

COVER SHEET

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S.E.C. Registration Number

L	E	P	A	N	T	O		C	O	N	S	O	L	I	D	A	T	E	D		M	I	N	I	N	G		C	O	

(Company's Full Name)

2	1	S	T		F	L	O	O	R		L	E	P	A	N	T	O		B	U	I	L	D	I	N	G			
8	7	4	7		P	A	S	E	O		D	E	R	O	X	A	S												
M	A	K	A	T	I		C	I	T	Y																			

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

ODETTE A. JAVIER

Contact Person

815-9447

Company Telephone Number

1	2		3	1
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Month Day
Fiscal Year

1	7	-	Q	
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FORM TYPE

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Month Day
Annual Meeting

Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total no. of Stockholders

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Domestic

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Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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File Number

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Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

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, 2010**
2. Commission identification number: **101**
3. BIR Tax Identification No.: **000-160-247**
4. Exact name of issuer as specified in its charter:

LEPANTO CONSOLIDATED MINING COMPANY

5. Province, country or other jurisdiction of incorporation or organization:
Makati City, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office:

**21st Floor, Lepanto Building
8747 Paseo de Roxas, Makati City, Philippines**

8. Issuer's telephone number, including area code:

(632) – 815-9447

9. Former name, former address and former fiscal year, if changed since last report: **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding:
Class "A"	19,742,130,050
Class "B"	13,161,402,180

Amount of Debt Outstanding: **Please refer to the attached Balance Sheet (Annex "B")**

11. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein.

Philippine Stock Exchange

Classes "A" and "B"

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I- FINANCIAL INFORMATION


- | | |
|--|-------------|
| Item 1. Financial Statements: | |
| <i>Income Statement</i> | - Annex "A" |
| <i>Balance Sheet</i> | - Annex "B" |
| <i>Statement of Cash Flow</i> | - Annex "C" |
| <i>Stockholders' Equity</i> | - Annex "D" |
| <i>Notes to Financial Statements</i> | - Annex "E" |
| <i>Aging of Accounts Receivable-Trade</i> | - Annex "F" |
| Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations | - Annex "G" |
| Item 3. Impact of Current Global Financial Condition | - Annex "H" |

PART II- OTHER INFORMATION (None)

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : LEPANTO CONSOLIDATED MINING COMPANY

Signature : 
Title : RAMON T. DIOKNO
Chief Finance Officer

Date : May 17, 2010

Signature : 
Title : ODETTE A. JAVIER
Vice President/Assistant Corporate Secretary

Date : May 17, 2010

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2010
(With Comparative Figures for 2009)
(In Thousand Pesos, Except Earnings Per Share)

	CONSOLIDATED	
	2010	2009
INCOME		
Sale of metals	P 324,122	P 371,606
Service fees and other operating income	10,040	6,435
	<u>334,162</u>	<u>378,023</u>
COSTS AND EXPENSES		
Mining, milling, roasting, smelting, refining and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges	(398,642)	(387,960)
INCOME (LOSS) FROM OPERATIONS	<u>(64,480)</u>	<u>(9,937)</u>
FINANCE COST, net	(44,932)	(34,463)
FOREIGN EXCHANGE GAINS (LOSS) - net	438	(2,143)
SHARE IN NET EARNINGS OF (LOSSES) OF ASSOCIATES	<u>(1,720)</u>	<u>(395)</u>
INCOME (LOSS) BEFORE INCOME TAX	<u>(110,694)</u>	<u>(46,920)</u>
PROVISION FOR (BENEFIT FROM) INCOME TAX		
CURRENT	33	-
DEFERRED	(51)	(37)
	<u>(18)</u>	<u>(37)</u>
NET LOSS	<u>P (110,676)</u>	<u>P (46,883)</u>
Attributable to:		
Stockholders of the parent company	P (110,606)	P (46,627)
Minority interest	(70)	(256)
	<u>P (110,676)</u>	<u>P (46,883)</u>
OTHER COMPREHENSIVE INCOME (LOSS)		
Changes in revaluation increment in land	P 9,780	P -
	<u>P 9,780</u>	<u>P -</u>
TOTAL COMPREHENSIVE INCOME (LOSS) BEFORE INCOME TAX	<u>P (100,896)</u>	<u>P (46,883)</u>
Attributable to:		
Stockholders of the parent company	P (100,826)	P (46,627)
Minority interest	(70)	(256)
	<u>P (100,896)</u>	<u>P (46,883)</u>
EARNINGS (LOSS) PER SHARE		
attributable to stockholders of the parent company		
Basic and Diluted	<u>P (0.00336)</u>	<u>P (0.00142)</u>
	<u>((P110,676,199.89) / 32,903,532,229 shares)</u>	<u>((P46,627,383) / 32,903,532,229 shares)</u>

