PAS 1.46 (a)
PAS 1.46 (b)
PAS 1.44
PAS 1.46 (c)
PAS 1.46 (d)

PNA MANUFACTURING CORPORATION
(A Wholly Owned Subsidiary of Granthor Holdings Philippines, Inc.)
BALANCE SHEETS
DECEMBER 31, 2006 AND 2005
(Amounts in Philippine Pesos)

		Notes[1]		2006		2005
	A S S E T S					
PAS 1.57	**CURRENT ASSETS**					
PAS 1.68 (i)	Cash and cash equivalents	4	**P**	**16,642,248**	P	21,012,102
PAS 1.68 (h)	Trade and other receivables - net	5		**25,653,977**		21,789,826
PAS 1.68 (d)	Financial assets at fair value through profit or loss	6		**32,210,910**		48,344,082
PAS 1.68 (g)	Inventories - net	7		**51,450,848**		60,150,316
PAS 1.69	Prepayments	8		**14,659,138**		11,160,815
PAS 1.69	Total Current Assets			**140,617,121**		162,457,141
PAS 1.70	**NON-CURRENT ASSETS**					
PAS 1.68 (h)	Trade and other receivables - net	5		**21,890,783**		23,234,052
PAS 1.68 (d)	Financial assets - net	9		**33,422,701**		34,931,355
PAS 1.68 (e)	Investments in subsidiaries and associates - net	10		**154,572,386**		152,247,636
PAS 1.68 (a)	Property, plant and equipment - net	11		**108,085,488**		100,293,414
PAS 1.68 (b)	Investment property	12		**19,516,594**		16,756,936
PAS 1.68 (c)	Intangible assets - net	13		**10,202,000**		2,050,000
PAS 1.68 (n)	Deferred tax assets - net	23		**9,349,608**		12,725,709
PAS 1.69	Total Non-current Assets			**357,039,560**		342,239,102
	NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	14		**3,550,000**		-
PAS 1.69	**TOTAL ASSETS**		**P**	**501,206,681**	P	504,696,243

Forward[2]

[1] Indicate only the main note. Reference to other accounts or disclosures should be done within the notes to FS.

[2] The preferred format is to show the liabilities/equity section after the assets section; however, if the accounts are many, the liabilities/equity section may be presented on another page.

		Notes	2006	2005
	LIABILITIES AND EQUITY			
PAS 1.60	**CURRENT LIABILITIES**			
	Interest-bearing loans and borrowings	15	**P 14,290,000**	P 16,652,700
PAS 1.68 (j)	Trade and other payables	16	**49,088,013**	61,448,625
PAS 1.69	Due to related parties	24	**17,977,826**	29,364,993
PAS 1.68 (m)	Income tax payable		**2,314,212**	4,210,321
PAS 1.68 (k)	Provisions	17	**4,829,437**	8,511,981
PAS 1.69	Total Current Liabilities		**88,499,488**	120,188,620
PAS 1.57	**NON-CURRENT LIABILITIES**			
PAS 1.68 (l)	Interest-bearing loans and borrowings	15	**54,820,000**	57,700,000
PAS 1.68 (k)	Retirement benefit obligation	22	**16,607,013**	16,495,073
PAS 1.68 (k)	Provisions	17	**5,681,513**	6,206,683
PAS 1.69	Other non-current liabilities		**2,853,277**	3,766,066
PAS 1.69	Total Non-current Liabilities		**79,961,803**	84,167,822
PAS 1.69	Total Liabilities		**168,461,291**	204,356,442
	EQUITY [2]			
PAS 1.68 (p)	Capital stock	25	**150,000,000**	125,250,000
	Additional paid-in capital		**7,005,000**	7,005,000
	Treasury shares, at cost		**(1,000,000)**	(1,000,000)
	Revaluation reserves	25	**8,902,697**	8,985,276
PAS 1.68 (p)	Retained earnings	25	**167,837,694**	160,099,525
PAS 1.69	Total Equity		**332,745,390**	300,339,801
PAS 1.69	**TOTAL LIABILITIES AND EQUITY**		**P 501,206,681**	P 504,696,243

See Notes to Financial Statements.

[2] Major line items of equity (i.e., issued capital, reserves and retained earnings) should be presented on the face of the balance sheet. The various classes of this information, such as major items, the changes during the year and information on each class of share capital can be presented on the face of the balance sheet, statement of changes in equity, or in the notes.

