



**PETRON CORPORATION & SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in Millions of Pesos)

	Unaudited	Audited
	<b>As at</b>	
	<b>3/31/2004</b>	<b>12/31/2003</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,250	2,803
Short-term investments	69	69
Receivables - net	10,177	9,402
Inventories - net	18,770	15,674
Other current assets	2,141	1,435
<b>Total Current Assets</b>	<b>36,407</b>	<b>29,383</b>
<b>Property, Plant and Equipment</b>	<b>22,435</b>	<b>21,497</b>
<b>Investments</b>	<b>877</b>	<b>857</b>
<b>Other Assets</b>	<b>266</b>	<b>80</b>
<b>TOTAL ASSETS</b>	<b>59,985</b>	<b>51,817</b>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans	16,522	15,386
Liabilities for crude oil and petroleum product importation	11,988	6,560
Accounts payable and accrued expenses	4,208	3,355
Current portion of long-term debt	1,115	712
<b>Total Current Liabilities</b>	<b>33,833</b>	<b>26,013</b>
<b>Non-current Liabilities and Deferred Credits</b>	<b>5,290</b>	<b>5,732</b>
<b>Total Liabilities</b>	<b>39,123</b>	<b>31,745</b>
<b>Capital Stock</b>		
Authorized-10,000,000,000 shares		
Par value-P1 per share		
Issued and outstanding	9,375	9,375
<b>Retained Earnings</b>		
Appropriated	5,551	5,551
Unappropriated	5,813	5,027
<b>Accumulated Translation Adjustment</b>	123	119
<b>Total Stockholders' Equity</b>	<b>20,862</b>	<b>20,072</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>59,985</b>	<b>51,817</b>

Certified by:

Ma. CONCEPCION F. DE CLARO  
Manager-Controllers Department



Unaudited

**PETRON CORPORATION & SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**For the Three Month Period Ended March 31, 2004 and 2003**  
**(Amounts in Millions of Pesos, Except Per Share Amounts)**

	<u>January to March</u>	
	<u>2004</u>	<u>2003</u>
SALES	32,539	28,467
COST OF GOODS SOLD	<u>29,738</u>	<u>26,376</u>
GROSS PROFIT	2,801	2,091
OPERATING EXPENSES	<u>1,289</u>	<u>1,057</u>
INCOME FROM OPERATIONS	1,512	1,034
OTHER CHARGES	<u>(454)</u>	<u>(404)</u>
INCOME BEFORE INCOME TAX	1,058	630
PROVISION FOR INCOME TAX	<u>272</u>	<u>185</u>
NET INCOME	<u><u>786</u></u>	<u><u>445</u></u>
Basic Earnings Per Share	<u><u>0.08</u></u>	<u><u>0.05</u></u>
Diluted Earnings Per Share	NOT APPLICABLE	

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**Unaudited**

**PETRON CORPORATION & SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES**  
**IN STOCKHOLDERS' EQUITY**  
**For the Three Month Period Ended March 31, 2004 and 2003**  
**(Amounts in Millions of Pesos)**

	<u>January to March</u>	
	<u>2004</u>	<u>2003</u>
<b>COMMON STOCK</b>	9,375	9,375
<b>APPROPRIATED RETAINED EARNINGS</b>		
Balance at beginning of year	5,551	5,551
Appropriated for capital projects	-	-
<b>Balance at end of period</b>	<b>5,551</b>	<b>5,551</b>
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		
Balance at beginning of year	5,027	3,794
Net income	786	445
Cash dividends declared	-	-
Appropriated for capital projects	-	-
<b>Balance at end of period</b>	<b>5,813</b>	<b>4,239</b>
<b>ACCUMULATED TRANSLATION ADJUSTMENT</b>		
Balance at beginning of year	119	101
Foreign currency translation adjustments	4	3
<b>Balance at end of period</b>	<b>123</b>	<b>104</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>20,862</b>	<b>19,269</b>

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Unaudited

**PETRON CORPORATION & SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three Month Period Ended March 31, 2004 and 2003**  
(Amounts in Millions of Pesos)

	<b>January to March</b>	
	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	1,057	630
Adjustments for:		
Depreciation and amortization	565	528
Interest expense	368	329
Interest income	(39)	(66)
Unrealized foreign exchange (gain) loss	25	(6)
<b>Operating income before working capital changes</b>	<b>1,976</b>	<b>1,415</b>
Changes in operating assets and liabilities	1,375	(1,754)
Interest paid	(388)	(310)
Interest received	39	74
Income tax paid	(272)	(12)
<b>Net cash provided by (used in) operating activities</b>	<b>2,730</b>	<b>(587)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, plant and equipment	(1,494)	(322)
Increase in:		
Receivables - others	312	(154)
Other assets	(193)	(32)
Reductions from (additions to):		
Long-term investments	(19)	(482)
<b>Net cash used in investing activities</b>	<b>(1,394)</b>	<b>(990)</b>
Availment of loans	6,643	4,586
Payment of loans	(5,498)	(5,990)
Payment of cash dividends	(2)	-
Cylinder deposits	4	20
Minority Interest	1	4
<b>Net cash used in financing activities</b>	<b>1,148</b>	<b>(1,380)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(37)</b>	<b>(29)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,447</b>	<b>(2,986)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,803</b>	<b>5,419</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>5,250</b>	<b>2,433</b>

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