

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008
(With Comparative Figures for 2007)
(Amounts in Million Pesos)

	Notes	2009	2008	2007
ASSETS				
Current Assets				
Cash and cash equivalents	4	₱12,985	₱12,827	9,732
Financial assets at fair value through profit or loss	5	169	161	229
Available-for-sale investments	6	170	331	164
Receivables - net	7	29,696	16,875	17,869
Inventories - net	8	28,169	30,792	30,271
Other current assets	11	4,467	11,977	10,672
Total Current Assets		75,656	72,963	68,937
Noncurrent Assets				
Available-for-sale investments	6	1,185	351	468
Property, plant and equipment - net	9	34,784	36,428	34,122
Investment properties - net	10	232	246	208
Deferred tax assets - net	22	-	885	1
Other noncurrent assets	11	1,329	925	738
Total Noncurrent Assets		37,530	38,835	35,537
TOTAL ASSETS		₱113,186	₱111,798	₱104,474
LIABILITIES AND EQUITY				
Current Liabilities				
Short-term loans	12	₱42,744	₱53,979	₱33,784
Liabilities for crude oil and petroleum product importation	23	7,529	8,907	12,873
Accounts payable and accrued expenses	13	4,917	4,562	4,544
Income tax payable		10	22	523
Current portion of long-term debt - net	14	1,296	1,263	1,604
Total Current Liabilities		56,496	68,733	53,328
Noncurrent Liabilities				
Long-term debt - net of current portion	14	17,596	8,988	11,176
Deferred tax liabilities - net	22	507	8	1,268
Other noncurrent liabilities	15	1,052	1,166	914
Total Noncurrent Liabilities		19,155	10,162	13,358
Total Liabilities		75,651	78,895	66,686
Equity Attributable to Equity Holders of the Parent				
Capital stock	16	9,375	9,375	9,375
Retained earnings	16	28,014	23,776	28,692
Other reserves		(98)	(473)	(412)
Equity Attributable to Equity Holders of the Parent		37,291	32,678	37,655
Minority Interest		244	225	133
Total Equity		37,535	32,903	37,788
TOTAL LIABILITIES AND EQUITY		₱113,186	₱111,798	₱104,474

See accompanying Notes to Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

For the Years Ended December 31, 2009 and 2008

(With Comparative Figures for the year ended December 31, 2007)

(Amounts in Million Pesos, Except Per Share Amounts)

	Notes	2009	2008	2007
SALES	26	₱176,531	₱267,676	₱210,520
COST OF GOODS SOLD	17	161,583	264,306	195,287
GROSS PROFIT		14,948	3,370	15,233
SELLING AND ADMINISTRATIVE EXPENSES	18	(5,751)	(5,222)	(5,325)
INTEREST EXPENSE	21	(4,251)	(4,180)	(1,814)
INTEREST INCOME	21	205	354	344
OTHERS - Net	21	597	(115)	912
INCOME (LOSS) BEFORE TAX		5,748	(5,793)	9,350
TAX EXPENSE (BENEFIT)	22/32			
Current		253	240	3,165
Deferred		1,238	(2,113)	(210)
		1,491	(1,873)	2,955
NET INCOME (LOSS)		₱4,257	(₱3,920)	₱6,395
Attributable to:				
Equity holders of the parent	27	₱4,238	(₱3,978)	₱6,377
Minority interest		19	58	18
		₱4,257	(₱3,920)	₱6,395
EARNINGS (LOSS) PER SHARE				
ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT				
COMPANY - BASIC AND DILUTED	27	₱0.45	(₱0.42)	₱0.68

See accompanying Notes to Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2009 and 2008
(With Comparative Figures for the year ended December 31, 2007)
(Amounts in Million Pesos)

	Notes	2009	2008	2007
NET INCOME (LOSS) FOR THE YEAR		₱4,257	(₱3,920)	₱6,395
OTHER COMPREHENSIVE INCOME (LOSS)				
Actuarial gain (loss) on defined pension plan [net of tax effects of ₱141, (₱28) and ₱38 in 2009, 2008 and 2007, respectively]	25	330	(64)	88
Unrealized fair value gain (loss) on available-for- sale investments [net of tax effects of ₱5, (₱2) and (₱5) in 2009, 2008 and 2007, respectively]	6	11	(3)	(9)
Exchange difference in translating foreign operations		34	6	(1)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		375	(61)	78
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		₱4,632	(₱3,981)	₱6,473
Attributable to:				
Equity holders of the parent		₱4,613	(₱4,039)	₱6,455
Minority interest		19	58	18
		₱4,632	(₱3,981)	₱6,473

