

**PNOG EXPLORATION CORPORATION**

(A Subsidiary of Philippine National Oil Company)

**STATEMENT OF CASH FLOWS**

For the period ended June 30 , 2014

(In Philippine Peso)

	<b>Unaudited</b>	Audited	Audited
	<b>June 2014</b>	December 2013	December 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	<b>2,854,745,435</b>	6,794,517,903	8,377,319,371
Interest income	<b>18,977,860</b>	61,582,545	64,342,139
Cash paid to suppliers, affiliates and employees	<b>(783,110,337)</b>	(1,924,821,143)	(4,408,174,114)
Cash Generated from Operations	<b>2,090,612,958</b>	4,931,279,305	4,033,487,396
Income taxes paid	<b>(616,559,121)</b>	(1,013,824,950)	(1,348,496,455)
Net cash from operating activities	<b>1,474,053,837</b>	3,917,454,355	2,684,990,941
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and development costs	<b>(300,404,093)</b>	(68,329,379)	(136,006,358)
Capital expenditures	<b>(350,044,461)</b>	(1,732,061,344)	(801,185,615)
Investment in Short-term investments/Treasury Notes/Other Assets	<b>(3,373,854)</b>	929,349,008	-
Net cash used in investing activities	<b>(653,822,408)</b>	(871,041,715)	(937,191,973)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of cash dividends	<b>(3,007,010,407)</b>	(500,501,066)	(1,501,503,199)
Net cash used in financing activities	<b>(3,007,010,407)</b>	(500,501,066)	(1,501,503,199)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(16,043,941)</b>	189,527,754	(6,362,269)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,202,822,919)</b>	2,735,439,328	239,933,500
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,823,210,402</b>	2,087,771,074	1,847,837,574
<b>CASH AND CASH EQUIVALENTS, END</b>	<b>2,620,387,483</b>	4,823,210,402	2,087,771,074