



CIRCULAR FOR BROKERS NO. 3734-2004

The Philippine Stock Exchange, Inc.

<input checked="checked" type="checkbox"/> Disclosures	<input type="checkbox"/> Stockholders' Meeting	Others: _____
<input type="checkbox"/> Dividend Notice	<input type="checkbox"/> SEC / Gov't Issuance	_____
<input type="checkbox"/> Stock Rights Notice	<input type="checkbox"/> Transfer Agent's Notice	_____

Date : **August 18, 2004**

Company : **BACNOTAN CONSOLIDATED INDUSTRIES, INC.**

This is in reference to Circular for Brokers No. 3657-2004 dated August 12, 2004, pertaining to the completion of the sale by Bacnotan Consolidated Industries, Inc. ("BCI" or the "Company") of its shares in Union Cement Holdings Corporation ("UCHC") to Cemco Holdings, Inc.

In relation thereto, BCI, in the attached SEC Form 17-C dated August 17, 2004, provided the Exchange additional information on the transaction, which includes the following:

- 1) condensed income statement and balance sheet of BCI as of June 30, 2004; and
- 2) proforma condensed income statement and balance sheet of BCI which reflect the sale of the Company's and Atlas Cement Corporation's ("ACC") shares in UCHC.

For your information.

(Original Signed)
JURISITA M. QUINTOS
Senior Vice President – Operations Group

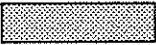
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Finance / Admin / Membership	Compliance & Surveillance Grp.	Listing & Disclosures Grp.	COO / Automated Trading Grp.	Business Dev't & Info. Group	CEO / Legal
Tel. No.688-7560/7440/7460	Tel. No. 688-7559	Tel. No. 688-7501/7510	Tel. No. 688-7405/819-4400	Tel. No. 688-7590	Tel. No. 688-7400/819-4408

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **17 August 2004**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **12397**
3. BIR Tax Identification No. **321-000-107-026**
4. **BACNOTAN CONSOLIDATED INDUSTRIES, INC.**
Exact name of issuer as specified in its charter
5. **Philippines**
Province, country or other jurisdiction of incorporation
6.  (SEC Use Only)
Industry Classification Code:
7. **12th Floor, The Phinma Plaza, 39 Plaza Drive**
Rockwell Center, Makati City
Address of principal office
8. **(02) 870-0100**
Issuer's telephone number, including area code
9. **N/A**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	169,787,314
Outstanding Loans -consolidated . (as of June 30, 2004 - unaudited)	P 19,125,777 (in thousands)

11. Indicate the item numbers reported herein:

Item 2. Disposition of Assets

On August 12, 2004 the Company sold to Cemco Holdings, Inc. ("CHI") Two Hundred Six Million Three Hundred Thirty Thousand Seven Hundred (206,330,700) common shares of stock of UNION CEMENT HOLDINGS CORPORATION ("UCHC") owned by the Company, for the total purchase price of Eighty Nine Million Three Hundred Eighty Three Thousand Eight Hundred Eight United States Dollars (US \$ 89,383,808.00). The shares constitute 21.31% of UCHC's issued and outstanding capital stock (the "UCHC Shares"). The sale was approved by the Board of Directors at its meeting held on July 5, 2004 and is pursuant to the Share Purchase Agreement executed August 5, 2004, as earlier disclosed.

Also on August 12, 2004, Atlas Cement Corporation ("ACC"), a subsidiary of the Company, sold to CHI Two Hundred Eighty Seven Million Five Hundred Nineteen Thousand Three Hundred Eighty Five (287,519,385) Shares of UCHC owned by ACC for the total purchase price of One Hundred Twenty Four Million Five Hundred Fifty Five Thousand Two Hundred Seventy Six United States Dollars (US \$ 124,555,276.00).

The UCHC shares sold by the Company and ACC to CHI constitute fifty one percent (51%) of the outstanding capital stock of UCHC. The purchase price is the product of negotiations between the parties and considered a multiplicity of factors including asset values, industry outlook and strategic considerations.

UCHC is a corporation duly organized and existing under Philippine laws, with principal office located at Level 3, Phinma Plaza, 39 Plaza Drive, Rockwell Center, Makati City. UCHC owns 60.6% of Union Cement Corporation (UCC), a company engaged in the manufacture and distribution of cement products nationwide.

The buyer of the UCHC shares, CHI, is a corporation organized under Philippine law, with principal office address at Level 3, Plaza Drive, Rockwell Center, Makati City. Prior to the above purchase of UCHC shares, CHI owned 9% of Union Cement Holdings Corporation.

Attached are the Company's condensed income statement and balance sheet as of June 30, 2004. Also shown are the proforma condensed income statement and balance sheet of the Company which reflect the sale of the Company's and ACC's shares in UCHC. The proforma financial statements were computed assuming the transaction was consummated on June 30, 2004 and using the Philippine Dealing System (PDS) average foreign exchange rate of Php 56.181 for every USD 1.00 on said date.

