

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Balance Sheets
December 31

	2006	2005
ASSETS		(restated)
Current Assets		
Cash - notes 3 and 6	P 71,298,654	P 159,764,380
Financial assets at fair value through profit or loss - notes 3, 5 and 7	139,369,714	171,410,510
Trade and other receivables (net) - notes 3, 4, 5 and 8	190,461,816	287,462,007
Inventories - notes 3 and 9	390,010,236	281,411,718
Real estate projects - notes 2, 3, 10, 18 and 30	1,132,419,806	985,057,026
Prepayments and other current assets (net) - notes 4 and 11	55,377,293	44,282,643
	1,978,937,519	1,929,388,284
Noncurrent Assets		
Trade and other receivables - notes 3, 4, 5 and 8	68,898,864	79,163,678
Due from related parties (net) - notes 3, 4 and 19	130,364,805	118,822,143
Investments in associates (net) - notes 3, 4 and 12	523,000	2,413,000
Property, plant and equipment		
At revalued amounts (net) - notes 3, 4 and 13	890,446,532	937,776,667
At cost (net) - notes 3, 4 and 14	1,346,731,687	1,397,336,456
Assets held for dacion en pago - notes 2, 3, 15 and 18	197,662,548	197,662,548
Deferred tax assets (net) - notes 3, 4 and 24	-	105,821,220
Other noncurrent assets (net) - notes 4 and 16	68,897,066	71,246,232
	2,703,524,502	2,910,241,944
TOTAL ASSETS	P 4,682,462,021	P 4,839,630,228
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables - notes 3 and 17	P 705,679,746	P 643,485,680
Income tax payable	4,764,820	4,749,554
Restructured debts covered by the Rehabilitation Plan - notes 2, 3, 5 and 18	121,888,226	31,445,946
Debts for dacion en pago covered by the Rehabilitation Plan - notes 2, 3, 5 and 18	906,047,621	999,178,990
Customers' deposits	24,605,530	12,838,067
Estimated project development costs - notes 3 and 4	1,566,497	12,903,611
	1,764,552,440	1,704,601,848
Noncurrent Liabilities		
Restructured debts covered by the Rehabilitation Plan - notes 2, 3, 5 and 18	966,512,764	1,150,648,033
Retirement benefit obligation - notes 3, 4 and 23	37,350,791	35,625,551
Due to related parties - notes 3 and 19	2,319,112	3,133,225
Deferred tax liabilities - notes 3 and 24	158,645,369	144,990,874
	1,164,828,036	1,334,397,683
Stockholders' Equity		
Capital stock - P1 par value		
Authorized - 2,000,000,000 shares		
Issued - 1,821,743,730 shares	1,821,743,730	1,821,743,730
Subscribed - 178,256,270 shares in 2006 and 1,250,020 shares in 2005 - note 30	178,256,270	1,250,020
Additional paid-in capital	271,834,820	271,834,820
Revaluation reserve - notes 3 and 13	151,965,098	164,947,668
Deficit - notes 2 and 27	(1,701,445,216)	(1,489,872,384)
Consolidation adjustment - notes 3 and 27	1,030,726,843	1,030,726,843
	1,753,081,545	1,800,630,697
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P 4,682,462,021	P 4,839,630,228

(The accompanying notes are an integral part of these financial statements.)

