

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2007
2. Commission identification number 9170
3. BIR Tax Identification No. 000-400-016-000
4. Universal Robina Corporation
Exact name of issuer as specified in its charter
5. Quezon City, Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: _____ (SEC Use Only)
7. 110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City 1110
Address of issuer's principal office Postal Code
8. 671-2935; 635-0751; 671-3954
Issuer's telephone number, including area code
9. Not applicable
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, 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 stock, P1.00
Par value

2,221,851,481 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [/] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein

Philippine Stock Exchange

Common stock

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No []

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements are filed as part of this Form 17-Q (pages 11-23).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussions should be read in conjunction with the attached unaudited consolidated financial statements of the Company as of and for the period ended June 30, 2007 (with comparative figures as of September 30, 2006 and for the period ended June 30, 2006)

Business Overview

URC is one of the largest branded food product companies in the Philippines and has a growing presence in other markets in Asia. It was founded in 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig. The Company is involved in a wide range of food-related businesses, including the manufacture and distribution of branded consumer foods and beverage products, production of hogs and day-old chicks, manufacture and distribution of branded and unbranded animal and fish feeds, glucose and veterinary compounds, flour milling, and sugar milling and refining. The Company is a leading market player in snack foods, candies, chocolates, ready-to-drink tea-based products, day-old chicks and fish feeds.

The Company operates its food business through operating divisions and wholly owned or majority owned subsidiaries that are organized into three business segments; branded consumer foods, agro-industrial products and commodity food products.

The branded consumer foods group (BCFG) consists of three main divisions: snack foods, beverage and grocery products. The grocery products division includes joint venture companies, Hunts-URC and Nissin URC. The group distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, noodles and tomato-based products in the Philippines and other countries in Asia. URC has leading market shares in salty snacks, chocolates, candies and ready-to-drink tea in the Philippines, and in some other Southeast Asian markets.

The agro-industrial group (AIG) operates three divisions engaged in hog and poultry farming, the production and distribution of animal health products and the manufacture and distribution of branded and unbranded animal feeds, glucose and soya bean products. URC is one of the biggest players in hogs and poultry raising in the Philippines.

The commodity foods group (CFG) engages in sugar milling and refining, flour milling and the manufacture and marketing of pasta. The group supplies all the flour and sugar needs of the BCFG.

The following table summarizes the net sales and services for the nine months ended June 30, 2007 and June 30, 2006:

(PhP millions)	Nine (9) Months Ended June 30	
	2007	2006
Branded Consumer Foods Group		
Domestic	₱ 14,765	₱ 12,972
International	5,484	5,800
	<hr/>	<hr/>
	20,249	18,772
Packaging	730	950
BCFG Total	<hr/>	<hr/>
	20,979	19,722
Agro-Industrial Group	3,919	3,559
Commodity Foods Group	<hr/>	<hr/>
	2,583	2,762
URC Total	<hr/> <hr/>	<hr/> <hr/>
	₱ 27,481	₱ 26,043

Recent Developments

On March 30, 2007, URC acquired South Luzon Green Land, Inc. and the manufacturing facilities as well as HIDDEN SPRING trademark of Nestle Waters Philippines, Inc. (NWPI) for a total consideration of ₱243.0 million. This acquisition will boost the water business of URC.

Results of Operations

Nine Months Ended June 30, 2007 versus June 30, 2006

URC posted a consolidated net sales and services of ₱27.481 billion for the nine months ended June 30, 2007, 5.5% higher than the ₱26.043 billion reported revenues in the same period of last year. Net sales and services performance by business segment follows:

Net sales in URC's branded consumer foods group (BCFG) (excluding packaging) increased by ₱1.476 billion, or 7.9%, to ₱20.249 billion in the first nine months of fiscal 2007 from ₱18.772 billion recorded in the same period last year. This increase was primarily due to 24.7% jump in sales volume of BCFG's domestic operations. Beverage, accounting for 25.7% of BCFG's domestic sales, is still growing exponentially with 53.8% growth in sales value on the back of 71.5% increase in volume. C2, a tea-based product, registered a 52.1%% increase in sales value out of the 36.1% increase in sales volume. Sales of beverages includes new products: Nature's Harvest which contributed ₱39.6 million in revenues for the first nine months of fiscal 2007, and Hidden Spring and Nestle Pure Life water brands contributed ₱61.3 million in revenues in its first three months of operations. Sales of snack foods increased by 4.9% to ₱8.706 billion on salty snacks, candies and chocolates, biscuits and bakery sales increases, boosted by domestic consumption recovery and election spending. BCFG international sales in US dollar terms increased by 3.3% from US \$109.7 million in the first nine months of fiscal 2006 to US \$113.3 million in the same period this fiscal year with China and Indonesia only posting lower sales. China sales were down as a result of the scaling back of business activities in order to rationalize operating costs. In Philippine peso terms, however, BCFG International sales were down by 5.4% to ₱5.484 billion primarily due to strengthening of the Philippine peso. Net sales of BCFG (excluding packaging) accounted for 73.7% of the total URC consolidated net sales and services in the first nine months of fiscal 2007.