PAS 1.46 (a)
PAS 1.46 (b)
PAS 1.44
PAS 1.46 (c)
PAS 1.46 (d)

PNA MANUFACTURING CORPORATION
(A Wholly Owned Subsidiary of Granthor Holdings Philippines, Inc.)
INCOME STATEMENTS[1]
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Amounts in Philippine Pesos)

		Notes[2]	2006	2005
PAS 1.81 (a)	**REVENUES**			
	Sale of goods		**P 181,171,539**	P 156,982,596
	Rendering of services		**19,900,506**	13,334,605
			201,072,045	170,317,201
PAS 1.88	**COST OF SALES AND SERVICES**			
PAS 2.36 (d)	Cost of sales	18	**100,110,007**	68,331,945
	Cost of services	18	**10,230,354**	9,274,715
			110,340,361	77,606,660
PAS 1.92	**GROSS PROFIT**		**90,731,684**	92,710,541
	OTHER OPERATING EXPENSES (INCOME)			
PAS 1.92	Other operating income	19	**(5,636,837)**	(4,262,264)
PAS 1.92	Selling and distribution costs	20	**23,829,851**	20,545,136
PAS 1.92	Administrative expenses	20	**15,086,567**	13,367,132
PAS 1.92	Other operating expenses	19	**2,605,355**	2,858,746
			35,884,936	32,508,750
PAS 1.83	**OPERATING PROFIT**		**54,846,748**	60,201,791
	OTHER INCOME (CHARGES)			
PAS 1.81 (b)	Finance costs	21	**(11,110,130)**	(10,929,530)
	Other gains (losses) - net	21	**(1,531,260)**	1,378,911
			(12,641,390)	(9,550,619)
PAS 1.83	**INCOME BEFORE TAX**		**42,205,358**	50,651,172
PAS 1.81 (e)	**TAX EXPENSE**	23	**13,257,942**	16,318,782
PAS 1.81 (f)	**NET INCOME**		**P 28,947,416**	P 34,332,390

See Notes to Financial Statements.

[1] This format for statements of income illustrates an example of the "function of expense" or "cost of sales" method. See Appendix 1.1 for the format illustrating the "nature of expense" method.

[2] Indicate only the main note. Reference to other accounts or disclosures should be done within the notes to FS.

PAS 1.46 (a)
PAS 1.46 (b)
PAS 1.44
PAS 1.46 (c)
PAS 1.46 (d)

PNA MANUFACTURING CORPORATION
(A Wholly Owned Subsidiary of Granthor Holdings Philippines, Inc.)
STATEMENTS OF CHANGES IN EQUITY [1]
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Amounts in Philippine Pesos)

		Notes [2]	2006	2005
	CAPITAL STOCK [3]	25		
	Balance at beginning of year		**P 125,250,000**	P 125,250,000
	Additional issuance during the year		**24,750,000**	-
	Balance at end of year		**150,000,000**	125,250,000
	ADDITIONAL PAID-IN CAPITAL		**7,005,000**	7,005,000
	TREASURY SHARES - At Cost		**(1,000,000)**	(1,000,000)
	REVALUATION RESERVES	25		
PAS 1.97 (b)	Balance at beginning of year			
	As previously reported		**8,985,276**	5,337,637
	Effects of transition to PFRS, net of taxes	2	**-**	(358,914)
	As restated		**8,985,276**	4,978,723
PAS 1.96 (b)	Depreciation transfer for building improvements - net of tax		**(770,752)**	(806,326)
PAS 1.96 (b)	Fair value gains, net of taxes		**688,173**	4,812,879
PAS 1.97 (b)	Balance at end of year		**8,902,697**	8,985,276
	RETAINED EARNINGS	25		
PAS 1.97 (b)	Balance at beginning of year			
	As previously reported		**160,099,525**	253,296,224
	Effects of transition to PFRS, net of taxes	2	**-**	(114,780,815)
	As restated		**160,099,525**	138,515,409
PAS 1.97 (a)	Cash dividends		**(21,980,000)**	(13,554,600)
PAS 1.96 (b)	Depreciation transfer for building improvements - net of tax		**770,752**	806,326
PAS 1.96 (a)	Net income		**28,947,416**	34,332,390
PAS 1.97 (b)	Balance at end of year		**167,837,694**	160,099,525
PAS 1.97 (b)	**TOTAL EQUITY**		**P 332,745,390**	P 300,339,801
	Net Gain Recognized Directly in Equity		**P 688,173**	P 4,812,879

See Notes to Financial Statements.

[1] Refer to Appendix 1.2 for proposed format when there are several equity items to be presented in the Statement of Changes in Equity.

[2] Indicate only the main note. Reference to other accounts or disclosures should be done within the notes to FS.

[3] If there are only few details, show on the face of the statement the number of authorized, issued, and subscribed shares and par value.