BACNOTAN CONSOLIDATED INDUSTRIES, INC.
CONSOLIDATED INCOME STATEMENT
(In Thousand Pesos)

	Actual June 30, 2004	Proforma adjustments	Proforma June 30, 2004
REVENUES	7,367,033	(6,600,831)	766,202
COST	(4,359,794)	3,770,854	(588,940)
GROSS PROFIT	3,007,239	(2,829,977)	177,262
OPERATING EXPENSES	(1,418,204)	789,779	(628,425)
INCOME (LOSS) FROM OPERATIONS	1,589,035	(2,040,198)	(451,163)
OTHER INCOME (EXPENSES) - Net	(766,303)	6,810,071	6,043,768
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	822,732	4,769,874	5,592,606
PROVISION FOR INCOME TAX	(220,822)	203,237	(17,585)
INCOME BEFORE MINORITY INTEREST	601,910	4,973,111	5,575,021
SHARE OF MINORITY INTEREST	(479,093)	(1,062,022)	(1,541,115)
NET INCOME	122,817	3,911,089	4,033,906
EARNINGS (LOSS) PER SHARE - Basic	0.70	23.03	23.73

BACNOTAN CONSOLIDATED INDUSTRIES, INC.**Computation of Earnings per share***(In Thousands Except Earnings per share)*

	Actual June 30, 2004	Proforma adjustments	Proforma June 30, 2004
Net income	122,817	3,911,089	4,033,906
Less: preferred share dividends	(4,348)	0	(4,348)
Net income attributable to common shares	118,469	3,911,089	4,029,558
No. of common shares	169,787	169,787	169,787
EARNINGS (LOSS) PER SHARE - Basic	0.70	23.03	23.73

BACNOTAN CONSOLIDATED INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEET
(In Thousand Pesos)

	Actual JUNE 30, 2004	Proforma adjustment	Proforma JUNE 30, 2004
ASSETS			
CURRENT ASSETS	7,788,397	6,373,729	14,162,126
INVESTMENTS AND ADVANCES - net	830,291	0	830,291
PROPERTY, PLANT & EQUIPMENT - Net	23,598,614	(22,588,326)	1,010,288
OTHER ASSETS	3,348,201	(3,292,649)	55,552
TOTAL ASSETS	35,565,503	(19,507,246)	16,058,257
LIABILITIES & STOCKHOLDERS EQUITY			
CURRENT LIABILITIES	9,820,545	(5,077,934)	4,742,611
NONCURRENT LIABILITIES	9,304,572	(8,827,799)	476,773
MINORITY INTEREST	12,692,494	(9,518,158)	3,174,336
STOCKHOLDERS' EQUITY			
Capital Stock			
Preferred	2,558	-	2,558
Common	1,697,473	-	1,697,473
Additional paid-in capital	255,785	-	255,785
Share in unrealized losses on noncurrent marketable equity securities of a subsidiary	(1,709)	1,709	-
Retained Earnings	1,800,189	3,911,090	5,711,278
Parent company shares held by a joint venture	(3,846)	3,846	-
Costs of preferred shares held in treasury	(2,558)	-	(2,558)
Total Stockholders' Equity	3,747,892	3,916,645	7,664,536
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	35,565,503	(19,507,247)	16,058,256

CONSOLIDATED INCOME STATEMENT

With the sale of UCHC shares to CHI, the Company ceases to consolidate UCHC; this results in a decrease in consolidated revenues, costs and expenses, as shown in the attached income statement. However, other income increased to P 6,044 million, largely due to the Company's and ACC's combined gain of P 5,956 million on the sale of UCHC shares, net of provision for taxes and transaction costs.

Provision for income tax decreased as a result of the exclusion of UCHC's provision for tax of P 204 million.

Minority interest in net income increased from P 479 million to P 1,541 million due to the minority share in the net income of ACC. ACC's net income from the sale of UCHC shares is P 3,227 million.

BCI's consolidated net income post-sale is P 4,034 million.

CONSOLIDATED BALANCE SHEET

Total Assets

Total assets decreased from P 35,566 million in June 30, 2004 to P 16,058 million post-sale. This is largely due to the exclusion of UCHC's property plant and equipment of P 22,588 million and other assets of P 3,293 million.

However, current assets increased by P 6,374 million. This comes largely from the proceeds from the sale of UCHC shares, partially offset by the exclusion of UCHC's current assets amounting to P 4,722 million.

Liabilities

Liabilities and Minority Interest decreased largely due to the exclusion of UCHC's liabilities and of minority interest in UCHC.

Stockholders' Equity

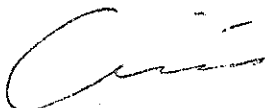
Ending retained earnings after the sale of UCHC shares is P 5,711 million.

As earlier disclosed, the Company declared a cash dividend of P 9.00 per share payable on September 30, 2004 and announced a plan to declare a cash dividend of P 9.00 per share payable on or before March 31, 2005. These are not reflected in the proforma financial statements.

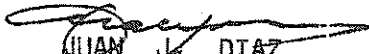
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BACNOTAN CONSOLIDATED INDUSTRIES, INC.



ROBERTO M. LAVIÑA
SVP -Treasurer



JUAN J. DIAZ
Corporate Secretary

17 August 2004

RECEIVED
DATE
TIME
BY