Net sales in URC's packaging division decreased by 23.1% to ₱730.2 million in the first nine months of fiscal 2007 from ₱950.2 million posted in the same period last year due to 28.0% decline in sales volume which was partially offset by a 6.7 % increase in average selling price.

Net sales in URC's agro-industrial group (AIG) amounted to ₱ 3.919 billion in the first nine months of fiscal 2007, an increase of 9.9% from same period last year's sales of ₱3.559 billion. This was due to 18.9% rise in animal feeds sales which was attributed to a 10.5% increase in sales volume and a 7.6% increase in average selling price. The feeds business continued to expand due to increasing strength of its "Uno" Feeds brand. The farm group generated a 2.7% revenue growth for the first nine months of fiscal 2007 due to higher prices particularly for poultry products.

Net sales in URC's commodity foods group (CFG) decreased by ₱ 179 million or 6.5% to ₱ 2.583 billion in the first nine months of fiscal 2007 as against ₱2.762 billion for the same reporting period last year. This was due to 32.6% increase in internal transfers of flour and sugar to BCFG. However, gross sales inclusive of internal transfers increased by 6.7% from ₱4.141 billion for the first nine months of fiscal 2006 to ₱4.420 billion in the same period this year.

URC's cost of sales and services consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales and services increased to ₱ 20.323 billion in the first nine months of fiscal 2007, or 5.8% from ₱19.213 billion recorded in the same period last year. This cost increase was due to higher sales volume and generally higher prices for major raw materials such as coffee beans, fresh potatoes, potato flakes, wheat, corn and resin.

URC's gross profit increased by ₱327 million, or 4.8%, to ₱7.158 billion in the first nine months of fiscal 2007 from ₱6.831 billion recorded in the same period last year. URC's gross profit as a percentage of net sales was maintained at 26% in the first nine months of both fiscal years.

URC's operating expenses consist primarily of salaries, wages and other staff costs (4.2% to sales), advertising and promotion costs (6.1% to sales), freight and other selling expenses (4.1% to sales), depreciation (0.6% to sales), repairs and maintenance expenses (0.2% to sales) and other operating expenses (2.0% to sales). Operating expenses increased by ₱ 108 million, or 2.3%, to ₱4.735 billion in the first nine months of fiscal 2007 from ₱ 4.627 billion recorded in the same period last year. This increase resulted primarily from the following factors:

- 9.5% increase in freight and handling, from ₱912.4 million in the first nine months of fiscal 2006 to ₱999.0 million in the same period this year. This was due to higher sales volume and increase in freight rate charges associated with higher fuel prices and increase in trucking and shipping costs.
- 7.8% increase in salaries, wages and other staff costs substantially due to annual salary adjustments given in May 2006.
- 4.9% increase in advertising and promotions due to launching of new products and sustaining the Company's market shares in domestic operations.
- 26.8% increase in depreciation expense due to new capital expenditures.

As a result of the above factors, income from operations increased by 10.0% to ₱2.423 billion for the first nine months of fiscal 2007 from ₱2.204 billion in the same reporting period last year.

Net income increased by ₱3.130 billion, or 200.1%, to ₱4.694 billion in the first nine months of fiscal 2007 from ₱1.564 billion in the same period last fiscal year. Non-recurring items like the ₱2.859 billion gain from sale of investment of URC in Robinsons Land Corporation (RLC) shares and ₱435.0 million impairment loss provision for URC-BOPP machines and equipment are included in the result. On a recurring basis, URC's net income amounted to ₱2.118 billion, or 35.4% higher than the amount reported in the same period last year.

The Company is not aware of any material off-balance sheet transactions, arrangements, and obligations (including contingent obligations), and other relationship of the Company with unconsolidated entities or other persons created during the reporting period that would have a significant impact on the Company's operations and/or financial condition.

Financial Position June 30, 2007 vs. September 30, 2006

The Company remains to be financially strong with a current ratio of 2.48:1 as of June 30, 2007 although lower than the reported current ratio of 2.96:1 as of September 30, 2006. The decrease was basically due to US\$125 million, 9% Guaranteed Notes Due February 2008 which was reported under current portion of long term debt resulting in higher total current liabilities. Financial debt to equity improved further to 0.53:1 from 0.76:1 as of last fiscal year. Book value per share was ₱ 15.11 as at June 30, 2007 from ₱13.72 as at September 30, 2006.