PAS 1.46 (a)
PAS 1.46 (b)
PAS 1.44
PAS 1.46 (c)
PAS 1.46 (d)

PNA MANUFACTURING CORPORATION
(A Wholly Owned Subsidiary of Granthor Holdings Philippines, Inc.)
CASH FLOW STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Amounts in Philippine Pesos)

		2006	2005
PAS 7.10	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Income before tax	**P 42,205,358**	P 50,651,172
	Adjustments for:		
	Depreciation and amortization	**15,648,286**	13,523,806
	Impairment losses	**11,407,390**	7,856,842
	Interest expense	**11,110,130**	10,929,530
	Interest income	**(5,537,873)**	(4,545,194)
	Changes in fair values	**4,153,264**	3,883,310
	Amortization of intangible assets	**2,528,000**	1,850,000
	Unrealized foreign currency losses	**2,403,286**	1,230,125
	Dividend income	**(1,450,000)**	(1,450,000)
	Gains on disposals of property and equipment	**(206,284)**	-
	Operating income before working capital changes	**82,261,557**	83,929,591
	Increase in trade and other receivables	**(2,520,882)**	(6,069,149)
	Decrease (increase) in inventories	**8,699,468**	(7,020,652)
	Decrease (increase) in prepayments	**(3,498,323)**	211,596
	Decrease in trade and other payables	**(12,360,612)**	(2,085,833)
	Increase (decrease) in other non-current liabilities	**1,087,211**	(3,875,290)
	Increase in retirement benefit obligations	**111,940**	8,996
	Decrease in provisions	**(1,661,399)**	(1,917,206)
	Cash generated from operations	**72,118,960**	63,182,053
PAS 7.31	Interest paid	**(1,300,750)**	(3,930,013)
PAS 7.35	Cash paid for income taxes	**(15,483,068)**	(18,000,303)
	Net Cash From Operating Activities	**55,335,142**	41,251,737
PAS 7.10	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Acquisitions of property, plant and equipment	**(27,521,420)**	(18,537,820)
	Increase in financial assets at fair value through profit or loss	**15,376,172**	(4,356,098)
	Additions to intangible assets	**(10,680,000)**	-
	Additions to investments in an associate	**(5,000,000)**	-
	Acquisition of investment property	**(1,019,316)**	-
	Proceeds from sale of property, plant and equipment	**3,087,344**	-
	Dividends received from subsidiaries and associate	**1,450,000**	1,450,000
	Interest received	**1,454,117**	572,150
PAS 7.31	Acquisitions of available-for-sale financial assets	**(1,200,645)**	-
	Collections of receivable from a finance lease	**1,163,009**	1,500,689
	Net Cash Used in Investing Activities	**(22,890,739)**	(19,371,079)

Forward

		2006	2005
PAS 7.10	**CASH FLOWS FROM FINANCING ACTIVITIES**		
	Borrowing repayments	(24,647,090)	(16,533,025)
	Repayment of amounts due to related parties	(29,076,116)	(30,538,892)
	Proceeds from issuance of shares of stock	24,750,000	-
	Cash dividends paid	(21,980,000)	(13,554,600)
	Proceeds from additional borrowings	-	14,569,812
	Additional borrowings from related parties	14,138,949	25,265,885
	Net Cash Used in Financing Activities	(36,814,257)	(20,790,820)
PAS 7.45	**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**	(4,369,854)	1,089,838
	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	21,012,102	19,922,264
	CASH AND CASH EQUIVALENTS AT END OF YEAR	P 16,642,248	P 21,012,102

Supplemental Information on Noncash Investing and Financing Activities

Certain transportation equipment with carrying amounts of P1.4 million and P1.6 million as of December 31, 2006 and 2004, respectively, are carried under finance leases (see Notes 10 and 26.2).

See Notes to Financial Statements.

2006 ILLUSTRATIVE FS - ADDITONAL DISCLOSURES
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PAS 1.46 (a)
PAS 1.46 (b)
PAS 1.44
PAS 1.46 (c)
PAS 1.46 (d)

PNA MANUFACTURING CORPORATION
(A Wholly Owned Subsidiary of Granthor Holdings Philippines, Inc.)
INCOME STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Amounts in Philippine Pesos)

