilized. Unrecognized deferred assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Provisions

Provisions are recognized only when the Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable 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. 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 assessments 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating lease. Fixed lease payments are recognized on a straight line basis over the lease term.

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the arrangement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Operating lease payments are recognized as an expense in the statement of income on a straight basis over the lease term.

Foreign Currency Translation

The Company's financial statements are presented in Philippine pesos, which is the functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the balance sheet date. All differences are taken to the statement of income during the period of retranslation.

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. The Company has no outstanding dilutive potential 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.

Events After Balance Sheet Date

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.

2. Significant Accounting Estimates, Judgments and Assumptions

Judgment

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:

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.

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 American Standards for Testing Materials (ASTM) standards.

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

Estimates and Assumptions
The key assumptions concerning the future and other sources of estimation 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 debtors' ability to pay all amounts due according to the contractual terms of the receivables being evaluated. 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 stock pile inventory quantities
The Company estimates the stock pile inventory by conducting a topographic survey which is performed by in house surveyors. The survey is conducted on a monthly basis with a reconfirmatory survey at year end. The process of estimation involves a predefined

formula which considers an acceptable margin of error of plus or minus 3%. Thus, an increase or decrease in the estimation threshold for any period would differ if the Company utilized different estimates and this would either increase or decrease the profit for the year.

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 decommissioning and site rehabilitation costs
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 present value of the liability for these obligations and capitalizes the present value of these costs as part of the balance of the related property and equipment accounts, which are being depreciated and amortized on a straight line basis over the useful life of the related asset or the lease term. Assumptions used to compute the decommissioning and site rehabilitation costs 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 decommissioning and site rehabilitation costs 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 as sets 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 impairment for nonfinancial assets
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. The nonfinancial assets of the Company include property, plant and equipment and software cost.

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.

Estimating pension and other employee benefits

The determination of the obligation and cost of retirement and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates, expected returns on plan assets and salary increase rates and price for the retirement of pension (Note 18). 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 between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

The Company also estimates other employee benefits obligation and expense, including the 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.

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

2008 FIRST QUARTER OPERATION

First quarter operations resulted to movement of total materials amounting to 9,280,236 bank cubic meters (bcm). This yielded a historic high run-of-mine (ROM) coal of 1,013,679 metric tons (MTs), reflecting a strip ratio of 8.44:1. Washable coal totaled to 129,270 MTs. Washed coal and clean coal combined recorded a net product coal of 1,003,542 MTs. Strong demand for Semirara coal continued to dictate the pace of operations to produce more coal, rather than intensify stripping activities. Meanwhile, less amount of washable coal was extracted as mining operations were focused on coal seams with better quality. These two factors resulted to the substantial production of coal this period.

Toward the end of the quarter, the first batch of new mining equipment, consisting of 7 units 100-tonner dump trucks, one unit power excavator, and one unit bulldozer, arrived in the mine site, signifying the start of the new expansion program that the Company is undertaking. Although this did not impact on the current period's production, this came in as a pleasant development for management, in light of the difficulty in acquiring equipment these days as a consequence of the boom in the mining industry.

During the period, a new set of drilling equipment was acquired to fast-track confirmatory drilling programs and exploratory drillings outside the established ultimate pit limit. This activity aims to find out if viable coal reserves go beyond the boundaries previously set for Panian pit.

Also, a bunker-fired generator set that has a rated capacity of 4MW had been brought in during the first quarter for back-up power supply, in preparation for the rainy season when utilization of dewatering pumps are on their peak usage, thus requiring more power.

Strong demand for Semirara coal, especially from export markets, translated to record high sales of 1,120,962 MTs. As a consequence, Ending Inventory has been trimmed to 292,460 MTs as more coal were sold than produced.

2008 FIRST QUARTER FINANCIAL CONDITION

Robust market during the period generated Coal Revenues amounting to P2.154 billion. Added to coal handling operations income of P9.284 million, total Revenues amounted to P2.163 billion. Cost of Sales, inclusive of P13 million Coal Handling Costs and P84.6 million shipping, loading and hauling costs totaled to P1.848 billion. The resulting Gross Profits was recorded at P314.912 million, reflecting a Gross Profit Ratio of 15%.

Operating Expenses registered at P85.624 million. This consisted of Government Share of P64.620 million and General and Administrative Expenses of P21.004 million. As a result, Net Operating Income was logged at P229.288 million.