See accompanying Notes to Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2009 and 2008

(With Comparative Figures for the year ended December 31, 2007)

(Amounts in Million Pesos, Except Per Share Amounts)

	Notes	Equity Attributable to Holders of the Parent					Minority Interest	Total Equity
		Capital Stock	Retained Earnings		Other Reserves	Total		
			Appropriated	Unappropriated				
Balance at January 1, 2009		₱9,375	₱23,920	(₱144)	(₱473)	₱32,678	₱225	₱32,903
Total comprehensive income (loss) for the year		–	–	4,238	375	4,613	19	4,632
Reversal of appropriation for capital projects		–	(8,428)	8,428	–	–	–	–
Cash dividends - ₱0.10 per share		–	–	–	–	–	–	–
Issuance of shares		–	–	–	–	–	–	–
Balance at December 31, 2009		₱9,375	₱15,492	₱12,522	(₱98)	₱37,291	₱244	₱37,535
Balance at January 1, 2008	16	₱9,375	₱21,172	₱7,520	(₱412)	₱37,655	₱133	₱37,788
Total comprehensive income (loss) for the year		–	–	(3,978)	(61)	(4,039)	58	(3,981)
Appropriation for capital projects	16	–	2,748	(2,748)	–	–	–	–
Cash dividends - ₱0.10 per share	16	–	–	(938)	–	(938)	–	(938)
Issuance of shares		–	–	–	–	–	34	34
Balance at December 31, 2008		₱9,375	₱23,920	(₱144)	(₱473)	₱32,678	₱225	₱32,903
Balance at January 1, 2007	16	₱9,375	₱17,021	₱6,232	(₱490)	₱32,138	₱115	₱32,253
Total comprehensive income for the year		–	–	6,377	78	6,455	18	6,473
Appropriation for capital projects	16	–	4,151	(4,151)	–	–	–	–
Cash dividends - ₱0.10 per share	16	–	–	(938)	–	(938)	–	(938)
Balance at December 31, 2007		₱9,375	₱21,172	₱7,520	(₱412)	₱37,655	₱133	₱37,788

See accompanying Notes to Consolidated Financial Statements.

PETRON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2009 and 2008
(With Comparative Figures for the year ended December 31, 2007)
(Amounts in Million Pesos)

	Notes	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax		₱5,748	(₱5,793)	₱9,350
Adjustments for:				
Depreciation and amortization	20	3,586	3,242	2,516
Interest expense	21	4,251	4,180	1,814
Unrealized foreign exchange gains - net		66	(40)	(520)
Interest income	21	(205)	(354)	(344)
Others		(28)	(15)	(81)
Operating income before working capital changes		13,418	1,220	12,735
Changes in operating assets and liabilities	28	(4,920)	(651)	(2,637)
Interest paid		(4,311)	(3,830)	(1,680)
Income taxes paid		(87)	(616)	(3,098)
Interest received		214	353	343
Net cash provided by (used in) operating activities		4,314	(3,524)	5,663
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposals of (additions to):				
Property, plant and equipment	9	(1,928)	(5,534)	(11,471)
Investment properties	10	-	(52)	-
Decrease (increase) in:				
Other receivables		1,153	(4,522)	(956)
Other noncurrent assets		79	(278)	5
Reductions from (additions to):				
Financial assets at fair value through profit or loss		14	-	-
Available-for-sale investments		(674)	(49)	(9)
Net cash used in investing activities		(1,356)	(10,435)	(12,431)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans		166,214	142,650	69,625
Payments of:				
Loans		(168,836)	(125,045)	(63,789)
Cash dividends		-	(924)	(927)
Increase (decrease) in other noncurrent liabilities		(113)	327	(134)
Net cash provided by financing activities		(2,735)	17,008	4,775
EFFECT OF EXCHANGE RATE CHANGES ON				
CASH AND CASH EQUIVALENTS		(65)	46	(10)
NET INCREASE (DECREASE) IN CASH AND				
CASH EQUIVALENTS		158	3,095	(2,003)
CASH AND CASH EQUIVALENTS AT				
BEGINNING OF YEAR		12,827	9,732	11,735
CASH AND CASH EQUIVALENTS AT				
END OF YEAR		₱12,985	₱12,827	₱9,732

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