

Unaudited



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

For the Three-Month Periods Ended September 30, 2004 and 2003 and
For the Nine -Month Periods Ended September 30, 2004 and 2003
 (Amounts in Millions of Pesos, Except Per Share Amounts)

	<u>July to September</u>		<u>January to September</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
SALES	38,518	25,808	104,660	81,130
COST OF GOODS SOLD	<u>36,012</u>	<u>23,593</u>	<u>97,210</u>	<u>74,684</u>
GROSS PROFIT	2,506	2,215	7,450	6,446
OPERATING EXPENSES	975	923	3,204	2,928
OTHER OPERATING (INCOME)/ CHARGES	<u>(24)</u>	<u>35</u>	<u>232</u>	<u>(202)</u>
INCOME FROM OPERATIONS	1,555	1,257	4,014	3,720
FINANCING CHARGES	<u>288</u>	<u>301</u>	<u>928</u>	<u>1,016</u>
INCOME BEFORE INCOME TAX	1,267	956	3,086	2,704
PROVISION FOR INCOME TAX	<u>265</u>	<u>215</u>	<u>726</u>	<u>682</u>
NET INCOME	<u><u>1,002</u></u>	<u><u>741</u></u>	<u><u>2,360</u></u>	<u><u>2,022</u></u>
Basic Earnings Per Share (Note 3)	<u><u>0.11</u></u>	<u><u>0.08</u></u>	<u><u>0.25</u></u>	<u><u>0.22</u></u>
Diluted Earnings Per Share	NOT APPLICABLE		NOT APPLICABLE	



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

	Unaudited	Audited
	As at	
	9/30/2004	12/31/2003
ASSETS		
Current Assets		
Cash and cash equivalents	4,572	2,803
Short-term investments	48	69
Receivables - net	11,936	9,402
Inventories - net	22,417	15,674
Other current assets	1,594	730
Total Current Assets	40,567	28,678
Property, Plant and Equipment	24,555	21,497
Investments	1,009	857
Deferred Income Tax	903	705
Other Assets	208	80
TOTAL ASSETS	67,242	51,817
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	19,164	15,386
Liabilities for crude oil and petroleum product importation	13,124	6,560
Accounts payable and accrued expenses	4,801	3,355
Current portion of long-term debt	1,615	712
Total Current Liabilities	38,704	26,013
Non-current Liabilities and Deferred Credits	7,975	5,732
Total Liabilities	46,679	31,745
Capital Stock		

Authorized-10,000,000,000 shares		
Par value-P1 per share		
Issued and outstanding	9,375	9,375
Retained Earnings		
Appropriated	5,551	5,551
Unappropriated	5,512	5,027
Accumulated Translation Adjustment	<u>125</u>	<u>119</u>
Total Stockholders' Equity	<u>20,563</u>	<u>20,072</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>67,242</u></u>	<u><u>51,817</u></u>



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PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY

For the Nine -Month Periods Ended September 30, 2004 and 2003
(Amounts in Millions of Pesos)

	<u>January to September</u>	
	<u>2004</u>	<u>2003</u>
COMMON STOCK	<u>9,375</u>	<u>9,375</u>
APPROPRIATED RETAINED EARNINGS		
Balance at beginning of year	5,551	5,551
Appropriated for capital projects	-	-
Balance at end of period	<u>5,551</u>	<u>5,551</u>
UNAPPROPRIATED RETAINED EARNINGS		
Balance at beginning of year	5,027	3,794
Net income	2,360	2,022
Cash dividends declared	(1,875)	(1,875)
Appropriated for capital projects	-	-
Balance at end of period	<u>5,512</u>	<u>3,941</u>
ACCUMULATED TRANSLATION ADJUSTMENT		
Balance at beginning of year	119	101
Foreign currency translation adjustments	6	2
Balance at end of period	<u>125</u>	<u>103</u>
TOTAL STOCKHOLDERS' EQUITY	<u>20,563</u>	<u>18,970</u>

Unaudited



PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine -Month Periods Ended September 30, 2004 and 2003
(Amounts in Millions of Pesos)

	<u>January to September</u>	
	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	3,086	2,704
Adjustments for:		
Depreciation and amortization	1,534	1,579
Interest expense	1,101	1,167
Interest income	(202)	(165)
Cylinder deposits written-on	-	(224)
Unrealized foreign exchange (gain) loss	93	27
Reversal of allowance for market decline	(1)	(9)
Operating income before working capital changes	5,611	5,079
Changes in operating assets and liabilities	(3,308)	(1,504)
Interest paid	(1,119)	(1,239)
Interest received	204	174
Income tax paid	(79)	(51)
Net cash provided by (used in) operating activities	<u>1,309</u>	<u>2,459</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, plant and equipment	(4,568)	(1,096)
Increase in:		
Receivables - others	417	(120)
Other assets	(183)	(43)
Reductions from (additions to):		
Short-term investments	22	25
Long-term investments	(230)	(178)
Net cash used in investing activities	<u>(4,542)</u>	<u>(1,412)</u>
Availment of loans	58,738	20,362
Payment of loans		

	(51,930)	(21,967)
Payment of cash dividends	(1,841)	(1,834)
Cylinder deposits	64	93
Minority Interest	4	9
Net cash used in financing activities	5,035	(3,337)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(33)	(35)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,769	(2,325)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,803	5,419
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,572	3,094



Petron Corporation
Receivables
September 30, 2004
(Amounts in Millions of Pesos)

Breakdown:

Accounts Receivable - Trade	10,163
Accounts Receivable - Non-Trade	1,773
Total Accounts Receivable	<u>11,936</u>

**AGING OF TRADE ACCOUNTS
RECEIVABLES**

Receivables	1-30 days	7,623
	31-60 days	1,728
	61-90 days	828
	Over 90 days	<u>504</u>
Total		10,683
Allowance for doubtful accounts		<u>520</u>
Accounts Receivable - Trade		<u>10,163</u>