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED BALANCE SHEET

(Amounts in thousands)

	<u>MARCH 31</u> <u>2010</u>	<u>December 31</u> <u>2009*</u>
ASSETS		
CURRENT ASSETS		
Cash	P 16,960	P 15,946
Receivables, net	155,552	152,755
Inventories, net	501,425	489,998
Other current assets	346,026	309,671
Total current assets	<u>1,019,963</u>	<u>968,370</u>
NON-CURRENT ASSETS		
Property, plant and equipment	6,430,441	6,441,333
Available-for-sale financial assets	130,396	130,396
Investments and advances in associates	329,115	363,411
Mine exploration cost	740,268	740,208
Deferred income tax assets	94,104	89,912
Other noncurrent assets	13,031	7,010
Total non-current assets	<u>7,737,355</u>	<u>7,772,270</u>
Total assets	<u>P 8,757,318</u>	<u>P 8,740,640</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 2,513,244	P 2,354,878
Current portion of long-term borrowings	64,139	82,549
Loans payable	80,000	80,000
Income tax payable	2	-
Total current liabilities	<u>2,657,385</u>	<u>2,517,427</u>
NON-CURRENT LIABILITIES		
Long-term borrowings - net of current portion	578,891	578,891
Retirement benefit obligations	522,137	515,744
Deferred income tax liabilities	113,765	113,816
Stock subscriptions payable	107,784	107,784
Total non-current liabilities	<u>1,322,577</u>	<u>1,316,235</u>
Total liabilities	<u>3,979,962</u>	<u>3,833,662</u>
EQUITY		
Capital stock	3,286,980	3,286,980
Additional paid-in capital	1,446,062	1,446,062
Revaluation increment in land	501,723	511,504
Cumulative changes in fair values of AFS investments	(359,056)	(359,056)
Retained earnings (Deficit)	(345,472)	(225,688)
	<u>4,530,237</u>	<u>4,659,802</u>
Minority interest	247,119	247,176
Total equity	<u>4,777,356</u>	<u>4,906,978</u>
Total liabilities and equity	<u>P 8,757,318</u>	<u>P 8,740,640</u>

UNAUDITED

* - AUDITED

**LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDING MARCH 31
(AMOUNTS IN THOUSAND PESOS)**

	MARCH 2010	MARCH 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(110,694)	(46,920)
Adjustments for:		
Depreciation and depletion	93,855	105,088
Equity in net losses (income) of affiliated companies	1,720	395
Foreign exchange losses (income), net	438	2,143
Provision for retirement benefit cost	15,374	27,680
Interest expense	44,931	34,463
Operating income before changes in working capital	45,624	122,849
Changes:		
Receivables	(2,797)	(5,345)
Inventories	(11,427)	(5,474)
Prepayments and other current assets	(36,355)	65,950
Accounts payable and accrued expenses	132,687	(33,240)
Cash generated from operations	127,732	144,740
Retirement benefits paid	(8,981)	(10,924)
Interest received	-	-
Income tax recovered (paid)	(31)	(8)
Net cash provided by operating activities	118,720	133,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments	23,398	1,610
Acquisition of property and equipment	(92,744)	(100,038)
Unrecovered exploration costs and other assets	(10,273)	(14,107)
Net cash used in investing activities	(79,619)	(112,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Borrowings, net	(18,848)	(806)
Interest	(19,239)	(24,788)
Net cash used by financing activities	(38,087)	(25,594)
NET INCREASE (DECREASE) IN CASH	1,014	(4,321)
Beginning of period	15,946	8,712
End of period	16,960	4,391

LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2010 & 2009
(Amounts in thousands)

	<u>MARCH 31</u> <u>2010</u>	<u>MARCH 31</u> <u>2009</u>
Authorized - P 3.35 billion		
Share capital at par value	P 3,287,685	P 3,287,244
Subscribed capital (net of subscriptions receivable)	(705)	(638)
Share premium	1,446,062	1,446,062
Fair value and other reserves	(359,056)	(406,895)
Revaluation reserve	501,723	564,022
Retained earnings		
Beginning balance	(234,866)	128,400
Net income (loss) for the period	(110,606)	(46,627)
	<u>(345,472)</u>	<u>81,773</u>
EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY	4,530,237	4,971,568
MINORITY INTEREST	247,119	253,135
	<u>P 4,777,356</u>	<u>P 5,224,703</u>

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS
AS OF MARCH 31, 2010 and DECEMBER 31, 2009

Note 1 - General information

Lepanto Consolidated Mining Company (parent company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 8, 1936 primarily to engage in the exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas and coal and their related by-products. On January 29, 1985, the SEC approved the extension of the parent company's corporate term for another fifty (50) years after the expiration of its original term on September 8, 1986.

The parent company's shares are listed and traded in the Philippine Stock Exchange. In January 1999, the parent company and the Bank of New York, as depository, formed a depository receipt facility to facilitate secondary market trading in the international capital markets of the parent company's class "B" common shares.

On January 14, 1997, the parent company was registered with the Board of Investments (BOI) under Executive Order No. 226 as a new export producer of gold bullion on a preferred non-pioneer status. This registration entitles the parent company to a four (4) year income tax holiday (ITH), which can be further extended for another three (3) years subject to compliance with certain conditions, and lower tariff rates on acquisition of capital equipment. The parent company is required to maintain a base equity of at least 25% as one of the conditions of the registration.

On April 1, 1997, the parent company started the commercial operations of its gold mine (Victoria Project) where its products do not require roasting and suspended its copper mining operations. Consequently, in October 1997, the parent company temporarily ceased operating its roasting plant facilities in Isabel, Leyte for an indefinite period. The Roasting plant facility was also registered with the Philippine Economic Zone Authority (PEZA) on December 17, 1985 pursuant to the provisions of Presidential Decree No. 66, as amended, and Executive Order No. 567 as a zone export enterprise to operate a roasting plant for the manufacture of copper calcine at the Isabel Special Export Economic Processing Zone.

On March 30, 2000, the parent company registered its copper flotation with the BOI as a new producer of copper concentrates on a preferred non-pioneer status. This registration entitles the parent company to a four (4) year ITH, subject to compliance with certain conditions, simplified customs procedures, additional deduction for labor expense, and unrestricted use of consigned equipment for a period of ten (10) years. It is required to maintain a base equity of at least 25% as one of the conditions of the registration. The Copper Flotation project has been suspended at the end of 2001; BOI registration was cancelled on July 11, 2006.

On April 10, 2001, the BOI approved the parent company's request for ITH bonus year for a period of one year from April 2001 to March 2002 for its gold bullion project. On June 21 and September 21, 2005, the parent company obtained necessary approval for the ITH bonus years of April 2002 to March 2003 and April 2003 to March 2004, respectively.

