

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: **June 30, 2006**
2. Commission identification number: **4429** 3. BIR Tax Identification No.: **000-164-442**
4. Exact name of issuer as specified in its charter:

MANILA MINING CORPORATION

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:

**20th 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"	71,622,090,669
Class "B"	47,714,123,468

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 [**x**]

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 1- FINANCIAL INFORMATION

- Item 1. Financial Statements:**
- Income Statement* - Annex "A"
 - Balance Sheet* - Annex "B"
 - Statement of Cash Flow* - Annex "C"
 - Stockholders' Equity* - Annex "D"
 - Notes to Financial Statements* - Annex "E"
 - Aging of Accounts Receivable-Trade* - Annex "F"
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations** - Annex "G"

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 : **Manila Mining Corporation**

Signature :

Title :

Date :

Signature :

Title :

Date :

Manila Mining Corporation


MARIO L. LAVENTE
Controller

August 10, 2006


ODETTE A. JAVIER
Assistant Corporate Secretary

August 10, 2006

MANILA MINING CORPORATION

QUARTERLY INCOME STATEMENT
SIX MONTHS ENDED JUNE 30, 2006
(WITH COMPARATIVE FIGURES FOR THE SIX MONTHS ENDED JUNE 30, 2005)

ANNEX "A"

	<u>Second Quarter of 2006</u>	<u>Second Quarter of 2005</u>	<u>SIX MONTHS ENDED JUNE 30</u>	
			<u>2006</u>	<u>2005</u>
REVENUE				
Copper	P	P	P	P
Gold				
Silver				
Interest and Other income	2,218	2,547	4,192	2,547
	<u>2,218</u>	<u>2,547</u>	<u>4,192</u>	<u>2,547</u>
COST AND EXPENSES				
Mining, milling, refining and other related charges and administrative expenses including depreciation, depletion and amortizations	23,226,158	34,053,301	45,403,075	62,874,548
	<u>23,226,158</u>	<u>34,053,301</u>	<u>45,403,075</u>	<u>62,874,548</u>
NET INCOME BEFORE INCOME TAX	<u>(23,223,940)</u>	<u>(34,050,754)</u>	<u>(45,398,883)</u>	<u>(62,872,001)</u>
PROVISION FOR INCOME TAX				
Current				
Deferred				
NET INCOME (LOSS) FOR THE PERIOD	<u>P (23,223,940)</u>	<u>P (34,050,754)</u>	<u>(45,398,883)</u>	<u>(62,872,001)</u>
EARNINGS (LOSS) PER SHARE	<u>P 0.000195</u>	<u>P 0.000285</u>	<u>0.000380</u>	<u>0.000527</u>
	<small>(-23,223,940 / 119,336,214,137 shs)</small>	<small>(-34,050,754 / 119,336,214,137 shs)</small>	<small>(-45,398,883 / 119,336,214,137 shs)</small>	<small>(-62,872,001 / 119,336,214,137 shs)</small>
Formula:				
Net Loss	23,223,939.52	34,050,754.08	45,398,882.84	62,872,000.85
divided by Total shares subscribed,	<u>119,336,214,137</u>	<u>119,336,214,137</u>	<u>119,336,214,137</u>	<u>119,336,214,137</u>
issued and outstanding	<u>119,323,131,437</u>	<u>119,323,131,437</u>	<u>119,323,131,437</u>	<u>119,323,131,437</u>

MANILA MINING CORPORATION

BALANCE SHEET

June 30, 2006

(With Comparative Figures for June 30 and December 31, 2005)

ANNEX "B"