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Income

	Years Ended December 31		
	2006	2005	2004
		(restated)	(restated)
REVENUES (net) - note 3			
Liquefied petroleum and industrial gases	P 1,205,231,343	P1,768,259,667	P1,789,608,649
Real estate sales - note 4	41,083,989	35,480,015	36,522,444
Hotel operations	40,326,809	68,182,735	55,133,637
Interest	5,723,962	348,919	6,692,824
	1,292,366,103	1,872,271,336	1,887,957,554
COST OF SALES			
Liquefied petroleum and industrial gases - note 20	981,708,712	1,439,618,302	1,380,378,856
Real estate - note 4	12,713,503	7,311,702	8,261,800
Hotel operations - note 20	46,920,392	62,620,758	55,746,776
	1,041,342,607	1,509,550,762	1,444,387,432
GROSS PROFIT	251,023,496	362,720,574	443,570,122
OPERATING EXPENSES - note 21			
Selling expenses	152,589,611	134,483,367	104,044,434
General and administrative expenses	196,916,589	212,505,695	216,314,778
	349,506,200	346,989,062	320,359,212
INCOME (LOSS) FROM OPERATIONS	(98,482,704)	15,731,512	123,210,910
OTHER INCOME (CHARGES)			
Finance cost - notes 3 and 22	(100,429,517)	(99,145,879)	(118,832,012)
Fair value adjustments - note 7	19,908,708	15,949,470	11,736,247
Gain (Loss) on dacion en pago - notes 22 and 26	35,050,474	48,192,914	(87,509,647)
Others (net) - note 22	46,644,773	(22,288,473)	(122,820,151)
	1,174,438	(57,291,968)	(317,425,563)
LOSS BEFORE INCOME TAX	(97,308,266)	(41,560,456)	(194,214,653)
INCOME TAX EXPENSE (BENEFIT)			
notes 3, 4 and 24			
Current	7,771,423	9,115,772	7,373,844
Deferred	126,466,328	492,068	(31,353,283)
	134,237,751	9,607,840	(23,979,439)
NET LOSS FOR THE YEAR	(P 231,546,017)	(P 51,168,296)	(P 170,235,214)
Attributable to:			
Equity holders of the Parent Company	(P 226,891,942)	(P 50,139,813)	(P 166,813,486)
Company	(4,654,075)	(1,028,483)	(3,421,728)
	(P 231,546,017)	(P 51,168,296)	(P 170,235,214)
LOSS PER SHARE - notes 3 and 25	(P 0.126)	(P 0.028)	(P 0.093)

(The accompanying notes are an integral part of these financial statements.)

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Changes in Stockholders' Equity

Years Ended December 31, 2006, 2005 and 2004

	Capital Stock		Additional Paid-in Capital	Revaluation Reserve	Deficit	Consolidation Adjustment	Total
	Issued	Subscribed					
BALANCE AT JANUARY 1, 2004							
As previously reported	P1,821,743,730	P 1,250,020	P271,834,820	P269,117,082	(P913,248,439)	P -	P1,450,697,213
Effect of adopting SFAS/IAS 12	-	-	-	(94,005,700)	-	-	(94,005,700)
Prior period adjustments - note 26	-	-	-	-	63,570,034	-	63,570,034
As restated before effect of transition to PFRS	1,821,743,730	1,250,020	271,834,820	175,111,382	(849,678,405)	-	1,420,261,547
Effect of transition to PFRS, net of taxes - note 3	-	-	-	-	(452,846,482)	-	(452,846,482)
As restated	1,821,743,730	1,250,020	271,834,820	175,111,382	(1,302,524,887)	-	967,415,065
Transfer of revaluation reserve deducted from operations through additional depreciation charges - notes 3 and 13	-	-	-	(13,747,023)	13,747,023	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	-	25,006,390	-	-	25,006,390
Consolidation adjustment - note 27	-	-	-	-	-	901,568,420	901,568,420
Net loss for the year	-	-	-	-	(170,235,214)	-	(170,235,214)
BALANCE AT DECEMBER 31, 2004	P1,821,743,730	P 1,250,020	P271,834,820	P186,370,749	(P1,459,013,078)	P901,568,420	P1,723,754,661
BALANCE AT JANUARY 1, 2005							
As previously reported	P1,821,743,730	P 1,250,020	P271,834,820	P186,370,749	(P911,637,256)	P444,970,357	P1,814,532,420
Prior period adjustments - note 26	-	-	-	-	(101,135,375)	-	(101,135,375)
Consolidation adjustment - note 27	-	-	-	-	-	456,598,063	456,598,063
As restated before effect of transition to PFRS	1,821,743,730	1,250,020	271,834,820	186,370,749	(1,012,772,631)	901,568,420	2,169,995,108
Effect of transition to PFRS, net of taxes - note 3	-	-	-	-	(446,240,447)	-	(446,240,447)
As restated	1,821,743,730	1,250,020	271,834,820	186,370,749	(1,459,013,078)	901,568,420	1,723,754,661
Transfer of revaluation reserve deducted from operations through additional depreciation charges - notes 3 and 13	-	-	-	(20,308,990)	20,308,990	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	-	7,108,147	-	-	7,108,147
Effect of the 3% increase in regular corporate income tax rate	-	-	-	(8,222,238)	-	-	(8,222,238)
Consolidation adjustment - note 27	-	-	-	-	-	129,158,423	129,158,423
Net loss for the year	-	-	-	-	(51,168,296)	-	(51,168,296)
BALANCE AT DECEMBER 31, 2005	P1,821,743,730	P 1,250,020	P271,834,820	P164,947,668	(P1,489,872,384)	P1,030,726,843	P1,800,630,697
BALANCE AT JANUARY 1, 2006							
As previously reported	P1,821,743,730	P 1,250,020	P271,834,820	P164,947,668	(P1,453,333,251)	P1,030,726,843	P1,837,169,830
Prior period adjustments - note 26	-	-	-	-	(36,539,133)	-	(36,539,133)
As restated	1,821,743,730	1,250,020	271,834,820	164,947,668	(1,489,872,384)	1,030,726,843	1,800,630,697
Additional stock subscription - note 30	-	177,006,250	-	-	-	-	177,006,250
Transfer of revaluation reserve deducted from operations through additional depreciation charges - notes 3 and 13	-	-	-	(19,973,185)	19,973,185	-	-
Deferred income tax effect on revaluation reserve charged to operations through additional depreciation	-	-	-	6,990,615	-	-	6,990,615
Net loss for the year	-	-	-	-	(231,546,017)	-	(231,546,017)
BALANCE AT DECEMBER 31, 2006	P1,821,743,730	P178,256,270	P271,834,820	P151,965,098	(P 1,701,445,216)	P1,030,726,843	P1,753,081,545