The Company's fund requirements have been sourced from cash flow from operations supplemented by proceeds from sale of the Company's primary common shares and shareholdings in Robinsons Land Corporation (RLC). URC's EBITDA (income from operations before depreciation and amortization) amounted to ₱4.279 billion for the nine months ended June 30, 2007 which is 12.7% higher than ₱ 3.798 billion it had in the same reporting period last fiscal year. Net cash provided by operations amounted to ₱1.782 billion. Net cash provided by investing activities for the period amounted to ₱ 2.923 billion, primarily from the proceeds of sale of RLC shares and investment in bonds partially offsetted by acquisition of fixed assets. Net cash used in financing activities amounted to ₱7.232 billion, mainly for the payment of financial debt and dividends to stockholders.

As of June 30, 2007, the Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

Material Changes in Fiscal Year 2007 Financial Statements (Increase/Decrease of 5% or more versus FY 2006)

Income Statements

Nine months ended June 30, 2007 versus same period in Fiscal Year 2006.

150.3% increase in mark-to-market gain on financial assets at fair value through profit and loss

Due to improvement in market value of marketable securities net of decline in market value of investment in bonds.

3,299.1% increase in foreign exchange losses

Due to appreciation of Philippine peso vis-à-vis US Dollar.

27.7% decrease in investment income

Due to lower bond portfolio financial asset.

93.2% decrease in equity in net earnings

Due to sale of equity investment in RLC shares.

27.8% decrease in finance costs

Due to retirement of URC 06 notes and payment of loans.

Impairment loss

Represents impairment loss provision on Packaging division's certain assets.

Gain on sale of equity investment

Represents net gain on sale of RLC shares.

33.0% decrease in other income - net

Due to lower miscellaneous income.

83.6% decrease in minority interest

Due mainly to net loss incurred by URC International.

Balance Sheets
As of June 30, 2007 versus September 30, 2006

42.2% decrease in cash and cash equivalents
Due to decrease in cash in bank and money market placements.

7.5% decrease in financial assets at fair value through profit and loss
Due to disposal of investment in bonds and decline in market value of certain bonds held.

4.8% decrease in trade and other receivables
Decrease due to collection of trade receivables.

11.8% increase in due from affiliated companies
Due to advances made to certain affiliated companies in the ordinary course of the business.

40.3% increase in inventories-net
Due to increase in finished goods, raw and packaging materials, and supplies and spareparts inventories.

95.7% decrease in investment and advances
Due to sale of equity investment in RLC shares.

4.7% increase in property, plant and equipment – net
Due to additional acquisition of fixed assets partially offsetted by depreciation and provision for impairment loss.

14.7% increase in biological assets
Due to increase in population of livestock and increased market prices of hogs.

7.7% decrease in loans payable
Due to payment of short-term bank loans.

12.1% decrease in accounts payable and accrued expenses
Due to payment of trade payables.

97.2% decrease in trust receipts and acceptances payable
Due to settlement of trust receipts payable.

127.6% increase in due to affiliated companies
Due to advances made by affiliates in the normal course of business.

71.2% increase in income tax payable
Due to tax liabilities on income for the first nine months of fiscal 2007.

23.8% decrease in long term debt (including current portion)
Due to long term debt amortization, retirement of URC06 notes and appreciation of Philippine peso vis-à-vis US dollar.

11.9% decrease in cumulative translation adjustment
Due to appreciation of Philippine peso vis-à-vis US dollar.

5.2% decrease in minority interests

Due to decrease in net income of consolidated subsidiaries and appreciation of Philippine peso vis-à-vis US dollar.

19.6% increase in retained earnings

Due to net income for the first nine months of fiscal 2007 offsetted by dividends paid to stockholders.

The Company's key performance indicators are employed across all businesses. Comparisons are then made against internal target and previous period's performance. The Company and its significant subsidiaries' top five (5) key performance indicators are as follows: (in Million PhPs)

<u>Universal Robina Corporation (Consolidated)</u>			
	<u>YTD June 2007</u>	<u>YTD June 2006</u>	<u>Index</u>
Revenue	27,481	26,043	106
EBIT	2,423	2,204	110
EBITDA	4,279	3,798	113
Net Income	4,694	1,564	300
	<u>As of June 2007</u>	<u>As of June 2006</u>	<u>Index</u>
Total Assets	57,056	57,591	99

