

2003 AUG 14 AM 11:03

700

SEC Number 9170  
File Number \_\_\_\_\_

---

**UNIVERSAL ROBINA CORPORATION  
AND SUBSIDIARIES**

---

(Company's Full Name)

110 E. Rodriguez Avenue, Bagumbayan, Quezon City

---

(Company's Address)

671-2935; 635-0751; 671-3954

---

(Telephone Number)

September 30

---

(Fiscal Year Ending)  
(month & day)

FORM 17-Q

---

(Form Type)

---

(Amendment Designation if applicable)

For the Nine Months Ended June 30, 2003

---

(Period Ended Date)

---

(Secondary License Type and File Number)

OK  
Request  
2/14/03

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>FORM 17-Q</b>	1
<b>PART I – FINANCIAL INFORMATION</b>	
Management’s Discussion and Analysis of Financial Condition and Results of Operations	2
<b>PART II – OTHER INFORMATION</b>	
Signatures	6
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Balance Sheets	7
Unaudited Consolidated Statements of Income	8
Unaudited Consolidated Statements of Changes in Stockholders’ Equity	9
Unaudited Consolidated Statements of Cash Flows	10
Notes to Unaudited Consolidated Financial Statements	12

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, 2003
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 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

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common stock, P1.00 Par value	1,686,479,550 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 7 to 16).

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

#### *Results of Operations*

*Nine Months Ended June 30, 2003 vs. June 30, 2002*

Universal Robina Corporation (URC) reported a consolidated net sales and services of ₱17.12 billion for the nine months ended June 30, 2003, an 11.5% increase over the same period last year despite the depressed economic condition prevailing in the region and highly competitive environment. URC's gross margin improved by 7.4% compared to the same period last year to ₱4.72 billion. Operating expenses increased by 8.3% compared to the same period of last year to ₱3.03 billion as a result of expanding regional operations, though it was still lower by 0.5% as a percentage to net sales and services. Income from operations increased by 5.9% to ₱1.69 billion from ₱1.59 billion. Net income for the period inched up to ₱1.09 billion, 19.7% better compared to the same period of the previous year.

The branded consumer foods (BCF) business unit posted sales and services value growth of 16.1% to ₱13.32 billion compared to the same period last year. This was attributed to URC's regional snack food revenue growth of 48.0% and the continued strength of the Company's products in core categories such as snacks, candy, chocolate and biscuit segments complemented by strong exports.

The Company's Agro-industrial business unit reported net sales of ₱2.14 billion. The increase in net sales of the feeds business as a result of higher volume sold was offset by the decrease in sales volume and prices of farm products which caused revenues for the current period to decline by 5.3% as compared to the same period of the previous year.

URC's Commodity Foods business unit posted a net sales value of ₱1.66 billion, slightly higher compared to the same period of previous year of ₱1.63 billion. The increase was due to 10.6% sales value growth of flour business as a result of better selling prices.

Costs of sales and services increased by ₱1.44 billion, or 13.1%, to ₱12.40 billion for the nine months ended June 30, 2003 from ₱10.97 billion for the same period last year. The increase was due to higher sales volume, costs of major raw and packaging material used in our snacks, candies, chocolates, biscuits and flour products, and animal feeds.

Other charges-net was ₱527.39 million for the nine months ended June 30, 2003 compared to ₱467.91 million for the nine months ended June 30, 2002. The increase in other charges-net was due to higher interest charges and foreign exchange losses.

Provision for income tax was lower this year due to higher non-taxable income and recognition of additional deferred income tax on unrealized foreign exchange losses.

Minority interests in net loss of subsidiaries decreased by ₱18.73 million, or 70.3%, to ₱7.91 million for the nine months ended June 30, 2003 from ₱26.63 million for the nine months ended June 30, 2002 due to improved regional operations.

URC's revenues and operating income are expected to improve further for the remaining period of the fiscal year as the company continues to expand its regional operations and domestically firm up its leadership in its core categories, consistently build strong brands, and better its cost competitiveness.

### ***Financial Position***

#### *June 30, 2003 vs. September 30, 2002*

The Company's financial strength continues to remain solid. Debt to equity ratio for the period is at 1.16:1 versus 0.66:1 as of September 30, 2002. The increase in debt was due to issuance in February 2003 of US\$125 million Notes due 2008 and availment of additional financing facility. Current assets against each peso of current liabilities registered an improvement at ₱2.41 from ₱2.10 as of September 30, 2002.