On January 5, 2004, the parent company was registered with the BOI under Executive Order No. 226 as new export producer of gold bullion on a non-pioneer status, for its Victoria II (renamed Teresa) Project, located also in Mankayan, Benguet, Philippines. This registration entitles the parent company to ITH with the same incentives that were granted on their registration with the BOI on January 14, 1997. The Teresa Project commenced its commercial operations in April 2004

On November 21, 2006, the parent company was registered with the BOI under Executive Order No. 226 as new export producer of copper-gold concentrate on a non-pioneer status for its copper-gold flotation project located also in Mankayan, Benguet, Philippines. This registration entitles the Company to ITH for four (4) years, which can be further extended for another three (3) years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five years.

The registrations mentioned above enable the parent company and its subsidiaries to avail of the rights, privileges, and incentives granted to all registered enterprises.

The parent company has its principal office at the 21st Floor, 8747 Lepanto Building, Paseo de Roxas, Makati City.

Note 2 – Compliance with Generally Accepted Accounting Principles

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the Philippines. The Group prepared its consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) except for the exemption from fair value requirement of the Philippine Accounting Standards (PAS) 39 of long term commodity hedging contracts entered into by the Company and outstanding as of January 1, 2005, which was permitted by the SEC.

Note 3 – Cash

Cash increased from P16.0 million to P17.0 million. The account is composed of Cash in banks and on hand.

Note 4 – Other Current Assets

The 12% increase is mainly composed of P35 million from Advances to Suppliers/Miscellaneous Deposits. This account is also composed of Creditable input VAT and Prepaid Expenses among others

Note 5– Other Noncurrent Assets

Deferred charges accounted for the rise of 86%. Other accounts group are Environmental, Monitoring and Rehabilitation Trust funds together with long term deposits.

Note 6– Trade and Other Payables

Renegotiated and extended credit terms accounted for the 7% increase from P2,354.9 million to P2,513.3 million.

Note 7– Current Portion of Long Term Borrowings

The reduction of 22% was due to payments made during the quarter.

Note 8 - Business Segments

Lepanto Consolidated Mining Company Group (LCMC Group) derives revenue from the following main operating business segments:

Investment activities – This segment derives its income as a general agent, broker or factor of any insurance company or as a commercial broker, agent or factor of any person, partnership, corporation or association engaged in any lawful business, industry or enterprise. Income is derived from commissions, which represent income on non-life insurance policies underwritten by a subsidiary for certain principals.

Hauling activities – This segment engages in handling all kinds of material, products and supplies in bulk and maintaining and operating terminal facilities such as pier and warehouses. Income is derived mainly from hauling fees, sale of lumber, sawmill services and warehouse rentals.

Insurance activities – This segment derives its revenues from premiums from short duration insurance contracts, which are recognized over a period of the contracts using the 24th month method.

The assets, liabilities and results of the business segments of the LCMC Group for the 1st quarter of the year 2010 and 2009 are as follows:

Investment activities

	2010 (in thousands)	2009 (in thousands)
Current Assets	5,783	5,759
Non-current Assets	93,873	94,361
Current Liabilities	38,428	38,119
Non-Current Liabilities	0	3,525
Gross Income	0	29
Net Income (Loss)	(55)	(25)

Hauling Activities

	2010 (in thousands)	2009 (in thousands)
Current Assets	67,177	54,438
Non-Current Assets	422,842	434,028
Current Liabilities	13,113	17,647
Non-Current Liabilities	144,247	136,984
Gross Income	6,032	7,128
Net Income (Loss)	(355)	(64)

Insurance Activities

	2010 (in thousands)	2009 (in thousands)
Current Assets	397,796	350,080
Non-current Assets	39,130	29,667
Current Liabilities	280,569	237,010
Gross Underwriting Income	19,646	18,405
Underwriting Income	6,438	9,167
Net Income (Loss)	(3,586)	(272)

Note 9– Seasonality

There is no seasonality or cyclical factors in the company's operations. The company has momentarily put copper concentrate production on hold.