Substantial cash generation during the period earned interest income from short-term placements which boosted Other Income to 14.659 million. On the other hand, Interest and Financing Charges of P26.096 million were expended for the Company's outstanding long-term and working capital loans. The fluctuation of the foreign exchange between the US dollar and the peso resulted to a minimal Realized and Unrealized Forex Loss of P1.112 million and P838.1 thousand, respectively.

Non-Recurring Charges of P17.472 million were recognized for wharfage dues of P34 million billed by the Philippine Ports Authority accrued from 1988-2007, 50% of which was paid under protest, offset by gain on sale of old equipment amounting to P16.6 million.

Net Income Before Tax resulted to P198.43 million. With full provision for Regular Corporate Income Tax of P58.516 million, Net Income After Tax was posted at P139.914 million.

As at the end of the period, Total Assets dropped from P6.423 billion as at end of 2007 to P5.678 billion. The dip was primarily caused by the termination of short-term investments on 24 March 2008 to pay off the P1.1 billion cash dividends last 27 March 2008. Meanwhile, net proceeds of P314 million from the sale and lease back transactions that the Company availed to finance its capacity expansion program temporarily boosted Cash in Bank to P534.977 million from P237.357 million. The resulting ending Cash and Cash Equivalents totaled to P1.183 billion, reflecting a 28% dip from beginning balance of P1.651 billion.

Total Receivables increased by 5% from P1.116 billion beginning balance to P1.171 billion as at the end of the quarter. This is mainly caused by the increase in Receivables from Related Parties due to the granting of P50 million advances to an affiliate at 7% interest per annum, which was consequently repaid in April. Meanwhile, Trade Receivables comprise the bulk of Total Receivables at P 1.065 billion, representing 91% of the account.

Total Inventories registered a 26% decrease from P1.453 billion as at end of 2007 to P1.080 billion as at the end of the current period. Strong demand for coal caused the decrease in Coal Inventory from beginning balance of 424,299 MTs to P292,460 MTs ending level. Moreover, the increased activities at the mine site, including rehabilitation and modernization of facilities to support mine operations, most of which were delivered towards the end of 2007, necessitated the corresponding issuances of more materials and parts, thus bringing down Supplies Inventory by 25% from the beginning level.

The 11% growth of Prepaid and Other Expenses from P215.421 million beginning balance to P238.883 million ending balance resulted from accounting for additional creditable withholding taxes for coal sales during the quarter.

The movements of the forgoing accounts resulted to a 17% drop of Total Current Assets from P4.435 billion as at the start of the year to P3.673 billion as at the end of the period.

Depreciation of mining equipment amounting to P367 million and reclassification to Financial Lease Assets of previously booked mining equipment that was later became a subject of a sale and lease back agreement brought down total Property, Plant and Equipment (PPE) to P1.492 billion from P1.904 billion beginning balance.

Meanwhile, the value of the equipment brought in for the expansion program which was covered by sale and leaseback arrangements was classified as Financial Leased Assets with recorded value of P333.573 million represented cost of lease agreements and other incidental expenses.

Investment and Advances also increased to P176.802 million from beginning balance of P80.871 million as a result of the additional amount released by the Company for its investment in power and mining businesses.

The resulting Non-Current Assets recorded a slight growth of 1% from P1.988 billion as at the start of the period to P 2.005 billion ending level.

Total Liabilities posted a 12% increase from beginning balance of P1.808 billion to P2.034 billion. This is mainly caused by the increase in Non-Current Liabilities which grew by 34% from P482.049 million to P646.538 million, and augmented by the 5% growth in Current Liabilities from P1.326 billion to P1.387 billion as at the end of the period.

The 21% growth in Accounts and Other Payables from beginning balance of P533.681 million to P643.938 million reflected the accrual of consignment parts for February and March amounting to P98M, accounting of withholding tax payable for the cash dividend amounting to P93M, provision for income tax payable of P58 million, and booking of other trade payables offset by payments made during the quarter.

The decrease in Current Portion of Long Term Debt from P730.171 million to P453.271 million as at the end of the period is due to payment of loan amortizations.

The liability under the financing lease agreements entered into by the Company was presented as Financial Lease Liability account. Current Portion reflected a balance of P174.294 million, while Non-Current Portion amounted to P159.279 million as at the end of the quarter.

Accrual of additional Income Tax Payable amounting to P58 million brought up the ending balance of the account to P98.683 million. On the other hand, liquidation of advances from other parties decreased Payable to Related Parties account from P12.921 million as at the start of the period to P7.23 million as at the close of the quarter. Meanwhile, Customers' Deposit represents the balance of advance payments made by customers. The 10% from P8.867 beginning balance to P9.797 million represents balance of advance payments made by a few customers.

