



Unaudited

PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three-Month Periods Ended June 30, 2006 and 2005 and
For the Six-Month Periods Ended June 30, 2006 and 2005
(Amounts in Millions of Pesos, Except Per Share Amounts)

	<u>April to June</u>		<u>January to June</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
SALES	54,786	46,677	106,973	85,619
COST OF GOODS SOLD	<u>(50,537)</u>	<u>(43,011)</u>	<u>(99,598)</u>	<u>(79,112)</u>
GROSS PROFIT	4,249	3,666	7,375	6,507
SELLING AND ADMINISTRATIVE EXPENSES	(1,567)	(1,487)	(2,809)	(2,653)
INTEREST INCOME	50	75	112	134
INTEREST EXPENSE	(610)	(447)	(1,191)	(923)
OTHERS	<u>85</u>	<u>157</u>	<u>21</u>	<u>70</u>
INCOME BEFORE INCOME TAX	2,207	1,964	3,508	3,135
PROVISION FOR INCOME TAX	<u>(524)</u>	<u>(520)</u>	<u>(817)</u>	<u>(819)</u>
NET INCOME	<u>1,683</u>	<u>1,444</u>	<u>2,691</u>	<u>2,316</u>
Attributable to:				
Equity holders of the parent	1,681	1,442	2,684	2,312
Minority interest	<u>2</u>	<u>2</u>	<u>7</u>	<u>4</u>
	<u>1,683</u>	<u>1,444</u>	<u>2,691</u>	<u>2,316</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Basic Earnings Per Share)	<u>0.18</u>	<u>0.15</u>	<u>0.29</u>	<u>0.25</u>
Diluted Earnings Per Share	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE

Certified by:

(Signed)
MA. CONCEPCION F. DE CLARO
Controller



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

Unaudited

	As at	
	<u>6/30/2006</u>	<u>12/31/2005</u>
ASSETS		
Current Assets		
Cash and cash equivalents	9,120	4,071
Financial assets at fair value through profit or loss	177	144
Available-for-sale investments	259	259
Receivables	17,463	14,055
Inventories	37,959	27,018
Other current assets	4,143	1,297
Total Current Assets	<u>69,122</u>	<u>46,844</u>
Non-Current Assets		
Property, plant and equipment	22,907	22,570
Investment properties	201	207
Available-for-sale investments	196	196
Other noncurrent assets	1,380	1,258
Total Noncurrent Assets	<u>24,684</u>	<u>24,231</u>
	<u>93,806</u>	<u>71,075</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	30,722	21,407
Liabilities for crude oil and petroleum product importation	16,483	7,911
Accounts payable and accrued expenses	8,304	4,818
Current portion of long-term debt	1,964	1,906
Income tax payable	241	183
Total Current Liabilities	<u>57,714</u>	<u>36,225</u>
Non-Current Liabilities		
Long-term debt - net of current portion	4,213	5,025
Deferred income tax liabilities	1,768	1,513
Other noncurrent liabilities	741	697
Total Noncurrent Liabilities	<u>6,722</u>	<u>7,235</u>
Stockholders' Equity Attributable to Equity Holders of the Parent		
Capital stock	9,375	9,375
Retained earnings:		
Appropriated	11,652	11,652
Unappropriated	8,100	6,352
Other reserves	128	128
Stockholders' Equity Attributable to Equity Holders of the Parent	<u>29,255</u>	<u>27,507</u>
Minority Interest		
Total Stockholders' Equity	<u>29,370</u>	<u>27,615</u>
	<u>93,806</u>	<u>71,075</u>

Certified by:

(Signed)
MA. CONCEPCION F. DE CLARO
Controller



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY
For the Six-Month Periods Ended June 30, 2006 and 2005
(Amounts in Millions of Pesos)

Unaudited

	<u>January to June</u>	
	<u>2006</u>	<u>2005</u>
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	2,684	2,312
Cash dividends declared	(937)	(938)
Effect of change in accounting for:		
Employee benefits	-	732
Changes in foreign exchange rates	-	(1,612)
Inventories	-	2,162
Financial instruments: recognition and measurement	1	-
Balance at end of period	8,100	7,514
OTHER RESERVES	128	-
ACCUMULATED TRANSLATION ADJUSTMENT		
Balance at beginning of year	-	85
Foreign currency translation adjustments	-	-
Balance at end of period	-	85
MINORITY INTEREST	115	114
TOTAL STOCKHOLDERS' EQUITY	29,370	23,994

Certified by:

(Signed)
MA. CONCEPCION F. DE CLARO
Controller



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six-Month Periods Ended June 30, 2006 and 2005
(Amounts in Millions of Pesos)

Unaudited

	<u>January to June</u>	
	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	3,508	3,131
Adjustments for:		
Depreciation and amortization	1,257	1,072
Interest expense	1,191	764
Interest income	(112)	(119)
Net unrealized foreign exchange loss (gain)	(6)	142
Others	(30)	(10)
Operating income before working capital changes	5,808	4,980
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(1,557)	(1,021)
Inventories	(10,940)	(8,496)
Other current assets	(3,128)	(379)
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	8,609	8,812
Accounts payable and accrued expenses	1,742	1,182
Provisions for doubtful accounts, inventory obsolescence and others	378	329
Interest paid	(1,158)	(739)
Income taxes paid	(221)	(612)
Interest received	112	119
Net cash provided by (used in) operating activities	(355)	4,175
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(1,589)	(1,491)
Decrease (increase) in:		
Other receivables	(947)	105
Other noncurrent assets	(121)	24
Reductions from (additions to):		
Available-for-sale investments	(1)	-
Investments	-	(146)
Net cash provided by (used in) investing activities	(2,658)	(1,508)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	80,244	31,876
Payments of:		
Loans	(71,699)	(30,433)
Cash dividends	(502)	(927)
Others	23	60
Net cash provided by (used in) financing activities	8,066	576
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4)	13
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,049	3,256
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,071	4,104
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9,120	7,360

Certified by:

(Signed)
MA. CONCEPCION F. DE CLARO
Controller