

PART I – FINANCIAL INFORMATION

Item 1: Financial Statements.

The financial statements are filed as part of this SEC Form 17-Q.

BALANCE SHEETS (In PhP thousands)

	December 31, 2006 (Interim - Unaudited)	June 30, 2006 UNAUDITED	VARIANCE	%
ASSETS				
Current Assets				
Cash	1,767	1,687	80	5%
Accounts receivable, net of allowance for D/A	275,305	273,183	2,122	1%
Inventories and supplies	277,394	282,956	(5,562)	-2%
Other current assets	2,349	3,686	(1,337)	-36%
Total Current Assets	556,816	561,512	(4,697)	-1%
Noncurrent Assets				
Amounts owed by related parties	270,203	260,434	9,769	4%
Property and equipment at cost	7,074,940	7,459,577	(384,637)	-5%
Investments in shares of stock	1,751	1,751	-	0%
Deposits and other assets	259,649	250,603	9,046	4%
Total Noncurrent Assets	7,606,543	7,972,365	(365,822)	-5%
TOTAL ASSETS	8,163,359	8,533,877	(370,519)	-4%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Notes payable	87,892	79,741	8,151	10%
Trade and other payables	1,571,386	1,524,787	46,599	3%
Total Current Liabilities	1,659,277	1,604,528	54,750	3%
Noncurrent Liabilities				
Amounts owed to related parties	85,968	81,334	4,634	6%
Deposits and other noncurrent liabilities	86,780	87,580	(799)	-1%
Total Noncurrent Liabilities	172,748	168,913	3,835	2%
Stockholders' Equity				
Capital Stock	2,054,254	2,054,254	-	0%
Deposits for future stock subscriptions	8,737,893	8,737,893	-	0%
Revaluation increment in property	2,095,641	2,095,641	-	0%
Share in revaluation increment in property and equipment of an associate	34,197	34,197	-	0%
Deficit	(6,590,652)	(6,161,549)	(429,103)	7%
Total Stockholders' Equity	6,331,333	6,760,436	(429,103)	-6%
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	8,163,359	8,533,877	(370,518)	-4%

STATEMENTS OF INCOME & RETAINED EARNINGS(DEFICIT)
(In PhP thousands, Except Loss Per Share)

	For the Six(6) Months Ended		For the Three(3) Months Ended	
	December 31, 2006	December 31, 2005	October to Dec. 31, 2006	October to Dec. 31, 2005
OPERATING REVENUES	141,219	216,757	63,605	102,036
COSTS AND EXPENSES				
Operations	160,497	192,473	75,742	90,396
Provisions for doubtful accounts	15,084	18,817	6,725	9,412
EBITDA	(34,362)	5,467	(18,862)	2,228
Depreciation and amortization	390,527	388,586	195,298	183,903
LOSS FROM OPERATIONS	424,890	383,120	214,160	181,675
OTHER CHARGES- Net				
Foreign exchange gain	2,714	50,783	687	129,771
Interest	(7,537)	(124,893)	(4,633)	(51,155)
Others	609	(2,478)	542	(5,120)
	(4,213)	(76,588)	(3,404)	73,496
LOSS BEFORE INCOME TAX	429,103	459,708	217,564	108,179
PROVISION FOR INCOME TAX	-	-	-	-
NET LOSS	429,103	459,708	217,564	108,179
DEFICIT, Beg.	6,161,549	8,375,199	6,161,549	8,375,199
DEFICIT, End	6,590,652	8,834,907	6,379,113	8,483,378
Loss Per Share				
The loss per share amounts were computed as follows:				
Net Loss	429,103	459,708	217,564	108,179
Add: Cumulative dividends on preferred shares	3,000	3,000	1,500	1,500
	432,103	462,708	219,064	109,679
Divided by:				
Weighted average number of common shares issued and outstanding	1,254,999	1,254,999	1,254,999	1,254,999
LOSS PER SHARE				
Basic	0.34	0.37	0.17	0.09

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In PhP thousands)