A S S E T S				LIABILITIES AND STOCKHOLDERS' EQUITY					
	**	June	*	December		**	June	*	DECEMBER
		2006		2005			2006		2005
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	P	709,483	P	463,092	Accounts payable and accruals	P	602,253,351	P	594,851,895
Short-term investments		-		-	Loan Payable		193,439,896		193,439,896
Receivables					Dividends payable		573,097		573,179
Non-trade (net)		4,664,723		4,607,243			<u>796,266,344</u>		<u>788,864,970</u>
Inventories					NON-CURRENT LIABILITIES:				
Bullion		-		-	Non-trade payables		515,960,624		504,910,669
Copper concentrate		-		-	Deferred Tax Liability		151,509,780		151,509,780
Gold in process - CIP		-		-	Pension Liability		<u>3,681,188</u>		<u>3,681,188</u>
Ore		-		-			<u>671,151,592</u>		<u>660,101,637</u>
Materials and supplies (net)		44,046,852		44,549,175	STOCKHOLDERS' EQUITY				
Prepayments		<u>10,402,197</u>		<u>10,177,154</u>	Capital Stock				
		<u>59,823,255</u>		<u>59,796,664</u>	Authorized - 120,000,000,000 shares divided into 72,000,000,000 shares of Class "A" and 48,000,000,000 shares of Class "B" at P0.01 par value each - P1,200,000,000				
NON-CURRENT ASSETS:					Issued and outstanding-119,316,018,920 shares (May 2006- 119,316,018,920 shares)		1,193,160,189		1,193,160,189
Property, Plant and Equipment (net)		1,572,912,222		1,597,681,135	Subscribed capital stock - 20,195,217 shares (May 2006 - 20,195,217 shares), net of subscriptions receivable of P 130,827 (May 2006 - P 130,827)		71,125		71,125
Other Assets (net)		16,419,979		18,625,211	Capital in Excess of par value		<u>4,230,174</u>		<u>4,230,174</u>
Deferred Income Tax assets		26,281,928		26,281,928	Retained earnings, beginning		(936,543,157)		(782,126,076)
Available For Sale Financial Assets		<u>7,875,000</u>		<u>7,875,000</u>	Add: Net income (loss) for the period		<u>(45,398,883)</u>		<u>(154,417,081)</u>
		<u>1,623,489,130</u>		<u>1,650,463,274</u>	Retained earnings, end		<u>(981,942,040)</u>		<u>(936,543,157)</u>
TOTAL ASSETS	P	<u>1,683,312,384</u>	P	<u>1,710,259,937</u>	Net stockholders' equity		<u>215,519,448</u>		<u>260,918,331</u>
					Fair Value Reserve		<u>375,000</u>		<u>375,000</u>
					TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>1,683,312,384</u>		<u>1,710,259,937</u>

* Audited

** Unaudited

MANILA MINING CORPORATION

STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2006

(WITH COMPARATIVE FIGURES FOR THE SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2005)

ANNEX "C"

	SECOND QUARTER		SIX MONTHS ENDED JUNE 30	
	2006	2005	2006	2005
Net income/(loss) for the period	(23,223,940)	(34,050,754)	(45,398,883)	(62,872,001)
Add/(deduct) year-to-date adjustments	(23,223,940)	(34,050,754)	(45,398,883)	(62,872,001)
Adjustment to reconcile net income to net cash provided by operating activities:				
Depreciation	8,224,127	17,852,498	16,446,495	32,748,097
Depletion & amortization of pre-stripping costs	5,377,481	5,377,481	10,754,961	10,754,961
	(9,622,332)	(10,820,775)	(18,197,427)	(19,368,942)
Changes in assets and liabilities				
(Increase) decrease in receivables	33,398	(38,214)	(57,480)	(119,323)
(Increase) decrease in inventories	502,323	14,678	502,323	98,729
(Increase) decrease in prepayments/marketable securities	(134,411)	(100,000)	(225,043)	7,775,000
Increase (decrease) in accounts payable & accruals	9,670,748	11,023,856	18,451,412	11,651,552
Increase (decrease) in notes payable	(82)		(82)	
Net cash provided by operating activities	449,643	79,545	473,702	37,016
CASH USED IN INVESTING ACTIVITIES:				
(Increase) decrease of property, plant and eqpt	(303,596)	(50,076)	(303,596)	(88,038)
(Increase) decrease in other assets	43,212	4,533	76,284	(38,467)
Net cash used in investing activities	(260,384)	(45,543)	(227,312)	(126,505)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Capital contribution				
Capital in excess of par value				
Payment of stock/cash dividends		(336)		(336)
Net cash provided by (used in) financing activities		(336)		(336)
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	189,259	33,666	246,390	(89,825)
CASH				
Beginning of the period	520,224	543,502	463,092	666,992
End of the period	709,483	577,167	709,483	577,167

MANILA MINING CORPORATION

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE PERIOD ENDED JUNE 30, 2006 AND 2005**

ANNEX "D"

	JUNE 30 2006	JUNE 30 2005
STOCKHOLDERS' EQUITY		
Capital Stock		
Authorized - 120B shares @ P.01 par value each (P 1,200,000,000)		
Issued and outstanding	1,193,160,189	1,193,160,189
<hr/>		
Subscribed capital stock (net of subscriptions receivable)	71,125	71,125
<hr/>		
Capital in Excess of par value	4,230,174	4,230,174
<hr/>		
Retained earnings		
Operations		
Beginning balance	(936,543,157)	(779,916,646)
Net income (loss) for the period	(45,398,883)	(62,872,001)
Forex loss		
	(981,942,040)	(842,788,646)
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TOTAL STOCKHOLDERS' EQUITY	P <u>215,519,448</u>	P <u>354,672,842</u>

ANNEX “E”

MANILA MINING CORPORATION NOTES TO FINANCIAL STATEMENTS

Note 1 - Operations; registration with the Board of Investments (BOI)

Manila Mining Corporation (the “Company”) had a total of 552 regular employees both as of December 31, 2005 and June 30, 2006, but 521 have been on forced leave due to the temporary shutdown.

