



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three-Month Periods Ended March 31, 2006 and 2005
(Amounts in Millions of Pesos, Except Per Share Amounts)

Unaudited

	<u>January to March</u>	
	<u>2006</u>	<u>2005</u>
SALES	52,187	38,942
COST OF GOODS SOLD	<u>(49,061)</u>	<u>(36,101)</u>
GROSS PROFIT	3,126	2,841
SELLING AND ADMINISTRATIVE EXPENSES	(1,242)	(1,166)
INTEREST INCOME	62	59
INTEREST EXPENSE	(581)	(476)
OTHERS	<u>(64)</u>	<u>(87)</u>
INCOME BEFORE INCOME TAX	1,301	1,171
PROVISION FOR INCOME TAX	<u>(293)</u>	<u>(299)</u>
NET INCOME	<u><u>1,008</u></u>	<u><u>872</u></u>
Attributable to:		
Equity holders of the parent	1,003	870
Minority interest	<u>5</u>	<u>2</u>
	<u><u>1,008</u></u>	<u><u>872</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Basic Earnings Per Share)	<u><u>0.11</u></u>	<u><u>0.09</u></u>
Diluted Earnings Per Share	NOT APPLICABLE	



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Millions of Pesos)

Unaudited

	As at	
	3/31/2006	12/31/2005
ASSETS		
Current Assets		
Cash and cash equivalents	2,869	4,071
Financial assets at fair value through profit or loss	151	144
Available-for-sale investments	259	259
Receivables	16,492	14,055
Inventories	33,630	27,018
Other current assets	1,514	1,297
Total Current Assets	54,915	46,844
Non-Current Assets		
Property, plant and equipment	22,288	22,570
Investment properties	204	207
Available-for-sale investments	196	196
Other noncurrent assets	3,313	1,258
Total Noncurrent Assets	26,001	24,231
	80,916	71,075
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	18,424	21,407
Liabilities for crude oil and petroleum product importation	18,300	7,911
Accounts payable and accrued expenses	6,824	4,818
Current portion of long-term debt	1,654	1,906
Income tax payable	21	183
Total Current Liabilities	45,223	36,225
Non-Current Liabilities		
Long-term debt - net of current portion	4,707	5,025
Deferred income tax liabilities	1,651	1,513
Other noncurrent liabilities	712	697
Total Noncurrent Liabilities	7,070	7,235
Stockholders' Equity Attributable to Equity Holders of the Parent		
Capital stock	9,375	9,375
Retained earnings:		
Appropriated	11,652	11,652
Unappropriated	7,356	6,352
Other reserves	127	128
Total Stockholders' Equity Attributable to Equity Holders of the Parent	28,510	27,507
Minority Interest		
Total Stockholders' Equity	28,623	27,615
	80,916	71,075



Unaudited

PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY

For the Three-Month Periods Ended March 31, 2006 and 2005
(Amounts in Millions of Pesos)

	January to March	
	2006	2005
COMMON STOCK	9,375	9,375
APPROPRIATED RETAINED EARNINGS		
Balance at beginning of year	11,652	6,906
Appropriated for capital projects	-	-
Balance at end of period	11,652	6,906
UNAPPROPRIATED RETAINED EARNINGS		
Balance at beginning of year	6,352	4,858
Net income	1,003	870
Effect of change in accounting for:		
Employee benefits	-	855
Changes in foreign exchange rates	-	(1,612)
Inventories	-	2,162
Financial instruments: recognition and measurement	1	-
Balance at end of period	7,356	7,133
OTHER RESERVES	127	-
ACCUMULATED TRANSLATION ADJUSTMENT		
Balance at beginning of year	-	85
Foreign currency translation adjustments	-	17
Balance at end of period	-	102
MINORITY INTEREST	113	112
TOTAL STOCKHOLDERS' EQUITY	28,623	23,628



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three-Month Periods Ended March 31, 2006 and 2005
(Amounts in Millions of Pesos)

Unaudited

	January to March	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	1,301	1,169
Adjustments for:		
Depreciation and amortization	607	544
Interest expense	581	401
Interest income	(62)	(52)
Net unrealized foreign exchange loss (gain)	(175)	(96)
Others	(5)	(6)
Operating income before working capital changes	2,247	1,960
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(1,577)	(16)
Inventories	(6,611)	(4,072)
Other current assets	(2,081)	(347)
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	10,375	6,320
Accounts payable and accrued expenses	1,408	319
Provisions for doubtful accounts, inventory obsolescence and others	29	122
Interest paid	(440)	(373)
Income taxes paid	(190)	(86)
Interest received	62	52
Net cash provided by (used in) operating activities	3,222	3,879
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(323)	(585)
Investment properties	-	-
Decrease (increase) in:		
Other receivables	(738)	183
Other noncurrent assets	-	(5)
Reductions from (additions to):		
Available-for-sale investments	(1)	-
Investments	-	(150)
Net cash provided by (used in) investing activities	(1,062)	(57)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	28,332	10,983
Payments of:		
Loans	(31,696)	(15,434)
Cash dividends	(2)	(2)
Others	7	40
Net cash provided by (used in) financing activities	(3,359)	(4,413)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3)	(5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,202)	(1,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,071	4,104
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,869	3,008