LEPANTO CONSOLIDATED MINING CO.

AGING OF ACCOUNTS RECEIVABLE - TRADE

AS OF MARCH 31, 2010

<i>CUSTOMERS</i>	<i>CURRENT</i>	<i>OVER 30 DAYS</i>	<i>OVER 60 DAYS</i>	<i>TOTAL</i>
HERAÆUS LTD.	17,858,565.50	-	-	17,858,565.50
TRAFIGURA	-	-	20,911,282.39	20,911,282.39
	17,858,565.50	-	20,911,282.39	38,769,847.89

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

As of March 31, 2010

Mining Operations

Comparing the first quarter of 2010 with the same period last year, tonnage milled slightly increased from 95,310 tonnes to 96,300 tonnes. Mill head however decreased from 3 g/t gold to 2.24 g/t gold; gold production from 8,320 oz. to 6,176 oz.

Following are the production statistics for the first quarter of the year:

	January-March 2010	January-March 2009	Difference %
Tonnes Milled	96,300	95,310	1
Milled Head, g/t Au	2.24	3	(25)
Mill Recovery, Au%	89.20	90.44	(1)
Production, oz Au	6,176	8,320	(26)

Net loss for the quarter amounted to P107.9million compared with last year's loss of P43.6 million. Gold price averaged \$1,111.83/oz versus \$911.33/oz the preceding year. The financial statistics for the period is as follows:

	January-March 2010 (million pesos)	January-March 2009 (million pesos)	Difference %
Sale of Metals and Other Income	326.5	372.4	(12)
Cost and Expenses	389.9	379.5	(3)
Income (Loss) from Operations	(63.4)	(7.1)	(793)
Finance Costs (net)	(44.9)	(34.4)	(31)
Foreign Exchange Gain (Losses)-Net	0.4	(2.1)	119
Net Income (Loss)	(107.9)	(43.6)	(147)

Cost and Expenses increased from P379.5 million to P389.9 million on account of the increases in mining and milling costs. Total mining cost rose to P102.8 million from P97.6 million due to increases in: i) total power cost by P4.3 million due to increase in power rate; and ii) consumption of spare parts/ repairs of LHDs. Milling cost went up to P61.7 million from P51.7 million due principally to the increases in: Labor cost, P1.3 million; power

consumption, P6.9 million; and mill maintenance, P1.6 million. Production tax dropped to P6.5 million compared with last year's P7.1 million due to the lower production. Mine overhead cost decreased by P1.5 million due to the reduction in the provision for pension costs. Impairment loss for the roaster plant was nil compared with P2.8 million last year.

Finance cost went up due to interest payments on Trade credits, Export Advances and other obligations. A Foreign Exchange gain of P0.4 million was recorded due to the appreciation of the Peso vis-à-vis the US\$, P46.00/ \$ vs P47.86/\$ last year.

BALANCE SHEET MOVEMENTS

Cash balances increased by P1 million. Other Current Assets increased from P310 million to P346 million due mainly to the increases in Advances to Suppliers/Miscellaneous Deposits of P35 million. Other Non-current Assets rose from P7 million to P13 million due to the increase in deferred charges for the quarter.

On the Liabilities side, Trade and Other Payables went up by P158 million due to renegotiation and extension of credit terms with suppliers. Current Portion of Long-Term Borrowings went down from P83 million to P64 million on account of repayments made.

CAPITAL EXPENDITURES

Total capital expenditures for the first quarter reached P110 million, P67 million of which went to mine and capital development. Exploration added P11 million into costs while another P6 million was incurred for the Tailings Dam maintenance. Machinery and equipment purchased for the period amounted to P26 million.

Capital expenditures for the year are projected to reach P663 million, with capital development of mining projects getting the bulk at P376 million. Other major capital expenditures are: mine machinery and equipment (P219 million); tailings dam (P26 million); and exploration for new mining areas (P42 million).