<u>URC INT'L.</u>			
	<u>YTD June 2007</u>	<u>YTD June 2006</u>	<u>Index</u>
Revenue	5,168	5,800	89
EBIT	(138)	(107)	129
EBITDA	344	324	106
Net Loss	(64)	54	(219)
	<u>As of June 2007</u>	<u>As of June 2006</u>	<u>Index</u>
Total Assets	8,836	10,823	82

<u>Nissin -URC</u>			
	<u>YTD June 2007</u>	<u>YTD June 2006</u>	<u>Index</u>
Revenue	722	661	109
EBIT	68	24	283
EBITDA	92	49	188
Net Income	54	22	245
	<u>As of June 2007</u>	<u>As of June 2006</u>	<u>Index</u>
Total Assets	761	694	110

URC Philippines, Limited

	<u>YTD June 2007</u>	<u>YTD June 2006</u>	<u>Index</u>
Revenue	-	-	-
EBIT	(21)	(16)	131
EBITDA	(21)	(16)	131
Net Income	(142)	(637)	22
	<u>As of June 2007</u>	<u>As of June 2006</u>	<u>Index</u>
Total Assets	17,518	25,937	68

URC-Robina (Cayman), Limited

	<u>YTD June 2007</u>	<u>YTD June 2006</u>	<u>Index</u>
Revenue	-	-	-
EBIT	(1)	(1)	100
EBITDA	(1)	(1)	-
Net Income	19	208	9
	<u>As of June 2007</u>	<u>As of June 2006</u>	<u>Index</u>
Total Assets	262	8,137	3

PART II - OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

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 thereunto duly authorized.

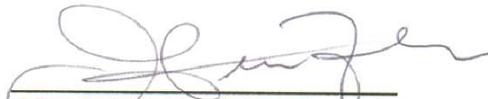
UNIVERSAL ROBINA CORPORATION



LANCE Y. GOKONGWEI
President and Chief Operating Officer
Date 8.08.07



CONSTANTE T. SANTOS
Senior Vice President – Corporate Controller
Date 8.08.07



GERALDO N. FLORENCIO
First Vice President – Controller
Date 8.08.07

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets**

(In Thousand Pesos)

	Unaudited June 30		Audited September 30
	2007		2006
ASSETS			
Current Assets			
Cash and cash equivalents (Note 3)	₱ 3,453,235	₱	5,979,875
Financial assets at fair value through profit and loss	16,541,360		17,889,646
Trade and other receivables – net (Note 4)	4,419,141		4,641,131
Due from affiliated companies (Note 5)	533,229		476,982
Inventories – net (Note 6)	7,565,347		5,391,591
Other current assets	119,997		122,596
Total Current Assets	32,632,309		34,501,821
Noncurrent Assets			
Investment and advances (Note 7)	84,254		1,958,481
Property, plant and equipment – net	21,533,804		20,563,903
Investment property (Note 8)	83,501		86,200
Biological assets	937,167		817,003
Net pension asset	236,346		236,346
Other noncurrent assets – net	1,548,401		1,526,191
Total Noncurrent Assets	24,423,473		25,188,124
	₱	P57,055,782	₱ 59,689,945
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Loans payable	₱ 3,716,842	₱	4,026,418
Accounts payable and accrued expenses (Note 9)	3,639,868		4,142,156
Trust receipts and acceptances payable	18,763		661,147
Due to affiliated companies (Note 10)	362,676		159,323
Income tax payable	246,829		144,211
Current portion of long – term debt (Note 11)	5,192,043		2,534,798
Total Current Liabilities	13,177,021		11,668,054
Noncurrent Liabilities			
Deferred income tax – net	285,864		294,959
Long-term debt – net of current portion (Note 11)	9,314,906		16,499,917
Total Noncurrent Liabilities	9,600,770		16,794,876
	22,777,791		28,462,930
Equity attributable to equity holders of the parent			
Capital Stock (Note 12)	2,221,851		2,221,851
Additional paid-in capital	11,207,662		11,207,662
Deposits for future stock subscriptions	26,044		26,044
Cumulative translation adjustments	674,806		765,869
Retained earnings (Note 13)	19,435,606		16,254,344
	33,565,969		30,475,770
Minority Interests	712,022		751,245
Total Equity	34,277,991		31,227,015
	₱	57,055,782	₱ 59,689,945

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Statements of Income

(In Thousand Pesos, Except Per Share Amount)

