



Unaudited

PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the Three-Month Periods Ended September 30, 2005 and 2004 and
For the Nine-Month Periods Ended September 30, 2005 and 2004
(Amounts in Millions of Pesos, Except Per Share Amounts)

	<u>July to September</u>		<u>January to September</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
SALES	52,810	38,518	138,429	104,660
COST OF GOODS SOLD	<u>(47,832)</u>	<u>(36,012)</u>	<u>(126,944)</u>	<u>(97,210)</u>
GROSS PROFIT	4,978	2,506	11,485	7,450
OPERATING EXPENSES	(1,468)	(1,075)	(4,315)	(3,491)
OTHER INCOME/ (CHARGES)	244	84	338	119
FINANCING CHARGES	(443)	(329)	(1,177)	(1,140)
SHARE IN EQUITY OF SUBSIDIARIES	<u>54</u>	<u>81</u>	<u>165</u>	<u>148</u>
INCOME BEFORE INCOME TAX	3,365	1,267	6,496	3,086
PROVISION FOR INCOME TAX	<u>(898)</u>	<u>(265)</u>	<u>(1,717)</u>	<u>(726)</u>
NET INCOME	<u>2,467</u>	<u>1,002</u>	<u>4,779</u>	<u>2,360</u>
Basic Earnings Per Share	<u>0.26</u>	<u>0.11</u>	<u>0.51</u>	<u>0.25</u>
Diluted Earnings Per Share	NOT APPLICABLE	NOT APPLICABLE	NOT APPLICABLE	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	
	9/30/2005	12/31/2004
ASSETS		
Current Assets		
Cash and cash equivalents	5,485	4,104
Short-term investments	71	63
Receivables - net	15,618	11,828
Inventories - net	34,124	19,235
Other current assets	887	720
Total Current Assets	56,185	35,950
Property, Plant and Equipment	22,540	24,862
Investment Property	171	-
Investments	555	417
Other Assets	1,393	188
TOTAL ASSETS	80,844	61,417
LIABILITIES & STOCKHOLDERS' EQUITY		
Current Liabilities		
Short-term loans	21,178	18,477
Liabilities for crude oil and petroleum product importation	16,031	6,128
Accounts payable and accrued expenses	7,227	5,469
Current portion of long-term debt	1,615	1,615
Total Current Liabilities	46,051	31,689
Non-current Liabilities and Deferred Credits	7,994	8,394
Total Liabilities	54,045	40,083
Minority Interest	115	110
Capital Stock		
Authorized-10,000,000,000 shares		
Par value-P1 per share		
Issued and outstanding	9,375	9,375
Retained Earnings		
Appropriated	6,906	6,906
Unappropriated	10,319	4,858
Accumulated Translation Adjustment	84	85
Total Stockholders' Equity	26,799	21,334
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	80,844	61,417

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

For the Nine-Month Periods Ended September 30, 2005 and 2004
(Amounts in Millions of Pesos)

	<u>January to September</u>	
	<u>2005</u>	<u>2004</u>
COMMON STOCK	<u>9,375</u>	<u>9,375</u>
APPROPRIATED RETAINED EARNINGS		
Balance at beginning of year	6,906	5,551
Appropriated for capital projects	-	-
Balance at end of period	<u>6,906</u>	<u>5,551</u>
UNAPPROPRIATED RETAINED EARNINGS		
Balance at beginning of year	4,858	5,027
Net income	4,779	2,360
Cash dividends declared	(938)	(1,875)
Effect of change in accounting for:	-	-
Employee benefits	1,225	-
Changes in foreign exchange rates	(1,612)	-
Inventories	2,162	-
Property, plant and equipment - ARO	(155)	-
Balance at end of period	<u>10,319</u>	<u>5,512</u>
ACCUMULATED TRANSLATION ADJUSTMENT		
Balance at beginning of year	85	119
Foreign currency translation adjustments	(1)	6
Balance at end of period	<u>84</u>	<u>125</u>
MINORITY INTEREST	<u>115</u>	<u>108</u>
TOTAL STOCKHOLDERS' EQUITY	<u>26,799</u>	<u>20,671</u>

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PETRON CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine-Month Periods Ended September 30, 2005 and 2004
(Amounts in Millions of Pesos)

Unaudited

	<u>January to September</u>	
	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	6,496	3,086
Adjustments for:		
Depreciation and amortization	1,791	1,534
Interest expense	1,230	1,101
Interest income	(235)	(202)
Provision (reversal of allowance) for decline in value of investments	(10)	(1)
Unrealized foreign exchange (gain) loss	(4)	93
Reversal of allowance for market decline	6	-
Operating income before working capital changes	9,274	5,611
Changes in operating assets and liabilities	(5,124)	(3,308)
Interest paid	(1,209)	(1,119)
Interest received	235	204
Income tax paid	(864)	(79)
Net cash provided by (used in) operating activities	2,312	1,309
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, plant and equipment	(1,666)	(4,568)
Increase in:		
Receivables - others	202	417
Other noncurrent assets	19	(183)
Reductions from (additions to):		
Short-term investments	2	22
Long-term investments	(147)	(230)
Net cash used in investing activities	(1,590)	(4,542)
Availment of loans	51,164	58,738
Payment of loans	(49,659)	(51,930)
Payment of cash dividends	(922)	(1,841)
Cylinder deposits and others	84	68
Net cash used in financing activities	667	5,035
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(8)	(33)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,381	1,769
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,104	2,803
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5,485	4,572

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