Total assets totaled ₱45.14 billion, up by 33.3% from ₱33.87 billion as of September 30, 2002. Book value per share improved to ₱12.04 from ₱11.62 as at September 30, 2002.

Cash and cash equivalents increased by ₱299.50 million or 14.9% from ₱2.01 billion to ₱2.31 billion due to additional money market placements.

Temporary investments-net increased by 133.3% to ₱16.08 billion due to additional investments in debt securities.

Marketable equity securities-net increased by 800.4% to ₱306.21 million due to additional investment in stocks.

Receivables-net went up by 10.0% to ₱3.01 billion due to increase in accrued interest receivable from additional investments in debt securities.

Inventories-net increased to ₱5.28 billion primarily due to increase in finished goods, raw materials and spare parts and supplies inventories.

Other current assets amounted to ₱129.42 million a decrease of 30.4% due to lesser deferred off-milling cost of the sugar business.

Investments in associates decreased to ₱1.26 billion due to dividends received from an associate and settlement of advances by certain associates.

Additions to Property, plant and equipment totaled ₱1.65 billion for the nine months ended June 30, 2003. This was spent for plant expansion and upgrade projects in Asean, China and in the Philippines. These capital expenditure investments include expansion projects in Branded Consumer Foods amounting to ₱696.62 million and ₱957.38 million investment for plant expansion of the Commodity Foods and Agro-industrial businesses.

Loans payable went up by 70.7% to ₱6.56 billion from last year of ₱3.84 billion because of the availment of additional short-term loan facility.

Accounts payable and accrued expenses increased by 10.4% to ₱3.98 billion primarily due to accrual of cash dividends of ₱0.30 per share declared to stockholders of record as of June 20, 2003 payable on July 14, 2003 and higher amount of accrued interest payable on loans.

Trust receipts payable arose from the availment of trust receipt facility with local banks to cover the importations made by various business units.

The increase in long-term debt was primarily due to issuance in February 2003 of US\$125 million Notes due 2008 and availment of new loan facility.

Deferred credit-net decreased due to amortization recognized for the period.

Deferred income tax-net decreased to ₱123.27 million due to offset of provision for deferred income tax recognized on unrealized foreign exchange losses.

Deposits for future stock subscriptions decreased due to application of a portion of deposits to the issuance of shares of stock as approved by the SEC on June 19, 2003. This explains for the increase in capital stock and additional paid-in capital of the Company.

The Company's cash requirements generally have been funded through cash flow from operations. The net cash provided by operating activities for the nine months ended June 30, 2003 was ₱1.01 billion. On the other hand, net cash used for investing activities for the period amounted to ₱10.89 billion which was substantially used for investments in debt securities and additions to property, plant and equipment. Net cash provided by financing activities was ₱10.17 billion which came from the issuance of US\$125 million Notes due 2008, and availment of additional loans and trust receipt facilities. The Company does not anticipate any liquidity problems that may arise in the near term as it enjoys a healthy financial position.

As of June 30, 2003, the Company is not aware of any events and uncertainties that would have a material impact on the Company's net sales, income from operations and future operations.

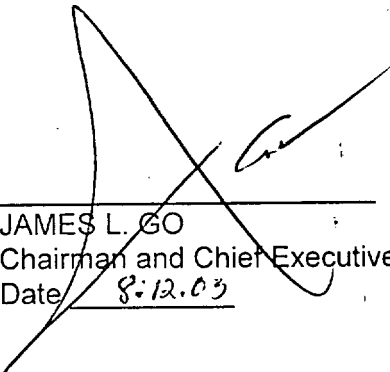
**PART II - OTHER INFORMATION**

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

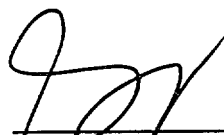
**SIGNATURES**

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.

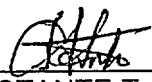
**UNIVERSAL ROBINA CORPORATION**



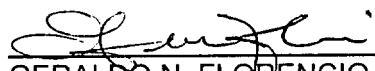
\_\_\_\_\_  
JAMES L. GO  
Chairman and Chief Executive Officer  
Date 8-12-03



\_\_\_\_\_  
LANCE Y. GOKONGWEI  
President and Chief Operating Officer  
Date 8-11-03



\_\_\_\_\_  
CONSTANTE T. SANTOS  
Sr. Vice President – Corporate Controller  
Date 8/11/03