	Preferred Stock	Common Stock	Deposits for Future Stock Subscriptions	Revaluation Increment in Property	Share in Revaluation Increment in Property & Equipmt. of Associates	Deficit	Total
Balance as of June 30, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,161,549)	6,760,437
Net loss for the month						(70,105)	(70,105)
Balance as of July 31, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,231,653)	6,690,332
Net loss for the month						(70,507)	(70,507)
Balance as of August 31, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,302,160)	6,619,825
Net loss for the month						(70,928)	(70,928)
Balance as of September 30, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,373,088)	6,548,897
Net loss for the month						(70,069)	(70,069)
Balance as of October 31, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,443,157)	6,478,828
Net loss for the month						(73,153)	(73,153)
Balance as of November 30, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,516,309)	6,405,676
Net loss for the month						(74,343)	(74,343)
Balance as of December 31, 2006	75,000	1,979,254	8,737,893	2,095,641	34,197	(6,590,652)	6,331,333
Balance as of June 30, 2005	75,000	1,979,254	4,250,369	2,095,641	34,197	(8,375,199)	59,262
Net loss for the month						(158,619)	(158,619)
Balance as of July 31, 2005	75,000	1,979,254	4,250,369	2,095,641	34,197	(8,533,818)	(99,357)
Net loss for the month						(84,482)	(84,482)
Balance as of August 31, 2005	75,000	1,979,254	4,250,369	2,095,641	34,197	(8,618,300)	(183,839)
Net loss for the month						(108,427)	(108,427)
Balance as of September 30, 2005	75,000	1,979,254	4,250,369	2,095,641	34,197	(8,726,728)	(292,267)
Net loss for the month						(55,774)	(55,774)
Balance as of October 31, 2005	75,000	1,979,254	4,250,369	2,095,641	34,197	(8,782,502)	(348,041)
Net loss for the month						8,130	8,130
Long-term debt converted into equity			7,630,131				7,630,131
Balance as of november 30, 2005	75,000	1,979,254	11,880,500	2,095,641	34,197	(8,774,372)	7,290,220
Net loss for the month						(60,535)	(60,535)
Balance as of December 31, 2005	75,000	1,979,254	11,880,500	2,095,641	34,197	(8,834,907)	7,229,685

STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2006 and 2005
(In Php thousands)

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
NET LOSS	(429,103)	(459,708)
Adjustments to reconcile net income(loss) to net cash provided by (used in) operating activities:		
Depreciation and Amortization	390,527	388,586
Other Charges	(74,336)	76,588
EBITDA	(112,912)	5,466
Changes in operating assets and liabilities:		
Decrease (increase) in current asset		
Accounts Receivable	96,887	(31,877)
Inventories and Supplies	16,096	10,668
Deposits and Other Assets	(25,570)	3,425
Other Current Assets	1,991	(2,164)
	89,404	(19,949)
Increase(decrease) in current liabilities		
Trade and Accounts Payable	(36,805)	52,682
Deposits and Other Liabilities	(520)	(1,599)
Due from (to) Affiliates	14,285	(22,245)
Other Current Liabilities	42,126	4,175
	19,086	33,013
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,422)	18,530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to Property , Plant and Equipment & Others (net)	4,292	(20,112)
	4,292	(20,112)
NET INCREASE(DECREASE) IN CASH	(130)	(1,582)
CASH BALANCE , BEGINNING	1,897	1,934
CASH BALANCE , ENDING	1,767	352

AGING SCHEDULE OF ACCOUNTS RECEIVABLE - TRADE
AS OF DECEMBER 31, 2006
(In PhP thousands)

SERVICES	CURRENT TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	OVER 91 DAYS	TOTAL
DATA SERVICES					
BROADBAND	3,333	1,147	162	9,049	13,691
DATACOM SERVICES	4,139	415	163	2,845	7,562
RETAIL DATA SERVICES	142	146	197	914	1,400
SUB-TOTAL DATA SERVICES	7,615	1,708	521	12,809	22,653
VOICE SERVICES					
LEC	1,173	499	1,228	27,391	30,291
LONG DISTANCE RETAIL	117	117	237	5,560	6,031
INTERCONNECT	1,224	553	576	290,162	292,515
SUB-TOTAL VOICE SERVICES	2,514	1,169	2,042	323,113	328,837
TOTAL	10,129	2,877	2,563	335,922	351,490
LESS: PROVISIONS					94,251
NET REVENUE RECEIVABLES					257,240
ADD: OTHER RECEIVABLES, NET					18,066
NET RECEIVABLES					275,305