Dividend Payments of P1.11 billion brought down Retained Earnings to P2.160 billion from P3.27 billion as at the start of the period. This quarter's Net Income After Tax of P139.914 million slightly offset the decrease in Stockholder's Equity which closed at P4.173 billion.

2008 COMPARATIVE REPORT

I. PRODUCTION

Total Material movement during the current quarter registered an 18% dip from first quarter 2007 material movement of 11,278,053 bcm to 9,279,804 bcm. This is a consequence of strong market demand which drove operations to focus on coal production, rather than waste stripping. As a result, waste moved reflected a 21% drop to 8,518,813 bcm as at the end of the quarter from last year's comparative period overburden volume of 10,839,737 bcm.

Strip ratio was managed at the ideal level of 8:1, as compared to Q1 2007 level of 17.66:1. Consequently, ROM coal recorded an unprecedented production volume of 1,065,387 MTs, registering a 74% increase from the comparable period production of 613,643 MTs. Net Product coal correspondingly showed a significant increase when production this year attained a record high of 1,003,542 MTs, posting an 82% increase over the previous period volume of 551,371 MTs.

Ending inventory at the end of the current period of 292,460 MTs is leaner than previous comparable period level of 480,944 MTs as more coal orders were received and served this year, even more than the volume produced.

II. MARKETING

The successful diversification to the export markets totally changed the Company's market scenario, such that dependence to a few local buyers became a thing of the past. In Q1 2007, the Company set off its trial shipment to China consisting of 28,835 MTs of coal. Since then, export deliveries became more regular, such that during the current period, total export sales reached 453,670 MTs, accounting for 40% of total sales.

On the local front, the intermittent operation of the NPC Calaca Power units caused the decline of coal liftings to these plants by 46% to 193,476 MTs against Q1 2007 volume of 460,787 MTs. On a positive note, Sual and Pagbilao plants started to buy Semirara coal again, and during the period, a total of 42,783 MTs were delivered to these plants, tempering the decrease in total NPC volume to 35% from 360,787 MTs in Q1 2007 to 236,259 MTs this quarter. It is also noteworthy to mention that even with a bigger pie, NPC's market share has declined to 21%, compared to its 54% share in Q1 2007.

Meanwhile, sales to other power plants recorded a substantial increase of 146% from 56,192 MTs in Q1 2007 to 138,381 MTs this quarter as more users buy Semirara coal. In light of the increasing cost of importing coal, Semirara coal became a practical substitute for costly imported coal.

Sales to cement industry likewise showed an improvement by 20% from 192,681 MTs in Q1 2007 to 232,125 MTs in the current quarter. Similarly, sales to other industries were likewise given a 148% boost with more coal liftings by a local trader that distributes to different plants with small boilers.

As a result, despite the sizeable slump in NPC volume, total local sales registered a 5% growth on a quarter-to-quarter comparison from 634,183 MTs in Q1 2007 to 667,292 MTs this period. Added to the export volume, total sales this period reached 1,120,962 MTs, the highest volume shipped in a quarter in the history of Company and 69% higher than Q1 2007 sales of 662,944 MTs.

Composite average FOB price per MT of P1,923 is about the same as the comparable quarter's level of P1,927 as most of the deliveries were covered by 2007 contracts, the terms of which spilled over to Q1 this year. The increase in price for contracts signed starting last quarter last year up to the current quarter will only be felt starting Q2 this year.

III. FINANCE

A. <u>Sales and Profitability</u>

The significant increase in sales volume translated to a corresponding 69% growth in Coal Sales from P1.277 billion in Q1 2007 to P2.154 billion in the current quarter. The dip in sales to NPC-Calaca also explained the slump of Coal Handling Revenues from P26.037 million in the previous comparable quarter to P9.284 million this period. The resulting Total Revenues managed to record an impressive 66% growth from P1.303 billion in Q1 2007 to P2.163 billion this year.

Increased Sales volume likewise correspondingly increased Cost of Sales from P1.058 billion in Q1 last year to P1.843 billion in the current period. Comparatively, cost of coal sold per MT also rose to P1,557 this quarter against P1,516/MT in Q1 2007. The decrease in depreciation cost per MT was offset by the increase in fuel, materials and parts and contracted services costs. Moreover, shipping and hauling cost is 112% higher this quarter, due to accounting for additional $2/MT for midstream loading for some export shipments and wharfage fees for all export deliveries.