		Notes	2006	2005
PAS 1.81 (a)	**REVENUES**			
	Sale of goods		**P 181,171,539**	P 156,982,596
	Rendering of services		**19,900,506**	13,334,605
	Others	18	**5,636,837**	4,262,264
			206,708,882	174,579,465
PAS 1.91	**COSTS AND OPERATING EXPENSES**			
	Salaries and employee benefits	21	**56,868,438**	40,745,265
	Raw materials and other consumables		**38,189,134**	29,544,476
	Depreciation and amoritzation		**18,176,286**	15,373,806
	Changes in inventories of finished goods and work-in-process		**9,943,085**	6,001,702
	Outside services		**8,369,481**	4,486,712
	Management fees	23	**7,000,800**	4,975,811
	Rentals	27	**3,771,709**	3,335,610
	Impairment losses	4, 8, 10	**3,206,284**	3,356,442
	Taxes and licenses		**1,990,780**	1,956,788
	Communications		**1,709,151**	1,609,154
	Transportation and travel		**804,142**	1,554,976
	Others		**1,832,844**	1,436,932
			151,862,134	114,377,674
PAS 1.83	**OPERATING PROFIT**		**54,846,748**	60,201,791
	OTHER INCOME (CHARGES)			
PAS 1.81 (b)	Finance costs	20	**(11,110,130)**	(10,929,530)
	Other losses (gains) - net	20	**(1,531,260)**	1,378,911
			(12,641,390)	(9,550,619)
PAS 1.83	**INCOME BEFORE TAX**		**42,205,358**	50,651,172
PAS 1.81 (e)	**TAX EXPENSE**	22	**13,257,942**	16,318,782
PAS 1.81 (f)	**NET INCOME**		**P 28,947,416**	P 34,332,390

See Notes to Financial Statements.

[1] These statements of income format illustrates an example of the "nature of expense" method (PAS 1.91).

PNA MANUFACTURING CORPORATION
(A Wholly Owned Subsidiary of Granthor Holdings Philippines, Inc.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Amounts in Philippine Pesos)

	Notes	Capital Stock [1]	Additional Paid-in Capital	Treasury Shares	Revalaution Reserves	Retained Earnings	Total Equity
Balance at January 1, 2005							
As previously reported		P 125,250,000	P 7,005,000	(P 1,000,000)	P 5,337,637	P 253,296,224	P 389,888,861
Effects of transition to PFRS, net of tax	2	-	-	-	(358,914)	(114,780,815)	(115,139,729)
As restated		125,250,000	7,005,000	(1,000,000)	4,978,723	138,515,409	274,749,132
Fair value gains, net of tax:							
Land, building and improvements	11	-	-	-	4,678,536	-	4,678,536
Available-for-sale financial asset	9	-	-	-	134,343	-	134,343
Depreciation transfer, building and improvements		-	-	-	(806,326)	806,326	-
Net income directly recognized in equity		-	-	-	4,006,553	806,326	4,812,879
Net income for the year		-	-	-	-	34,332,390	34,332,390
Total income recognized in 2005		-	-	-	4,006,553	35,138,716	39,145,269
Cash dividends	25	-	-	-	-	(13,554,600)	(13,554,600)
		-	-	-	4,006,553	21,584,116	25,590,669
Balance at December 31, 2005		**P 125,250,000**	**P 7,005,000**	**(P 1,000,000)**	**P 8,985,276**	**P 160,099,525**	**P 300,339,801**
Balance at January 1, 2006							
As previously reported		P 125,250,000	P 7,005,000	(P 1,000,000)	P 9,344,190	P 274,880,340	P 415,479,530
Effects of transition to PFRS, net of tax	2	-	-	-	(358,914)	(114,780,815)	(115,139,728)
As restated		125,250,000	7,005,000	(1,000,000)	8,985,276	160,099,525	300,339,801
Fair value gains on available-for-sale financial asset, net of tax	9	-	-	-	1,122,484	-	1,122,484
Depreciation transfer, building and improvements		-	-	-	(770,752)	770,752	-
Effects of change in income tax rate	23	-	-	-	(434,311)	-	(434,311)
Net income directly recognized in equity		-	-	-	(82,579)	770,752	688,173
Net income for the year		-	-	-	-	28,947,416	28,947,416
Total income recognized in 2006		-	-	-	(82,579)	29,718,168	29,635,589
Additional issuance of shares of stock	25	24,750,000	-	-	-	-	24,750,000
Cash dividends	25	-	-	-	-	(21,980,000)	(21,980,000)
		24,750,000	-	-	(82,579)	7,738,168	32,405,589
Balance at December 31, 2006		**P 150,000,000**	**P 7,005,000**	**(P 1,000,000)**	**P 8,902,697**	**P 167,837,694**	**P 332,745,390**

See Notes to Financial Statements.

[1] If there are only few details, show on the face of the statement the number of authorized, issued, and subscribed shares and par value.