



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Millions of Pesos)

	As at	
	12/31/2008	12/31/2007
ASSETS		
Current Assets		
Cash and cash equivalents	12,827	9,732
Financial assets at fair value through profit or loss	161	229
Available-for-sale investments	331	164
Receivables	16,875	17,869
Inventories	30,792	30,271
Other current assets	11,977	10,672
Total Current Assets	<u>72,963</u>	<u>68,937</u>
Non-Current Assets		
Property, plant and equipment	36,428	34,122
Investment properties	246	208
Available-for-sale investments	351	468
Deferred income tax asset	885	1
Other noncurrent assets	925	738
Total Noncurrent Assets	<u>38,835</u>	<u>35,537</u>
TOTAL ASSETS	<u><u>111,798</u></u>	<u><u>104,474</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	53,979	33,784
Liabilities for crude oil and petroleum product importation	8,907	12,873
Accounts payable and accrued expenses	4,562	4,544
Current portion of long-term debt	1,263	1,604
Income tax payable	22	523
Total Current Liabilities	<u>68,733</u>	<u>53,328</u>
Non-Current Liabilities		
Long-term debt - net of current portion	8,988	11,176
Deferred income tax liabilities	8	1,268
Other noncurrent liabilities	1,166	914
Total Noncurrent Liabilities	<u>10,162</u>	<u>13,358</u>
Stockholders' Equity Attributable to Equity Holders of the Parent		
Capital stock	9,375	9,375
Retained earnings	23,776	28,692
Other reserves	(473)	(412)
Stockholders' Equity Attributable to Equity Holders of the Parent	<u>32,678</u>	<u>37,655</u>
Minority Interest		
Total Stockholders' Equity	<u>32,903</u>	<u>37,788</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>111,798</u></u>	<u><u>104,474</u></u>



PETRON CORPORATION AND SUBSIDIARIES
STATEMENT OF INCOME
For the Twelve Month Periods Ended December 31, 2008 and 2007
(Amounts in Millions of Pesos, Except Per Share Amounts)

	January to December	
	2008	2007
SALES	267,676	210,520
COST OF GOODS SOLD	<u>(264,306)</u>	<u>(195,287)</u>
GROSS PROFIT	3,370	15,233
SELLING AND ADMINISTRATIVE EXPENSES	(5,222)	(5,325)
INTEREST INCOME	354	344
INTEREST EXPENSE	(4,180)	(1,814)
OTHERS	<u>(115)</u>	<u>912</u>
INCOME (LOSS) BEFORE INCOME TAX	(5,793)	9,350
PROVISION FOR INCOME TAX	<u>1,873</u>	<u>(2,955)</u>
NET INCOME (LOSS)	<u><u>(3,920)</u></u>	<u><u>6,395</u></u>
Attributable to:		
Equity holders of the parent	(3,978)	6,377
Minority interest	<u>58</u>	<u>18</u>
	<u><u>(3,920)</u></u>	<u><u>6,395</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - BASIC & DILUTED	<u>(0.42)</u>	<u>0.68</u>



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions of Pesos)

Unaudited

	<u>January to December</u>	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	(5,793)	9,350
Adjustments for:		
Depreciation and amortization	3,242	2,516
Interest expense	4,180	1,814
Interest income	(354)	(344)
Net unrealized foreign exchange loss (gain)	(40)	(520)
Others	(15)	(81)
Operating income before working capital changes	1,220	12,735
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	5,394	(1,350)
Inventories	(2,962)	(3,943)
Other current assets	(1,328)	(3,695)
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	(3,926)	5,530
Accounts payable and accrued expenses	(273)	744
Provisions for doubtful accounts, inventory obsolescence and others	2,444	77
Interest paid	(3,830)	(1,680)
Income taxes paid	(616)	(3,098)
Interest received	353	343
Net cash provided by (used in) operating activities	(3,524)	5,663
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(5,533)	(11,471)
Investment properties	(52)	-
Decrease (increase) in:		
Other receivables	(4,523)	(956)
Other noncurrent assets	(278)	5
Reductions from (additions to):		
Financial assets at fair value through profit or loss	-	-
Available-for-sale investments	(49)	(9)
Investments	-	-
Net cash provided by (used in) investing activities	(10,435)	(12,431)
CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of loans	142,650	69,625
Payments of:		
Loans	(125,045)	(63,789)
Cash dividends	(924)	(927)
Others	327	(134)
Net cash provided by (used in) financing activities	17,008	4,775
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	46	(10)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,095	(2,003)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	9,732	11,735
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,827	9,732