

**ASIA AMALGAMATED HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEET**

December 31, 2006

	Notes	2006	2005 (As restated)
<b><u>A S S E T S</u></b>			
Cash on hand and in bank		P 230,192	P 495,459
Notes receivable	3	-	70,534,784
Other receivables, net	4	-	8,458,095
Investment properties, net	5	85,199,971	85,748,803
Furniture, fixtures and equipment, net	6	-	-
Due from affiliates	10	-	14,772,178
Deferred tax assets	11 & 15	-	
Other assets, net	7	254,767	254,767
<b>TOTAL ASSETS</b>		<b>P85,684,930</b>	<b>P180,264,086</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
Accounts payable	8	P 6,363,751	P 6,168,511
Due to affiliates		8,028,525	7,183,151
<b>TOTAL LIABILITIES</b>		<b>14,392,276</b>	<b>13,351,662</b>
Equity Attributable to Equity Holders of the Parent			
Capital Stock	9	800,000,000	800,000,000
Capital in Excess of Par		11,915,611	11,915,611
Deficit		(740,680,179)	(645,167,993)
Treasury Stock		(19)	(19)
		<b>71,235,413</b>	<b>166,747,599</b>
Equity Attributable to Minority Interests	9	57,241	164,825
<b>TOTAL EQUITY</b>		<b>71,292,654</b>	<b>166,912,424</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P85,684,930</b>	<b>P180,264,086</b>

*See accompanying Notes to Consolidated Financial Statements.*

**ASIA AMALGAMATED HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF OPERATIONS**

For the Years Ended December 31, 2006, 2005 and 2004

	Notes	2006	2005 (As restated)	2004 (As restated)
<b>REVENUES</b>				
Interest income from notes receivable	10	P -	P 7,188,601	P -
Interest income from bank		3,649	-	-
Recovery from decline in market value of land held for future us	10	-	-	34,031,678
Other income			200,000	-
		<u>3,649</u>	<u>7,388,601</u>	<u>34,031,678</u>
<b>EXPENSES</b>				
Provision for impairment loss		94,091,106	-	10,170,381
Loss on sale of investment in shares of stock		-	25,052,425	-
Loss on sale of ferryboats		-	22,936,624	-
Depreciation	5	193,726	1,078,115	1,690,180
Utilities		834,257	1,450,438	304,571
Listing fee		220,000	220,000	110,000
Taxes and licenses		3,500	3,500	20,000
Professional Fees		280,500	-	-
Provision for bad debts		-	-	1,876,593
Others		330	200,000	120,000
		<u>95,623,419</u>	<u>50,941,102</u>	<u>14,291,725</u>
<b>NET INCOME (LOSS)</b>		<b>(P95,619,770)</b>	<b>(P43,552,501)</b>	<b>P19,739,953</b>
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the parent		<b>(P95,512,186)</b>		
Minority interest		<b>(107,584)</b>	-	-
		<b>(P95,619,770)</b>	P -	P -
<b>EARNINGS (LOSS) PER SHARE</b>	<b>12</b>	<b>(P0.1195)</b>	<b>(P0.0544)</b>	<b>P0.0247</b>

*See accompanying Notes to Consolidated Financial Statements.*

**ASIA AMALGAMATED HOLDINGS CORPORATION AND SUBSIDIARIES**

**STATEMENT OF CHANGES IN EQUITY**

For the Year Ended December 31, 2006

	<b>Note</b>	<b>CAPITAL STOCK</b>	<b>CAPITAL IN EXCESS OF PAR</b>	<b>DEFICIT</b>	<b>MINORITY INTEREST</b>	<b>NET UNREALIZED LOSS ON DECLINE IN VALUE OF INVESTMENT IN SHARES OF STOCK</b>	<b>TREASURY STOCK</b>	<b>TOTAL</b>
Balance at January 1, 2004		P800,000,000	P11,915,611	(P621,355,445)	164,825	(P95,185,988)	(P19)	P95,538,984
Net income for the year, as restated	15			19,739,953				19,739,953
Balance at December 31, 2004, as restated		800,000,000	11,915,611	(601,615,492)	164,825	(95,185,988)	(19)	115,278,937
Sale of investment in shares of stock in Semirara Coal Mines						95,185,988		95,185,988
Net loss for the year, as restated	15			(43,552,501)				(43,552,501)
Balance at December 31, 2005, as restated		800,000,000	11,915,611	(645,167,993)	164,825	-	(19)	166,912,424
Net loss for the year				(95,512,186)	(107,584)			(95,619,770)
<b>Balance at December 31, 2006</b>		<b>P800,000,000</b>	<b>P11,915,611</b>	<b>(P740,680,179)</b>	<b>P57,241 P</b>	<b>-</b>	<b>(P19)</b>	<b>P71,292,654</b>

*See accompanying Notes to Financial Statements.*

**ASIA AMALGAMATED HOLDINGS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2006

	2006	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss) before benefit from deferred income tax	<b>(P95,619,770)</b>	(P43,552,501)	P 19,739,953
Adjustments for –			
Provision for doubtful accounts	<b>94,091,106</b>	-	-
Depreciation	<b>193,726</b>	1,078,115	1,690,180
Loss on sale of investment in shares of stock	-	25,052,425	-
Loss on sale of ferryboats	-	22,936,624	-
Interest income	<b>(3,649)</b>	(7,188,601)	-
Reversal of allowance for doubtful accounts	-	(200,000)	-
Provision for doubtful accounts	-	-	1,867,299
Recovery from decline in market value of land	-	-	(34,031,678)
Impairment loss on ferry boats not used in operation	-	-	10,170,381
Operating loss before working capital changes	<b>(1,338,587)</b>	(1,873,938)	(563,865)
Changes in working capital accounts -			
Increase in notes receivable	-	(70,534,784)	-
Decrease (increase) in other receivables	<b>1,200,000</b>	(1,200,000)	4,086,245
Decrease in accounts payable	-	-	(247,566)
Increase (decrease) in other liabilities	<b>379,613</b>	401,221	(87,813)
Cash provided by (used in) operations	<b>241,026</b>	(73,207,501)	3,187,001
Interest received	<b>3,649</b>	566,263	-
Decrease in other assets	-	-	917,362
Net cash provided by (used in) operating activities	<b>244,675</b>	(72,641,238)	4,104,363
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from sale of investment in shares of stock	-	70,133,563	-
Proceeds from sale of ferryboats	-	5,500,000	-
Increase in due from affiliates	<b>(509,942)</b>	(1,877,743)	(4,169,767)
Increase in due to affiliates	-	(641,824)	-
Net cash provided by (used in) financing activities	<b>(509,942)</b>	73,113,996	(4,169,767)
<b>NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANK</b>	<b>(P 265,267)</b>	P 472,758	(P 65,404)
<b>CASH AND CASH ON HAND AND IN BANK, January 1</b>	<b>495,459</b>	22,701	88,105
<b>CASH AND CASH ON HAND AND IN BANK, December 31</b>	<b>P 230,192</b>	P 495,459	P 22,701

*See accompanying Notes to Consolidated Financial Statements.*