	Quarters Ended		Nine Months Ended	
	June 30		June 30	
	2007	2006	2007	2006
Net sales and services	₱ 9,172,428	₱ 7,998,425	₱ 27,481,008	₱ 26,043,422
Cost of sales and services	6,739,197	5,853,980	20,322,591	19,212,626
Gross profit	2,433,231	2,144,445	7,158,417	6,830,796
Operating expenses	(1,621,451)	(1,546,744)	(4,734,968)	(4,626,765)
Income from operations	811,780	597,701	2,423,449	2,204,031
Mark to market gain (loss) on financial instruments at fair value through profit and loss	(63,210)	(701,168)	331,671	(658,890)
Foreign exchange gain (loss)	(128,664)	83,593	(227,911)	(6,705)
Investment income	407,299	533,672	1,237,377	1,711,243
Equity in net earnings	4,325	85,810	17,669	259,045
Finance costs	(365,274)	(546,792)	(1,264,765)	(1,752,844)
Impairment loss	–	–	(435,000)	–
Gain on sale of equity investment	–	–	2,858,765	–
Other income – net	36,749	54,529	86,005	128,440
Income before income tax and minority interest	703,005	107,345	5,027,260	1,884,321
Provision for income tax				
Current	58,588	40,943	342,501	261,921
Deferred	69,616	(31,030)	(9,633)	58,241
	128,204	9,913	332,868	320,162
Net Income	₱ 574,081	₱ 97,432	₱ 4,694,392	₱ 1,564,159
Attributable to:				
Equity holders of the parent	₱ 592,218	₱ 138,684	₱ 4,692,121	₱ 1,550,270
Minority Interest	(17,417)	(41,252)	2,271	13,889
	₱ 574,081	₱ 97,432	₱ 4,694,392	₱ 1,564,159
Basic and diluted earnings per share attributable to the common equity holders of the parent (Note 14)	₱ 0.27	₱ 0.06	₱ 2.11	₱ 0.70

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**Unaudited Consolidated Statements of Changes in Stockholders' Equity**

(In Thousand Pesos, except Number of shares)

	Nine Months Ended June 30	
	2007	2006
CAPITAL STOCK – ₱ 1 par value		
Preferred stock		
Authorized – 2,000,000 shares		
Issued – none		
Common stock		
Authorized – 2,998,000,000 shares in 2006		
Issued – 2,221,851,481 shares in 2007 and 2006		
Balance at beginning of year	₱ 2,221,851	₱ 1,686,480
Additional issuance during the year	–	535,371
Balance at end of period	2,221,851	2,221,851
ADDITIONAL PAID IN CAPITAL		
Balance at beginning of year	11,207,662	6,843,501
Additions during the year	–	4,383,501
Balance at end of period	11,207,662	11,227,002
PAID UP CAPITAL	13,429,513	13,448,853
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS		
Balance at beginning of year	26,044	26,044
Balance end of period	26,044	26,044
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance at beginning of year	765,869	1,064,556
Transactions for the year	(91,063)	(144,130)
Balance end of period	674,806	920,426
RETAINED EARNINGS (Note 13)		
Appropriated		
Balance at beginning of year	3,000,000	3,000,000
Balance at end of period	3,000,000	3,000,000
Unappropriated		
Balance at beginning of year	13,254,344	11,506,934
Effect of change in accounting principles	–	(19,214)
Stock dividends	–	(252,971)
Cash dividends	(1,510,859)	(1,199,800)
Net Income	4,692,121	1,550,270
Balance at end of period	16,435,606	11,585,219
Balance at end of period	19,435,606	14,585,219
ATTRIBUTABLE TO MINORITY INTEREST EQUITY		
Balance at beginning of year	751,245	948,580
Transactions for the year	(39,223)	(40,435)
Balance at end of period	712,022	908,145
	₱ 34,277,991	₱ 29,888,687

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**Unaudited Consolidated Statements of Cash Flows**

(In Thousand Pesos)