SUBSIDIARIES

The key performance indicator used for the subsidiaries is Net Income.

Lepanto Investment and Development Corp reported a net loss of P55 thousand compared with last year's loss of P25 thousand. Shippside Incorporated's net loss is P355 thousand against last year's net loss of P64 thousand. Diamond Drilling Corporation of the Philippines recorded a smaller net loss of P2.4 million against a net loss of P6 million in the previous year on account of higher drilling meterage.

OUTLOOK FOR THE REST OF THE YEAR

We project 8,000 meters of development work program for the year

Projected production for this year, in payable metals, is 40,000 oz of gold.

*** - KEY PERFORMANCE INDICATORS-LCMC**

Tonnes Milled which indicate the amount of ore taken for processing, **Milled Head** is the amount of gold per ton milled and **Gold production** which is the final product of the operations. **Metal sales, Cost and Expenses** and **Net Income** round up the review process on how the company is performing vis-à-vis the performance of the same period last year. **Average Gold price** for the period adds another parameter that needs watching notwithstanding that the company has no direct influence on its movement.

Lepanto Consolidated Mining Company Impact of Current Global Financial Condition

Credit Risk

There is no significant exposure to credit risk. Gold exports are settled on cash basis. Existing contracts allow for the payment of 98% of the value of payable metals (determined on the day of shipment) within two banking days from shipment. Full settlement is normally received within three (3) working days.

Copper concentrate exports are 90% paid within five (5) working days upon submission of invoices and shipping documents. The remaining 10% is payable within 90 days from shipping date. There is no copper concentrate production however at this time.

Market Risk

The value of financial instruments may change as a result of changes in interest rates, foreign currency exchanges, equity prices and other market changes as discussed below.

Foreign Exchange Risk

All gold and copper concentrate sales are denominated in US dollars. The sales proceeds are used to settle dollar-denominated obligations; the rest are converted to Philippine Peso based on prevailing exchange rates to settle Peso-denominated obligations.

The foreign currency- denominated liabilities, which as of the end of the quarter amounted to US\$13.06 million, was revalued at the start of the year based on an exchange rate of P46.20/US\$. The depreciation of the Peso against the US\$ results in a forex loss with respect to such liabilities, which losses are booked at year-end. However, it should be noted that being a 100% dollar-earner, the company actually benefits from such Peso depreciation in terms of higher peso revenues. Presently however, the peso is appreciating against the dollar and settlement of liabilities is reflected as forex gain.

Interest Rate Risk

The company's exposure to the risk to changes in interest rates relates primarily to long-term borrowings with floating interest rates. The Company regularly monitors its interest rate exposure and correspondingly plans ahead to meet its interest obligations.

Liquidity Risk

The company maintains a balance between continuity of funding and flexibility through the use of bank drafts, bank loans and hire purchase contracts. While the Company is unable to secure additional credit lines for now, it can fully draw against existing trade facilities.

It is part of our liquidity risk management to regularly evaluate projected and actual cash flows. Loan maturity profile is reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Fair Values

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash, Receivables, Trade Payables and Accrued Expenses

The carrying amounts of cash, receivables, trade payables and accrued expenses are all subject to normal trade credit terms and are short term in nature , approximate their fair values.

AFS Investments

Fair values of investments are estimated by reference to their quoted market values made during the balance sheet date as of the end of last year. Unquoted equity securities are carried at cost net of impairment in value, since fair value of these AFS securities cannot be reliably determined as these securities are not listed and have no available bid price. The Company has no investments in foreign securities.

Loans Payable and Borrowings

The fair value of the interest bearing long-term debt is based on the discounted value of future cash flows using the applicable rate for a similar type of loans. The discounted rate used in the quarter ranges from 7% to 13%.

Fair values of the loans payable and borrowings as of end of the quarter approximate their carrying value.