



CERTIFICATION

I, **Virginia A. Ruivivar**, Public Affairs Manager of PETRON CORPORATION with office address at 39th floor, Petron MegaPlaza, 358 Sen. Gil Puyat Ave. Makati City, hereby certify that the attached media release titled "PETRON REPORTS NET LOSS IN 2008" was read by me and that the contents are true and not intended to deceive or mislead the public.

Very truly yours,

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

VIRGINIA A. RUIVIVAR
Public Affairs Manager



February 27, 2009
Petron Corporation's Disclosure

ATTY. PETE M. MALABANAN
Head, Disclosure Department
Philippine Stock Exchange, Inc. (PSE)
Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Dear Atty. Malabanan:

Pursuant to PSE and SEC's disclosure requirements, attached is the media release titled "PETRON REPORTS NET LOSS IN 2008".

Very truly yours,

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

VIRGINIA A. RUVIVAR
Public Affairs Manager



February 27, 2009
MEDIA RELEASE
FOR PUBLICATION

PETRON REPORTS NET LOSS IN 2008

The extreme volatility in crude prices in 2008 exacted a toll on the margins of oil companies everywhere and did not spare the country's leading oil refining and marketing company, Petron Corporation, which incurred a net loss of ₱3.9 billion for the year.

After climbing by over 50% to reach an all-time high of \$141 per barrel in July, the price of oil fell sharply downwards as the impact of the global financial crisis spread through the world's largest economies. By December, the price of Dubai crude oil averaged only \$40. Domestic prices of refined products fell in line with crude prices the result of which had Petron incurring significant inventory losses.

"It was a very abnormal period for refiners, and many in the region reported reduced if not negative margins," Petron President Eric O. Recto said. "With oil prices now showing less volatility, we expect a return to profitability. In fact, our January and February performance bears this out," Recto added.

Petron kept its hold on the number one position in the industry in 2008, with a slightly improved 39.3% share of the market close to year-end. At the end of 2008, Petron had a total service station count totaling 1,288 nationwide—the largest in the country.

As part of its strategy to capture new revenue streams and improve margins, Petron commissioned its Petro Fluidized Catalytic Cracking (PetroFCC) unit and a Propylene Recovery Unit (PRU) in April 2008. These facilities enable Petron to produce higher-value products from its refinery.

The company also marked another first when it inaugurated the Petron Fuel Additives Blending plant in Subic Bay Freeport Zone last November in partnership with Innospec, a leading global fuel additives supplier, and will serve Innospec's customers in the region.

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“Petron’s business remains strong. We have undisputed industry leadership, an extensive and efficient distribution network, a solid customer base, and an array of world-class products and services. We are confident that our partnership with San Miguel will help us on this road to recovery,” Recto concluded.

(end)

About Petron Corporation

Petron Corporation is the largest 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 total fuel requirements. Through nearly 1,300 service stations nationwide -- the largest service station network in the country -- we retail gasoline, diesel and kerosene to motorists. 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 us at 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	
	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	72,963	68,937
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	38,835	35,537
TOTAL ASSETS	111,798	104,474
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	68,733	53,328
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	10,162	13,358
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	32,678	37,655
Minority Interest		
Total Stockholders' Equity	225	133
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	111,798	104,474



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