	Nine Months Ended	
	June 30	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax and minority interest	₱ 5,027,260	₱ 1,884,321
Adjustments for:		
Depreciation and provision for impairment loss	2,290,519	1,594,227
Net unrealized foreign exchange loss	227,911	6,705
Investment income	(1,237,377)	(1,711,243)
Finance cost	1,264,765	1,752,844
Equity in net earnings	(17,669)	(259,045)
Loss (gain) arising from changes in fair value of financial assets at fair value through profit and loss	(331,671)	658,890
Gain on sale of equity investment	(2,858,765)	–
Gain on sale of financial assets at fair value through profit and loss	(53,527)	(19,453)
Gain on sale of property, plant and equipment	(14,449)	(10,580)
Operating Income before changes in working capital	4,297,267	3,896,666
Decrease (increase) in:		
Trade and other receivables	329,160	(587,356)
Inventories – net	(2,173,756)	(414,236)
Other current assets	2,599	36,269
Increase (decrease) in:		
Accounts payable and accrued expenses	(753,391)	1,531,660
Due to affiliated companies	203,353	192,856
Cash generated from operations	1,905,231	4,655,859
Interest received	1,130,207	1,606,132
Income taxes paid	(230,250)	(194,178)
Interest paid	(1,022,757)	(1,531,278)
Net cash provided by operating activities	1,782,431	4,536,535
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(3,410,183)	(4,623,620)
Proceeds from sale of property, plant and equipment	164,641	49,777
Proceeds from sale of financial assets at fair value through profit and loss	2,597,328	–
Proceeds from sale of equity investment	4,750,661	–
Decrease (increase) in:		
Financial assets at fair value through profit and loss	(941,606)	763,579
Investments and advances		(203,475)
Due from affiliated companies	(56,247)	(20,924)
Biological assets	(120,164)	–
Other assets	(22,210)	(165,696)
Decrease in minority interest in consolidated subsidiaries	(39,223)	(54,324)
Net cash provided by (used in) investing activities	2,922,997	(4,256,491)

(Forward)

	Nine Months Ended	
	June 30	
	2007	2006
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Short-term borrowings	(309,576)	(612,716)
Long-term debt	(4,769,249)	(2,120,317)
Cash dividends	(1,510,859)	(1,199,800)
Trust receipts and acceptances payable	(642,384)	(1,172,162)
Proceeds from primary offering	-	4,665,901
Net cash used in financing activities	(7,232,068)	(439,094)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,526,640)	(159,050)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,979,875	930,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱ 3,453,235	₱ 771,253

See Accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

Notes to Unaudited Consolidated Financial Statements

(In Thousand Pesos, Except Per Share Amounts)

1. Basis of Preparation

The unaudited consolidated financial statements of Universal Robina Corporation and Subsidiaries (the Group) have been prepared in compliance with Philippine Financial Reporting Standards.

These interim financial statements followed the same accounting policies and methods of computation by which the most recent annual audited financial statements have been prepared. The preparation of financial statements in compliance with Philippine Financial Reporting Standards requires the Group to make estimates and assumptions that affect the reported amounts on income, expenses, assets and liabilities and disclosures of contingent assets and liabilities. There were no changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported in prior financial years that would have a material effect in the current interim period. Actual results could differ from those estimates. Management believes that actual results will not be materially different from those estimates.

The following are the revised accounting standards which the Group adopted on the Group's financial statements beginning the fiscal year ended September 30, 2006:

New Accounting Standards:

- PFRS1, First Time Adoption of PFRS
- PFRS 5, Noncurrent Assets Held for Sales and Discontinued Operations
- PAS 1, Presentation of Financial Statements
- PAS 2, Inventories
- PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- PAS 10, Events After the Balance Sheet Date
- PAS 16, Property, Plant and Equipment
- PAS 17, Leases
- PAS 19, Employee Benefits
- PAS 24, Related Party Disclosures
- PAS 27, Consolidated and Separate Financial Statements
- PAS 28, Investments in Associates
- PAS 31, Interest in Joint Ventures
- PAS 32, Financial Instruments: Disclosure and Presentation
- PAS 33, Earnings per share
- PAS 39, Financial Instruments: Recognition and Measurement

2. Principles of Consolidation

The unaudited consolidated financial statements for the nine (9) months ended June 30, 2007 and 2006 represent the consolidation of the financial statements of Universal Robina Corporation (the Parent Company) and the following subsidiaries directly and indirectly owned by the Parent Company:

Companies	Percentage of Ownership			
	2007		2006	
	Direct	Indirect	Direct	Indirect
CFC Corporation	100.0	–	100.0	–
Universal Robina (Cayman), Ltd.	100.0	–	100.0	–
Universal Robina Sugar Milling Corporation	100.0	–	100.0	–
URC Philippines, Limited	100.0	–	100.0	–
CFC Clubhouse, Inc. (formerly CFC Keebler, Inc.)	100.0	–	100.0	–
CFC Clubhouse Property, Inc. (formerly CFC Keebler Property, Inc.)	100.0	–	100.0	–
URC Confectionery Corp.	100.0	–	100.0	100.0
URC International Company Limited	77.0	–	77.0	–
Hongkong China Foods Co. Ltd.	–	77.0	–	77.0
URC Asean Brands Co. Ltd.	–	77.0	–	77.0
Nissin-Universal Robina Corporation	65.0	–	65.0	–
Southern Negros Development Corporation	–	94.0	–	94.0
URC China Commercial Co. Ltd.	100.0	–	–	–
South Luzon Green Land, Inc. (SLGL)	100.0	–	–	–

The investments in associates include the 50% and 19% equity in Hunt-Universal Robina Corporation (HUR), and Robinsons Land Corporation (RLC), respectively.

