



PETRON CORPORATION AND SUBSIDIARIES
STATEMENT OF INCOME
For the Nine-Month Periods Ended September 30, 2006 and 2005
(Amounts in Millions of Pesos, Except Per Share Amounts)

Unaudited

	<u>January to September</u>	
	<u>2006</u>	<u>2005</u>
SALES	164,202	138,429
COST OF GOODS SOLD	<u>(153,067)</u>	<u>(126,944)</u>
GROSS PROFIT	11,135	11,485
SELLING AND ADMINISTRATIVE EXPENSES	(3,771)	(3,818)
INTEREST INCOME	223	261
INTEREST EXPENSE	(2,046)	(1,494)
OTHERS	<u>(464)</u>	<u>67</u>
INCOME BEFORE INCOME TAX	5,077	6,501
PROVISION FOR INCOME TAX	<u>(1,080)</u>	<u>(1,717)</u>
NET INCOME	<u><u>3,997</u></u>	<u><u>4,784</u></u>
Attributable to:		
Equity holders of the parent	3,991	4,778
Minority interest	<u>6</u>	<u>6</u>
	<u><u>3,997</u></u>	<u><u>4,784</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<u>0.43</u>	<u>0.51</u>



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

Unaudited

	As at	
	9/30/2006	12/31/2005
ASSETS		
Current Assets		
Cash and cash equivalents	7,960	4,071
Financial assets at fair value through profit or loss	172	144
Available-for-sale investments	180	259
Receivables	17,428	14,055
Inventories	33,123	27,018
Other current assets	5,428	1,297
Total Current Assets	64,291	46,844
Non-Current Assets		
Property, plant and equipment	23,644	22,570
Investment properties	198	207
Available-for-sale investments	312	196
Other noncurrent assets	1,420	1,258
Total Noncurrent Assets	25,574	24,231
	89,865	71,075
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	22,342	21,407
Liabilities for crude oil and petroleum product importation	13,787	7,911
Accounts payable and accrued expenses	8,600	4,818
Current portion of long-term debt	1,558	1,906
Income tax payable	375	183
Total Current Liabilities	46,662	36,225
Non-Current Liabilities		
Long-term debt - net of current portion	10,282	5,025
Deferred income tax liabilities	1,486	1,513
Other noncurrent liabilities	763	697
Total Noncurrent Liabilities	12,531	7,235
Stockholders' Equity Attributable to Equity Holders of the Parent		
Capital stock	9,375	9,375
Retained earnings	21,058	18,004
Other reserves	125	128
Stockholders' Equity Attributable to Equity Holders of the Parent	30,558	27,507
Minority Interest		
Total Stockholders' Equity	114	108
	30,672	27,615
	89,865	71,075



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

Unaudited

	September 2006	September 2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	5,076	6,496
Adjustments for:		
Depreciation and amortization	1,864	1,791
Interest expense	2,311	1,230
Interest income	(223)	(235)
Net unrealized foreign exchange loss (gain)	(283)	(4)
Others	(35)	(4)
Operating income before working capital changes	8,710	9,274
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(2,901)	(3,679)
Inventories	(6,096)	(11,913)
Other current assets	(2,882)	(200)
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	5,944	9,909
Accounts payable and accrued expenses	1,839	301
Provisions for doubtful accounts, inventory obsolescence and others	223	458
Interest paid	(2,137)	(1,209)
Income taxes paid	(477)	(864)
Interest received	224	235
Net cash provided by (used in) operating activities	2,447	2,312
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(2,929)	(1,666)
Investment properties	-	-
Decrease (increase) in:		
Other receivables	(646)	202
Other noncurrent assets	(161)	19
Reductions from (additions to):		
Financial assets at fair value through profit or loss	-	2
Available-for-sale investments	(38)	-
Investments	-	(147)
Net cash provided by (used in) investing activities	(3,774)	(1,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	128,147	51,164
Payments of:		
Loans	(122,030)	(49,659)
Cash dividends	(922)	(922)
Others	35	84
Net cash provided by (used in) financing activities	5,230	667
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(14)	(8)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,889	1,381
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,071	4,104
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7,960	5,485