The resulting Gross Profit reflected a 31% increase from P245.146 million to P320.404 million. However, higher Cost of Sales brought down Gross Profit Margin to 15% from 18% in Q1 2007.

Government Share is higher by 68% from P38.32 million in Q1 2007 to P64.620 million this year resulting from the 69% increase in Coal Sales. Meanwhile, General and Administrative Expenses were maintained at almost the same level.

Other Income (Charge) consisted mainly of interests earned on short-term placements and gain on sale of old and retired equipment amounting to P16.6M, offset by non-recurring charges on accrued wharfage dues from 1988-2007 of P34 as billed by the Philippine Ports Authority.

On the other hand, Interest and Financing Charges recorded a 37% decrease from P41.271 million to P26.096 million as a result of the decline in interest-bearing loans balances and continuous drop in interest rates.

Foreign Exchange losses were a result of the fluctuation of the dollar against the peso, which recorded at P41.28: $USD1 at the beginning of the year to P41.87 : $USD1 as at 31 March 2008.

Net Income Before Tax showed a 15% growth this quarter at P198.431 million from P171.823 million. After provision for Income Taxes, Net Income After Tax likewise posted a 17% increase from P119.941 million in Q1 2007 to P139.914 mullion this period.

Earnings per Share correspondingly increased by 17% from P0.4321 to P0.5041 as at the end of the current quarter. EBITDA likewise increased by 17% from P573.409 million in Q1 2007 to P669.738 million this period.

B. <u>Solvency and Liquidity</u>

Net Cash Provided by Operations of P477.035 million as at the end of the period reflected a 289% increase over Q1 2007 level of P124.349 million. This is mainly caused by the more sizeable decrease in Inventories this year by P372.810 million, as compared to last year's reduction in the account by P127.599 million. Moreover, with more export sales that are covered by sight Letters of Credit, average collection period is shorter, thus despite the increase in coal Sales, increase in Receivables, which were mainly trade-related was maintained at a manageable level of P55.570 million. In the previous comparable quarter, Receivables rose to P398.048 million.

The significant growth in Accounts and Other Payables in the current period is a consequence of the accrual of consignment parts amounting to P98M, accounting of withholding tax payable for the cash dividend amounting to P93M, provision for income tax payable of P58 million, and booking of other trade payables offset by payments made during the quarter.

Total Short-Term placements in the current quarter is higher than Q1 2007 placements. Hence, Interest Received this period is significantly higher by 63% at P15.089 million compared to P9.250 million earnings last year. Conversely, Interest Paid is lower by 48% at P21.696 million, as against last year's payment of P41.511 million. This is explained by lower interest-bearing loans balances and lower interest rates this year.

The resulting Net Cash Provided by Operating Activities is substantially higher by 418% at P477.035 million from P92.088 million as at end of Q1 2007.

Meanwhile, Additions to PPE reflected a positive figure as a result of the sale and lease back arrangement entered into by the Company. Meanwhile, investments to the power and mining businesses recorded a cash outflow of P95.931 million. Increase in Non-Current Assets was more substantial this year with the purchase of additional mining equipment. Capex was minimal in the previous period. Cash generated from investing activities was posted at P128.795 million in the current period as compared to the P219.931 million recorded last year.

The declaration and payment of Cash Dividends amounting to P1.11 billion primarily explained the huge difference in Cash Used in Financing Activities. This period's loan availments and proceeds from sale and leaseback of equipment were almost offset by Repayments of Long-Term Debts.

With the significant Cash Dividend payments this year, Cash and Cash Equivalents dropped by P467.944 million as at the end of the period. As a result, Ending Cash Balance decreased to P1.183 billion from beginning balance of P1.651 billion. However, this amount is still better by 77% compared to Q1 2007 Cash balance of P667.739 million.

The Company's liquidity position remained impressive with a Current Ratio of 2.65x, despite recording a drop as compared to yearend 2007 level of 3.34x. Meanwhile, Total Debt-to-Equity ratio likewise posted a decrease from yearend 2007 DE ratio of 0.39:1, but remained strong at 0.56:1 as at the end of the current period.

IV. PERFORMANCE INDICATORS:

1. **Average Selling Price** – Selling price to all customers increased during the current period. However, market share of export sales covered by contracts signed in 2007 and were priced lower substantially increased. As a result, composite average price was pulled down. However, average selling price is expected to go up starting Q2 this year as export contracts signed toward the end of 2007 and Q1 2008 were priced higher and will be lifted starting the succeeding quarter.