Due to the temporary cessation of operations since July 2001, the BOI certificates of registration of the Company have been suspended.

Note 2 – Compliance with generally accepted accounting principles and basis of financial statement presentation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations.

The policies set out below have been consistently applied to all the months presented. The Company’s financial statements were prepared in accordance with generally accepted accounting principles in the Philippines (GAAP) and in conformity with PFRS

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company’s accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed properly.

Adoption of new accounting standards

The ASC approved the issuance of new and revised accounting standards which are based on revised International Accounting Standards (IAS) and new International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) which are effective for annual periods beginning on or after January 1, 2005.

These new Standards have been renamed PASs to correspond to adopted IASs while the PFRSs correspond to adopted IFRSs. The Company adopted the applicable PASs and PFRSs effective January 1, 2005:

PAS

- PAS 1, 2, 8, 10, 16, 17, 19, 21, 24, 32, 33, 36, 37, 38 & 39

PFRS

- PFRS 1 & 2

Note 1 – RECEIVABLES

This consists of advances to officers & employees.

Note 2 – PRE-PAYMENTS AND DEPOSITS

This account represents Deferred input VAT in relation to services rendered to the Company.

Note 3 – Other Assets

This account consists mainly of idle equipment.

Note 4 – ACCOUNTS PAYABLE AND ACCRUAL

This represents advances from stockholders and payables to employees.

Note 5 - Earnings (loss) per share

Following are the basis for the computation of earnings (loss) per share:

	2 nd qtr 2006	2 nd qtr 2005
Numerator:		
Net (loss) income for The quarter	P (45,398,883)	P (62,872,001)
Denominator:		
Weighted average Total shares subscribed, issued and outstanding	119,336,214,137	119,336,214,137

MANILA MINING CORPORATION

AGING OF ACCOUNTS RECEIVABLE TRADE

As of June 30, 2006

NONE

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**Management's Discussion and Analysis of Financial Condition
and Results of Operations
As of 30 June 2006**

The Company's operations continued to be suspended as at the end of the second quarter of the year. Earned other income increased to P4,192.00. Total expenses for the first semester of 2006, consisting mainly of depreciation expense, represents as well the net loss from operations for the same period - P45,403,075 as against P62,874,548 in 2005. The 28% decrease in the total cost and expenses was on account of the 50% decrease in the depreciation expense. Amortization of tailings dam for the first semester of 2006 was unchanged from 2005 at P10,754,961. A minimal decrease of 5% in administrative expenses was recorded in 2006 i.e., P828,165 in 2006 vs. P868,805 in 2005.

There were 31 active employees as at the end of the semester compared with 32 active employees last year.

Discussions between MMC Senior Officers and off-shore entities continued in relation to the Kalaya-an Property.

The 62% increase in the receivable account was due to advances made to employees. The increase in the VAT account was accounted for mainly by the increase in deferred input VAT in relation to certain services rendered to the Company. The Property plant and equipment account posted a net decrease of 2% due to depreciation. The Other assets account registered a net decrease of 12% due to depreciation and the disbursement from environmental funds maintained and monitored by the Mines and Geosciences Bureau. Retained earnings further decreased by 5% due to the net loss during the first semester.

The Board of Directors of the Company approved on August 2, 2006 a stock rights offer ("SRO) to be made out of an increase in the Authorized Capital Stock of the Company from P1.2 billion to P1.8 billion, as approved by the shareholders in 2001. The offer price is P0.015 per share, on a 1:2 (one share for every two shares held). The record date for the offer is August 30, 2006. The total value of the shares to be offered is P895 million, which will be used to fund exploration projects and pay debts.

The Company, out of the proceeds of the 1:2 SRO will embark on a drilling program involving diamond and reverse circulation drillings on its properties and metallurgical testing. Thereafter, feasibility studies will be run to determine the viability of reopening the mine. A total of P200 million will be earmarked for the drilling program.