



**PETRON CORPORATION AND SUBSIDIARIES**  
**STATEMENT OF INCOME**  
**For the Six Month Periods Ended June 30, 2008 and 2007**  
**(Amounts in Millions of Pesos, Except Per Share Amounts)**

	<b>January to June</b>	
	<b>2008</b>	<b>2007</b>
SALES	131,323	98,789
COST OF GOODS SOLD	<u>(122,650)</u>	<u>(91,742)</u>
GROSS PROFIT	8,673	7,047
SELLING AND ADMINISTRATIVE EXPENSES	(3,005)	(2,537)
INTEREST INCOME	153	186
INTEREST EXPENSE	(1,493)	(1,215)
OTHERS	<u>(890)</u>	<u>462</u>
INCOME BEFORE INCOME TAX	3,438	3,943
PROVISION FOR INCOME TAX	<u>(1,116)</u>	<u>(1,241)</u>
NET INCOME	<u><u>2,322</u></u>	<u><u>2,702</u></u>
Attributable to:		
Equity holders of the parent	2,318	2,699
Minority interest	<u>4</u>	<u>3</u>
	<u><u>2,322</u></u>	<u><u>2,702</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT - BASIC & DILUTED	<u>0.25</u>	<u>0.29</u>



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

	As at	
	6/30/2008	12/31/2007
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	13,880	9,732
Financial assets at fair value through profit or loss	181	229
Available-for-sale investments	317	164
Receivables	17,940	17,869
Inventories	41,268	30,271
Other current assets	7,163	10,672
Total Current Assets	<u>80,749</u>	<u>68,937</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	36,107	34,122
Investment properties	201	208
Available-for-sale investments	338	468
Other noncurrent assets	817	739
Total Noncurrent Assets	<u>37,463</u>	<u>35,537</u>
	<u>118,212</u>	<u>104,474</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans	32,961	33,784
Liabilities for crude oil and petroleum product importation	23,866	12,873
Accounts payable and accrued expenses	6,976	4,544
Current portion of long-term debt	2,625	1,604
Income tax payable	104	523
	<u>66,532</u>	<u>53,328</u>
<b>Non-Current Liabilities</b>		
Long-term debt - net of current portion	9,619	11,176
Deferred income tax liabilities	1,916	1,268
Other noncurrent liabilities	971	914
Total Noncurrent Liabilities	<u>12,506</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	8,901	7,520
Other reserves	(411)	(412)
Stockholders' Equity Attributable to Equity Holders of the Parent	<u>39,037</u>	<u>37,655</u>
<b>Minority Interest</b>		
Total Stockholders' Equity	<u>137</u>	<u>133</u>
	<u>39,174</u>	<u>37,788</u>
	<u>118,212</u>	<u>104,474</u>



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

	<u>June 2008</u>	<u>June 2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	3,439	3,943
Adjustments for:		
Depreciation and amortization	1,511	1,244
Interest expense	1,493	994
Interest income	(154)	(186)
Net unrealized foreign exchange loss (gain)	396	(136)
Others	49	(66)
Operating income before working capital changes	6,734	5,793
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(2,126)	(2,896)
Inventories	(10,997)	(5,010)
Other current assets	3,463	2,174
Increase (decrease) in liabilities:		
Liabilities for crude oil and petroleum product importation	10,555	7,318
Accounts payable and accrued expenses	2,356	1,075
Provisions for doubtful accounts, inventory obsolescence and others	146	93
Interest paid	(1,327)	(984)
Income taxes paid	(888)	(1,147)
Interest received	159	186
<b>Net cash provided by (used in) operating activities</b>	<b>8,075</b>	<b>6,602</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Property, plant and equipment	(3,489)	(5,394)
Investment properties		-
Decrease (increase) in:		
Other receivables	2,000	(64)
Other noncurrent assets	(76)	(15)
Reductions from (additions to):		
Financial assets at fair value through profit or loss	-	-
Available-for-sale investments	(23)	10
Investments	-	-
<b>Net cash provided by (used in) investing activities</b>	<b>(1,588)</b>	<b>(5,463)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availment of loans	40,244	26,366
Payments of:		
Loans	(41,789)	(32,064)
Cash dividends	(885)	(891)
Others	38	37
<b>Net cash provided by (used in) financing activities</b>	<b>(2,392)</b>	<b>(6,552)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	53	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,148</b>	<b>(5,413)</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>13,880</b>	<b>6,322</b>