



## CERTIFICATION

I, **Virginia A. Ruivivar**, Public Affairs Manager of PETRON CORPORATION with office address at 39<sup>th</sup> floor, Petron MegaPlaza, 358 Sen. Gil Puyat Ave. Makati City, hereby certify that the attached media release titled “**PETRON POSTS ₱658-M INCOME FOR THE FIRST QUARTER OF 2008**” with related financial statement was read by me and that the contents are true and not intended to deceive or mislead the public.

A handwritten signature in black ink that reads "V. A. Ruivivar".

*V. A. Ruivivar*

**Virginia A. Ruivivar**  
Public Affairs Manager



May 07, 2008  
Petron Corporation's Disclosure

**PHILIPPINE STOCK EXCHANGE, INC. (PSE)**  
Philippine Stock Exchange Center  
Exchange Road, Ortigas Center  
Pasig, Metro Manila

Attention: **Atty. Pete Malabanan**  
**Head, Disclosure Department**

Dear Atty. Malabanan:

Pursuant to PSE and SEC's disclosure requirements, attached is the media release titled "**PETRON POSTS ₱658-M INCOME FOR THE FIRST QUARTER OF 2008**" with the YTD-March 2008 financial statements.

Very truly yours,

A handwritten signature in black ink that reads "V. A. Ruivivar".

**Virginia A. Ruivivar**  
Public Affairs Manager



May 7, 2008  
**MEDIA RELEASE  
FOR PUBLICATION**

### **PETRON POSTS ₱658-M INCOME FOR THE FIRST QUARTER OF 2008**

The country's largest oil refiner and market leader Petron Corporation reported a net income of ₱658 million for the first three months of 2008 during its Board meeting today. During the meeting, Petron's Board of Directors also approved a cash dividend of P0.10 per share for stockholders of record as of June 2. The pay-out will be on June 27.

The company's net income for first quarter 2008 is 31% lower than the ₱953 million reported for the same period last year. The company said that the drop in net income can be attributed mainly to lower refining margins.

Despite high local prices, the company reported that its total sales volumes increased by 10% to 12.92 million barrels in first quarter of 2008 compared to 11.75 million barrels last year. Meanwhile, sales revenues increased by 37.5% to ₱59.60 billion this year from ₱43.35 billion in 2007.

"In spite of the drop in our income, we are confident that we will be able to meet our financial and operating targets for the year as we begin to see the positive impact of our new petrochemical feedstock units," Public Affairs Manager Virginia A. Ruivivar said.

On April 9, Petron inaugurated the country's first petrochemical feedstock units at its Bataan Refinery namely the Petro Fluidized Catalytic Cracking Unit (PetroFCC) and the Propylene Recovery Unit (PRU). The PetroFCC, the first "cracking" unit of its kind in the world, converts black products into higher value LPG, gasoline, and diesel. More importantly, it produces a higher level of propylene than typical FCC units. Propylene is the raw material for petrochemicals used in the manufacture of everyday products such as food packaging, electrical appliance, suitcases, furniture and automobile parts.

The PetroFCC has a conversion capacity of 19,000 barrels while the PRU produces 140,000 metric tons of propylene annually.

Petron's first tender offer for the off-take of polymer grade propylene for six months was won by Mitsui C. Ltd., a large Japanese trading house actively engaged in trading propylene in Asia. They made the initial lifting of 1,500 metric tons of the product last April 1.

**(continued)**

The company also said it is set to commission its fuel additives blending plant in Subic. Petron will be the exclusive toll blender for Innospec—a leading fuel additives supplier—for their market in the Asia-Pacific region. Under the partnership, Petron will be able to tap Innospec's regional customer network for its own lubricants and specialty chemicals. Petron will also provide technical support services to Innospec in the region, as well as directly participate in marketing petroleum additives to select markets in Southeast Asia, Northeast Asia, China, and India

Innospec's additives are used in Petron's world-class fuels, namely Blaze, XCS Plus, Xtra Unleaded and DieselMax. These products have been widely acclaimed for their efficiency, power and environmental benefits.

(end)

Petron Corporation is the leading oil refining and marketing company in the Philippines. Its 180,000 barrel-per-day oil refinery produces a full range of petroleum products to supply nearly 40% of the country's fuel requirements. Petron is dedicated and passionate about its vision to be the leading provider of total customer solutions in the energy sector and its derivative businesses. Please visit [www.petron.com](http://www.petron.com) for more information.