The financial information of these associates is summarized as follows:

	RLC		HUR	
	Unaudited June 30			
	2007	2006	2007	2006
Revenue	₱ –	₱ 5,278,911	₱450,241	₱ 401,694
Cost and Expenses	–	3,418,402	401,586	371,101
Income from Operations	–	1,860,509	48,655	30,593
Net Income	₱ –	₱ 1,224,655	₱35,337	₱ 22,272

In October 2006, URC sold all of its shareholdings in RLC.

3. Cash and Cash Equivalents

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Cash on hand	₱ 162,732	₱ 116,309
Cash in banks	359,064	1,047,715
Short-term investments	2,931,439	4,815,851
	₱ 3,453,235	₱ 5,979,875

4. Trade and Other Receivables – net

This account consists of:

	Unaudited June 30, 2007			Audited
	Up to Six Months	Over Six Months to One Year	Total	September 30, 2006
Trade receivables – net	₱2,707,475	₱ 251,738	₱ 2,959,213	₱ 3,247,843
Other receivables	816,600	643,328	1,459,928	1,393,288
	₱3,524,075	₱ 895,066	₱ 4,419,141	₱ 4,641,131

5. Due from Affiliated Companies

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Digital Telecommunications Philippines, Inc.	₱ 219,269	₱ 190,784
Litton Mills, Inc.	148,873	147,720
Hunts - Universal Robina Corporation	43,126	32,564
Cebu Air, Inc.	60,934	31,157
JG Summit Holdings, Inc.	–	36,173
Others	61,027	38,584
	₱ 533,229	₱ 476,982

6. Inventories

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Finished goods – net	₱ 2,149,108	₱ 1,253,578
Goods in process	136,807	154,978
Raw materials	2,386,833	1,791,184
Containers and packaging materials	1,097,306	915,193
Spare parts and supplies	847,285	649,574
Less: Allowance for Inventory writedown	(131,517)	(101,385)
	6,485,822	4,663,122
Materials in transit	1,079,525	728,469
	₱ 7,565,347	₱ 5,391,591

7. Investment and Advances

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Acquisition cost		
Balance at beginning of period	₱ 1,197,594	₱ 1,197,594
Disposal during the period	(1,196,344)	-
Balance at end of period	1,250	1,197,594
Accumulated equity in net earnings		
Balance at beginning of year	760,887	612,282
Equity in net earnings of affiliated companies	17,669	319,997
Disposal during the period	(695,552)	-
Dividends received	-	(171,392)
Balances, end of period	83,004	760,887
	₱ 84,254	₱ 1,958,481

8. Investment Property

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Cost	₱ 107,947	₱ 107,947
Accumulated depreciation:		
Balance at beginning of the year	21,747	18,149
Depreciation for the year	2,699	3,598
Balance at end of the year	24,446	21,747
Net Book Value	₱ 83,501	₱ 86,200

9. Accounts Payable and Accrued Expenses

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Accounts payable – trade	₱ 1,572,475	₱ 2,764,524
Accrued advertising and promotion	460,833	394,057
Accrued interest expense	601,121	359,113
Advances from stockholders and officers	97,543	111,250
Accrued utility, contract services, SSS and other expenses	907,896	513,212
	₱ 3,639,868	₱ 4,142,156

10. Due to Affiliated Companies

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
JG Summit Holdings, Inc.	₱ 219,357	₱ –
Solid Pacific Finance Ltd.	26,216	39,660
Xiamen Ting Feng	61,194	19,091
JG Summit Petrochemical Corporation	31,552	34,549
Hongkong Peggy Foods Ltd.	–	49,417
Others	24,357	16,606
	₱ 362,676	₱ 159,323

11. Long-term Debt

This account consists of:

	Unaudited June 30, 2007	Audited September 30, 2006
Foreign Currencies:		
Balance of US\$200 million, 8.25% Guaranteed Notes Due 2012, interest payable on January 20 and July 20 of each year	₱ 9,207,144	₱ 10,042,000
Balance of US\$125 million, 9% Guaranteed Notes Due 2008, interest payable on February 6 and August 6 of each year	5,037,045	6,276,250
Balance of US\$100 million, 8 3/8% Guaranteed Notes Due 2006, interest payable on June 19 and December 19 of each year	–	1,869,908
Balance of loans from a foreign bank, payable in 10 to 16 equal semi-annual amortization	111,391	229,850
Balance of loans from a foreign bank, payable in 14 equal semi-annual amortization	102,276	155,480
Philippine Pesos:		
Balance of restructured loans from Philippine Sugar Corporation payable in 25 equal annual amortizations	52,353	52,416
Five-year promissory note payable in 6 semi-annual amortization with remaining balance at maturity	–	500,000
	14,510,209	19,125,904
Debt issuance costs	3,260	91,189
	14,506,949	19,034,715
Less current portion	5,192,043	2,534,798
	₱ 9,314,906	₱ 16,499,917