(The accompanying notes are an integral part of these financial statements.)

PRYCE CORPORATION AND SUBSIDIARY
Consolidated Statements of Cash Flows

Years Ended December 31

	2006	2005 (restated)	2004 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	(P 97,308,266)	(P 41,560,456)	(P194,214,653)
Adjustments for :			
Depreciation	185,342,876	185,290,637	162,251,297
Finance cost	100,429,517	99,145,879	118,832,012
Impairment losses	102,194,058	80,234,327	109,729,759
Retirement benefits	10,285,523	2,498,739	4,155,471
Reversal of valuation allowance	(1,414,866)	-	-
Recovery from decline in value of inventories	-	-	(26,529,716)
Loss (gain) on dacion en pago	(35,050,474)	(48,192,914)	87,509,647
Fair value adjustments	(19,908,708)	(15,949,470)	(11,736,247)
Guarantee fee	-	-	-
Unrealized foreign exchange losses (gains)	(71,292,368)	(60,993,457)	11,626,483
Gain (loss) on sale of property, plant and equipment	1,295,494	(65,365)	585,354
Loss (gain) on sale of shares of stock	-	-	-
Interest income	(6,695,304)	(4,888,535)	(9,174,837)
Operating income before working capital changes	167,877,482	195,519,385	253,034,570
Decrease (increase) in assets:			
Trade and other receivables - note 28	10,275,407	(10,438,821)	92,327,228
Inventories	(108,598,518)	(38,750,685)	13,368,580
Prepayments and other current assets	(23,216,255)	54,482,161	(5,932,122)
Real estate projects - note 28	(712,907)	(28,935,899)	(61,894,992)
Increase (decrease) in liabilities:			
Trade and other payables	3,239,235	32,746,533	(66,299,658)
Estimated project development costs	(11,337,114)	(8,007,771)	9,155,933
Customers' deposits	11,767,463	6,746,810	1,155,177
Net cash generated from operations	49,294,793	203,361,713	234,914,716
Interest received	6,695,304	17,942,153	10,984,356
Finance cost paid	(50,837,697)	(45,455,967)	(41,712,465)
Income tax paid	(7,618,597)	(7,330,030)	(7,211,008)
Net cash provided by (used in) operating activities	(2,466,197)	168,517,869	196,975,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(100,740,962)	(70,986,395)	(53,029,195)
Proceeds from sale of property, plant and equipment	15,461,256	3,670,132	-
Additions to assets held for dacion en pago	-	(687,636)	-
Decrease (increase) in:			
Financial assets at fair value through profit or loss	35,962,464	(110,629,286)	(28,952,331)
Due from related parties	8,524,365	(18,655,582)	618,463
Other noncurrent assets	-	-	22,164,251
Net cash used in investing activities	(40,792,877)	(197,288,767)	(59,198,812)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of restructured debts covered by the Rehabilitation Plan - note 28	(33,031,619)	(2,222,205)	-
Decrease in due to related parties	(12,175,033)	(13,166,758)	(6,978,662)
Net cash used in financing activities	(45,206,652)	(15,388,963)	(6,978,662)
NET INCREASE (DECREASE) IN CASH	(88,465,726)	(44,159,861)	130,798,125
CASH - notes 3 and 6			
AT BEGINNING OF YEAR	159,764,380	203,924,241	73,126,116
AT END OF YEAR	P 71,298,654	P 159,764,380	P 203,924,241

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