



PETRON CORPORATION AND SUBSIDIARIES
STATEMENT OF INCOME
For the Six-Month Periods Ended June 30, 2007 and 2006
(Amounts in Millions of Pesos, Except Per Share Amounts)

Unaudited

	<u>April to June</u>		<u>January to June</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
SALES	55,443	54,786	98,789	106,973
COST OF GOODS SOLD	<u>(51,273)</u>	<u>(50,165)</u>	<u>(91,734)</u>	<u>(99,492)</u>
GROSS PROFIT	4,170	4,621	7,055	7,481
SELLING AND ADMINISTRATIVE EXPENSES	(1,449)	(1,538)	(2,545)	(2,776)
INTEREST INCOME	108	50	186	112
INTEREST EXPENSE	(581)	(638)	(1,215)	(1,237)
OTHERS	<u>313</u>	<u>(288)</u>	<u>462</u>	<u>(72)</u>
INCOME BEFORE INCOME TAX	2,561	2,207	3,943	3,508
PROVISION FOR INCOME TAX	<u>(812)</u>	<u>(524)</u>	<u>(1,241)</u>	<u>(817)</u>
NET INCOME	<u><u>1,749</u></u>	<u><u>1,683</u></u>	<u><u>2,702</u></u>	<u><u>2,691</u></u>
Attributable to:				
Equity holders of the parent	1,747	1,681	2,699	2,684
Minority interest	<u>2</u>	<u>2</u>	<u>3</u>	<u>7</u>
	<u><u>1,749</u></u>	<u><u>1,683</u></u>	<u><u>2,702</u></u>	<u><u>2,691</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<u>0.19</u>	<u>0.18</u>	<u>0.29</u>	<u>0.29</u>



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

Unaudited

	As at	
	6/30/2007	12/31/2006
ASSETS		
Current Assets		
Cash and cash equivalents	6,322	11,735
Financial assets at fair value through profit or loss	247	180
Available-for-sale investments	180	103
Receivables	18,616	15,629
Inventories	31,299	26,289
Other current assets	4,788	7,054
Total Current Assets	61,452	60,990
Non-Current Assets		
Property, plant and equipment	29,311	25,153
Investment properties	214	222
Available-for-sale investments	443	529
Other noncurrent assets	640	622
Total Noncurrent Assets	30,608	26,526
	92,060	87,516
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	21,285	28,135
Liabilities for crude oil and petroleum product importation	14,905	7,541
Accounts payable and accrued expenses	4,838	3,731
Current portion of long-term debt	1,607	1,633
Income tax payable	360	452
Total Current Liabilities	42,995	41,492
Non-Current Liabilities		
Long-term debt - net of current portion	12,316	11,279
Deferred income tax liabilities	1,630	1,443
Other noncurrent liabilities	1,103	1,049
Total Noncurrent Liabilities	15,049	13,771
Stockholders' Equity Attributable to Equity Holders of the Parent		
Capital stock	9,375	9,375
Retained earnings:	-	-
Appropriated	17,021	17,021
Unappropriated	7,994	6,232
Other reserves	(492)	(490)
Total Stockholders' Equity Attributable to Equity Holders of the Parent	33,898	32,138
Minority Interest		
Total Stockholders' Equity	34,016	32,253
	92,060	87,516



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions of Pesos)

Unaudited

	June 2007	June 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	3,943	3,508
Adjustments for:		
Depreciation and amortization	1,244	1,276
Interest expense	994	1,191
Interest income	(186)	(112)
Net unrealized foreign exchange loss (gain)	(136)	(6)
Others	(66)	(30)
Operating income before working capital changes	5,793	5,827
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(2,843)	(1,557)
Inventories	(5,010)	(10,940)
Other current assets	2,174	(3,128)
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	7,318	8,609
Accounts payable and accrued expenses	1,075	(110)
Provisions for doubtful accounts, inventory obsolescence and others	93	378
Interest paid	(984)	(1,158)
Income taxes paid	(1,147)	(221)
Interest received	186	112
Net cash provided by (used in) operating activities	6,655	(2,188)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(5,394)	(1,608)
Decrease (increase) in:		
Other receivables	(117)	905
Other noncurrent assets	(15)	(121)
Reductions from (additions to):		
Available-for-sale investments	10	(1)
Investments	-	-
Net cash provided by (used in) investing activities	(5,516)	(825)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	26,366	80,244
Payments of:		
Loans	(32,064)	(71,699)
Cash dividends	(891)	(502)
Others	37	23
Net cash provided by (used in) financing activities	(6,552)	8,066
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	-	(4)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,413)	5,049
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,735	4,071
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,322	9,120