The decrease in the outstanding balances of the guaranteed notes due 2012 and 2008 was due to effect of conversion of US Dollar amounts into Philippine peso at the exchange rate of

US\$1: ₱46.24 at June 30, 2007 against US\$1: ₱50.21 at September 30, 2006. Furthermore, the guaranteed notes due 2008 was net of US\$15 million worth of notes reacquired during the current period.

12. Capital Stock

	Unaudited June 30, 2007	Audited September 30, 2006
Preferred stock – P1 par value		
Authorized – 2,000,000 shares		
Issued – none		
Common stock – P1 par value		
Authorized – 2,998,000,000 shares		
Issued – 2,221,851,481 shares in 2007 and 2006	₱ 2,221,851	₱ 2,221,851

The preferred stock is 12% cumulative, nonparticipating, nonvoting, and redeemable at par upon dissolution and liquidation of the Company.

On October 7, 2005, the Board of Directors approved the increase in the authorized capital stock from 2,000,000,000 divided into 1,998,000,000 common shares and 2,000,000 preferred shares both at ₱ 1 par value per share to 3,000,000,000 divided into 2,998,000,000 common shares and 2,000,000 preferred shares both at ₱ 1 par value per share. On a special meeting of the stockholders held on November 22, 2005, the stockholders also approved the above increase in the authorized capital stock and the 15% stock dividends to all stockholders of record as of January 14, 2006, which was subsequently approved by the SEC on December 16, 2005. On December 19, 2005, the SEC authorized the issuance of 252,971,932 common shares with ₱ 1 par value per share or ₱ 252,971,932 to cover the 15% stock dividends declared by the Board of Directors and ratified by the stockholders.

13. Retained Earnings

A portion of the unappropriated retained earnings representing the undistributed earnings of the investee companies is not available for dividend declaration until received in the form of dividends.

14. Earnings Per Share

Earnings per share amounts were computed as follows:

	Quarters Ended June 30		Nine Months June 30	
	2007	2006	2007	2006
Net income	₱592,218	₱ 138,684	₱ 4,692,121	₱ 1,550,270
Divide by the number of shares issued	2,221,851,481	2,221,851,481	2,221,851,481	2,221,851,481
	₱ 0.27	₱ 0.06	₱ 2.11	₱ 0.70

15. Business Segment Information

The industry segments where the Group operates are as follows:

- Branded consumer food products - manufactures and distributes a diverse mix of snack foods, instant coffee products, instant noodles, chocolates, soft and hard candies, biscuits, pasta, tomato-based products and ready-to-drink beverages. Its revenues are in their peak during the opening of classes in June and Christmas season.
- Agro-industrial products - engages in hog and poultry farming, manufactures and distributes branded and unbranded animal feeds, corn products and vegetable oils, and produces and distributes animal health products. Its peak season is during summer.
- Commodity food products - engages in sugar milling and refining, flour milling and pasta manufacturing. The peak season for sugar is during its crop season, which normally starts in September and ends in May of the following year.
- Packaging - engages in manufacture of bi-axially polypropylene films for packaging companies.
- Corporate businesses - engages in bonds and securities investment and fund sourcing activities.

Financial information about the operations of these business segments is summarized as follows:

	Revenue		Total Assets		Total Liabilities	
	Unaudited June 20					
	2007	2006	2007	2006	2007	2006
Branded Consumer Food Products	₱ 20,249,180	₱ 18,772,640	₱ 25,545,207	₱ 24,922,037	₱ 6,631,317	₱ 7,095,779
Agro-Industrial Products	3,918,794	3,559,052	3,912,772	3,010,146	577,488	640,759
Commodity Food Products	2,582,807	2,761,539	6,962,148	5,310,219	948,454	927,167
Packaging	730,227	950,191	1,026,748		226,762	
Corporate Businesses	-	-	19,608,907	24,348,898	14,393,770	19,038,914
	₱ 27,481,008	₱ 26,043,422	₱ 57,055,782	₱ 57,591,300	₱ 22,777,791	₱ 27,702,619

16. Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. There were no significant changes in the contingent liabilities as of to date.

17. Subsequent Events

There were no material events that occurred subsequent to June 30, 2007 that were not reflected in the financial statements for the period.