



Unaudited

PETRON CORPORATION & SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

For the Three-Month Periods Ended March 31, 2005 and 2004

(Amounts in Millions of Pesos, Except Per Share Amounts)

	<u>January to March</u>	
	<u>2005</u>	<u>2004</u>
SALES	38,942	32,539
COST OF GOODS SOLD	<u>(36,341)</u>	<u>(29,738)</u>
GROSS PROFIT	2,601	2,801
OTHER INCOME	80	76
OPERATING EXPENSES	(1,263)	(1,393)
OTHER CHARGES	(16)	(106)
FINANCING CHARGES	(281)	(356)
SHARE IN EQUITY OF SUBSIDIARIES	<u>48</u>	<u>36</u>
INCOME BEFORE INCOME TAX	1,169	1,058
PROVISION FOR INCOME TAX	<u>(299)</u>	<u>(272)</u>
NET INCOME	<u>870</u>	<u>786</u>
Basic Earnings Per Share	<u>0.09</u>	<u>0.08</u>
Diluted Earnings Per Share	NOT APPLICABLE	

Certified by:

  
Ma. CONCEPCION F. DE CLARO  
Controller



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

	Unaudited	Audited
	As at	
	3/31/2005	12/31/2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,008	4,104
Short-term investments	69	63
Receivables - net	11,869	11,828
Inventories - net	26,426	19,235
Other current assets	1,034	720
Total Current Assets	<u>42,406</u>	<u>35,950</u>
Property, Plant and Equipment	22,723	24,862
Investments	596	417
Other Assets	1,046	188
<b>TOTAL ASSETS</b>	<u><u>66,771</u></u>	<u><u>61,417</u></u>
<b>LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans	14,447	18,477
Liabilities for crude oil and petroleum product importation	12,508	6,128
Accounts payable and accrued expenses	6,037	5,469
Current portion of long-term debt	1,615	1,615
Total Current Liabilities	<u>34,607</u>	<u>31,689</u>
<b>Non-current Liabilities and Deferred Credits</b>	<u>8,536</u>	<u>8,394</u>
<b>Total Liabilities</b>	<u><u>43,143</u></u>	<u><u>40,083</u></u>
<b>Minority Interest</b>	<u>112</u>	<u>110</u>
<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	6,906	6,906
Unappropriated	7,133	4,858
<b>Accumulated Translation Adjustment</b>	<u>102</u>	<u>85</u>
<b>Total Stockholders' Equity</b>	<u><u>23,628</u></u>	<u><u>21,334</u></u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>66,771</u></u>	<u><u>61,417</u></u>

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

For the Three-Month Periods Ended March 31, 2005 and 2004  
(Amounts in Millions of Pesos)

Unaudited

	January to March	
	2005	2004
<b>COMMON STOCK</b>	9,375	9,375
<b>APPROPRIATED RETAINED EARNINGS</b>		
Balance at beginning of year	6,906	5,551
Appropriated for capital projects	-	-
Balance at end of period	6,906	5,551
<b>UNAPPROPRIATED RETAINED EARNINGS</b>		
Balance at beginning of year	4,858	5,027
Net income	870	786
Cash dividends declared	-	-
Effect of change in accounting for:	-	-
Employee benefits	855	-
Changes in foreign exchange rates	(1,612)	-
Inventories	2,162	-
Balance at end of period	7,133	5,813
<b>ACCUMULATED TRANSLATION ADJUSTMENT</b>		
Balance at beginning of year	85	119
Foreign currency translation adjustments	17	4
Balance at end of period	102	123
<b>MINORITY INTEREST</b>	112	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>23,628</b>	<b>20,862</b>

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PETRON CORPORATION & SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Three-Month Periods Ended March 31, 2005 and 2004  
(Amounts in Millions of Pesos)

Unaudited

	January to March	
	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	1,169	1,058
Adjustments for:		
Depreciation and amortization	544	565
Interest expense	401	367
Interest income	(52)	(39)
Provision (reversal of allowance) for decline in value of investm	(8)	-
Unrealized foreign exchange (gain) loss	(96)	25
Reversal of allowance for market decline	2	-
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Operating income before working capital changes	1,960	1,976
Changes in operating assets and liabilities	2,326	1,375
Interest paid	(373)	(388)
Interest received	52	39
Income tax paid	(86)	(272)
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<b>Net cash provided by (used in) operating activities</b>	<b>3,879</b>	<b>2,730</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Property, plant and equipment	(585)	(1,494)
Increase in:		
Receivables - others	183	312
Other noncurrent assets	(5)	(193)
Reductions from (additions to):		
Short-term investments	2	-
Long-term investments	(152)	(19)
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<b>Net cash used in investing activities</b>	<b>(557)</b>	<b>(1,394)</b>
Availment of loans	10,983	6,643
Payment of loans	(15,434)	(5,498)
Payment of cash dividends	(2)	(2)
Cylinder deposits and others	40	5
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<b>Net cash used in financing activities</b>	<b>(4,413)</b>	<b>1,148</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(5)</b>	<b>(37)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,096)</b>	<b>2,447</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>4,104</b>	<b>2,803</b>
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<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>3,008</b>	<b>5,250</b>

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