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

	As at	
	<u>3/31/2008</u>	<u>12/31/2007</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	11,985	9,732
Financial assets at fair value through profit or loss	212	229
Available-for-sale investments	308	164
Receivables	21,426	17,869
Inventories	36,905	30,271
Other current assets	8,304	10,672
Total Current Assets	<u>79,140</u>	<u>68,937</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	34,927	34,128
Investment properties	205	202
Available-for-sale investments	340	468
Other noncurrent assets	975	739
Total Noncurrent Assets	<u>36,447</u>	<u>35,537</u>
	<u>115,587</u>	<u>104,474</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans	37,361	33,784
Liabilities for crude oil and petroleum product importation	19,631	12,873
Accounts payable and accrued expenses	5,140	4,544
Current portion of long-term debt	1,927	1,604
Income tax payable	29	523
Total Current Liabilities	<u>64,088</u>	<u>53,328</u>
<b>Non-Current Liabilities</b>		
Long-term debt - net of current portion	10,873	11,176
Deferred income tax liabilities	1,235	1,268
Other noncurrent liabilities	944	914
Total Noncurrent Liabilities	<u>13,052</u>	<u>13,358</u>
<b>Stockholders' Equity Attributable to Equity Holders of the Parent</b>		
Capital stock	9,375	9,375
Retained earnings		
Appropriated	21,172	21,172
Unappropriated	8,175	7,520
Other reserves	(411)	(412)
Stockholders' Equity Attributable to Equity Holders of the Parent	<u>38,311</u>	<u>37,655</u>
<b>Minority Interest</b>		
	136	133
Total Stockholders' Equity	<u>38,447</u>	<u>37,788</u>
	<u>115,587</u>	<u>104,474</u>



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

	<b>January to March</b>	
	<b>2008</b>	<b>2007</b>
SALES	59,598	43,346
COST OF GOODS SOLD	<u>(56,748)</u>	<u>(40,461)</u>
GROSS PROFIT	2,850	2,885
SELLING AND ADMINISTRATIVE EXPENSES	(1,132)	(1,084)
INTEREST INCOME	76	78
INTEREST EXPENSE	(636)	(634)
OTHERS	<u>(463)</u>	<u>137</u>
INCOME BEFORE INCOME TAX	695	1,382
PROVISION FOR INCOME TAX	<u>(37)</u>	<u>(429)</u>
NET INCOME	<u><u>658</u></u>	<u><u>953</u></u>
Attributable to:		
Equity holders of the parent	655	952
Minority interest	<u>3</u>	<u>1</u>
	<u><u>658</u></u>	<u><u>953</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - BASIC & DILUTED	<u>0.07</u>	<u>0.10</u>



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

	<b>January to March</b>	
	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	695	1,382
Adjustments for:		
Depreciation and amortization	652	641
Interest expense	635	625
Interest income	(76)	(78)
Net unrealized foreign exchange loss (gain)	302	(70)
Others	16	(78)
Operating income before working capital changes	2,224	2,422
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(3,143)	224
Inventories	(6,634)	(1,666)
Other current assets	2,306	1,748
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	6,638	4,777
Accounts payable and accrued expenses	691	150
Provisions for doubtful accounts, inventory obsolescence and others	48	93
Interest paid	(713)	(798)
Income taxes paid	(562)	(460)
Interest received	78	81
<b>Net cash provided by (used in) operating activities</b>	<b>933</b>	<b>6,571</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Property, plant and equipment	(1,448)	(2,534)
Investment properties	(6)	-
Decrease (increase) in:		
Other receivables	(389)	104
Other noncurrent assets	(222)	(35)
Reductions from (additions to):		
Financial assets at fair value through profit or loss	-	-
Available-for-sale investments	(16)	1
Investments	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(2,081)</b>	<b>(2,464)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availment of loans	21,694	17,494
Payments of:		
Loans	(18,322)	(26,987)
Cash dividends	(2)	(3)
Others	23	241
<b>Net cash provided by (used in) financing activities</b>	<b>3,393</b>	<b>(9,255)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<b>8</b>	<b>(1)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,253</b>	<b>(5,149)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>9,732</b>	<b>11,735</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>11,985</b>	<b>6,586</b>