2. **Debt-to-Equity Ratio** - Despite the declaration and payment of sizeable cash dividends, the Company's financial strength remained robust as illustrated by a healthy Debt-to-Equity Ratio. As a result, lender confidence remained strong, thus benefiting the Company with prime borrowing rates.

3. **Capital Expenditures** – Market developments, especially offshore, provided a good opportunity for the Company to expand its operations. In this light, it has embarked on another capacity expansion and modernization program to serve growing demand for Semirara coal. As a result, Capital Expenditures are expected to be substantial this year.

4. **<u>Expanded Market</u>** – The continued efforts of the Company to broaden the market for its product has finally paid off when it was able to successfully penetrate the export markets. With more markets demanding for coal supply, the Company has finally able to start pricing its coal at par with regional prices. Moreover, increasing demand from local markets has started to establish the reliability of Semirara coal as effective import substitute for thermal coal from Indonesia and China.

5. **<u>Improved coal quality</u>** – The inherent low grade quality of Semirara coal presents a continuous challenge to the Company to make its coal marketable. As a consequence, it is a top order in its priority to enhance coal quality by installing processes like coal washing. The Company is currently planning to install another coal washing plant. Also, to ensure that customer specifications are met, the Company ascertains that its laboratory facilities are kept up-to-date with technological advancements.

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: May 13, 2008

NESTOR D. DADIVAS
Principal Financial Officer/Comptroller

Date: May 13, 2008

JUNALINA S. TABOR
Principal Accounting Officer

Date: May 13, 2008

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 - ANNEX

SEMIRARA MINING CORPORATION
AGING OF ACCOUNTS RECEIVABLE
As of March 31,2008

	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.
A. ACCOUNTS RECEIVABLE - TRADE									
1. NPC	413,181,935.46	252,474,981.89	161,553,860.40	(8,233,194.44)	1,015,994.90	381,193.31	5,989,099.40		20,712,472.95
2. APEC	82,168,234.94	51,567,435.76	29,187,507.48	1,413,291.70					
3. PNOC	173,251,420.54	118,313,649.55	54,006,743.23	1,220,523.13	(1,935.74)	(287,559.63)			
4. TPC	77,050,271.14	47,755,514.00	28,704,316.22		(34,142.87)	624,583.79			
5. APO	45,905,164.01	17,169,641.09	16,229,433.25	12,311,726.54	194,363.13				
6. STEAG	-								
7. JPC	39,685,180.30	39,685,180.30							
8. PICOP	5,007,994.00		5,007,994.00						
9. SOLID	32,826,980.09	16,962,969.81	15,878,292.30		(14,282.02)				
10. GFCC	787,380.62	791,088.85			(3,708.23)				
11. EXPORT	212,499,343.03	200,794,917.16	13,844,151.17	(2,136,828.60)	(2,896.70)				
12. PLATINUM GROUP	605,988.86		605,988.86						
13. NPC - Coal Handling	3,154,468.73	3,154,468.73							
	1,086,124,361.72	748,669,847.14	325,018,286.91	4,575,518.33	1,153,392.47	718,217.47	5,989,099.40	-	20,712,472.95
Less: Allowance for doubtfull account	20,712,472.95								
TOTAL	1,065,411,888.77								

	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.
B. NON - TRADE RECEIVABLES									
1. Advances - Officers	6,537.76	10,000.00	(3,462.24)						
2. Advances - Employees	(2,675,069.13)	(1,154,908.13)	362,175.40	(1,882,336.40)					519,697.08
3. Advances - Suppliers	-								
4. Advances - Operations	-								
5. Advances - Contractors	12,107,439.87	288,147.59	(1,282,410.62)	13,101,702.90					2,303,257.85
6. Advances - for Liquidation	2,337,486.47	215,810.26	95,362.36	2,026,313.85					1,948,808.90
7. Advances - SSS Claims	562,813.96		30,960.00	58,228.68			319,701.85	153,923.43	500,910.10
8. Advances - Others	747,538.51	154,752.47	33,701.99	489,854.98	69,229.07				917,702.67
9. Advances - Medical Accounts	1,842,850.25	138,216.61	282,653.25	1,017,242.55	404,737.84				
	14,929,597.69	(347,981.20)	(481,019.86)	14,811,006.56	473,966.91	-	319,701.85	153,923.43	6,190,376.60
Less: Allowance for D/A-AR Others	6,190,376.60								
Net NON - TRADE RECEIVABLE	8,739,221.09								
NET RECEIVABLES (A & B)	1,074,151,109.86								