\_\_\_\_\_  
GERALDO N. FLORENCIO  
Vice President – Controller  
Date 8/11/03



**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****(In Thousand Pesos)**

	Unaudited June 30 2003	Audited September 30 2002
<b>A S S E T S</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P2,306,347	P2,006,850
Temporary investments-net	16,083,334	6,894,309
Marketable equity securities-net	306,211	34,010
Receivables - net (Note 3)	3,005,726	2,731,366
Due from affiliated companies (Note 4)	383,655	355,375
Inventories-net (Note 5)	5,278,086	4,247,700
Other current assets	129,418	185,991
Total Current Assets	27,492,777	16,455,601
Investments in Associates	1,255,672	1,423,115
Property, Plant and Equipment - net	14,846,622	14,386,221
Other Assets - net	1,547,372	1,604,749
	P45,142,443	P33,869,686
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	P6,556,119	P3,840,149
Accounts payable and accrued expenses (Note 6)	3,982,682	3,606,732
Due to affiliated companies (Note 7)	208,349	226,811
Trust receipts payable	412,985	-
Deferred income tax - net	10,278	10,278
Current portion of long-term debt (Note 8)	236,716	159,558
Total Current Liabilities	11,407,129	7,843,528
Long-term Debt - net of current portion (Note 8)	12,039,867	4,988,960
Deferred Credit - net	2,023	8,041
Deferred Income Tax - net	123,271	163,079
	23,572,290	13,003,608
Minority Interest in Consolidated Subsidiaries	1,194,850	1,195,269
<b>Stockholders' Equity</b>		
Capital stock (Note 9)	1,686,480	1,636,608
Additional paid-in capital	6,843,501	6,668,951
Deposits for future stock subscriptions	26,044	250,466
Cumulative translation adjustments	897,457	784,271
Retained earnings (Note 10)	10,921,821	10,330,513
	20,375,303	19,670,809
	P45,142,443	P33,869,686

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES****Unaudited Consolidated Statements of Income**

(In Thousand Pesos, Except Per Share Amounts)

	Quarters Ended June 30		Nine Months Ended June 30	
	2003	2002	2003	2002
NET SALES AND SERVICES (Note 12)	P5,515,113	P5,075,057	P17,118,447	P15,357,642
COSTS OF SALES AND SERVICES	4,268,073	3,744,726	12,401,598	10,966,275
GROSS PROFIT	1,247,040	1,330,331	4,716,849	4,391,367
OPERATING EXPENSES	1,089,128	924,054	3,029,222	2,797,508
INCOME FROM OPERATIONS	157,912	406,277	1,687,627	1,593,859
OTHER CHARGES - NET	(79,033)	(228,333)	(527,389)	(467,908)
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	78,879	177,944	1,160,238	1,125,951
PROVISION FOR INCOME TAX	(30,642)	42,096	70,891	235,950
INCOME BEFORE MINORITY INTEREST IN NET LOSS OF SUBSIDIARIES	109,521	135,848	1,089,347	890,001
MINORITY INTEREST IN NET LOSS OF SUBSIDIARIES	(13,575)	(62,014)	(7,905)	(26,632)
NET INCOME	P123,096	P197,862	P1,097,252	P916,633
Earnings Per Share (Note 11)	P 0.07	P 0.12	P 0.65	P 0.54

*See accompanying Notes to Unaudited Consolidated Financial Statements.*

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**

**Unaudited Consolidated Statements of Changes in Stockholders' Equity**

(In Thousand Pesos)

	Nine Months Ended June 30			
	2003		2002	
	In Shares	Amounts	In Shares	Amounts
<b>CAPITAL STOCK - P1 par value</b>				
Common stock - issued:				
Balance at beginning of year	1,636,608	P1,636,608	1,636,608	P1,636,608
Additional issuance	49,872	49,872	-	-
Balance at end of year	1,686,480	1,686,480	1,636,608	1,636,608
<b>ADDITIONAL PAID-IN CAPITAL</b>				
Balance at beginning of year		6,668,951		6,668,951
Additional issuance		174,550		-
Balance at end of year		6,843,501		6,668,951
<b>PAID-UP CAPITAL</b>				
		8,529,981		8,305,559
<b>DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS</b>				
Balance at beginning of year		250,466		250,466
Adjustments		(224,422)		-
Balance at end of year		26,044		250,466
<b>REVALUATION INCREMENT IN PROPERTY</b>				
Balance at beginning of year		-		82,039
Adjustments		-		-
Balance at end of year		-		82,039
<b>ACCUMULATED TRANSLATION ADJUSTMENT</b>				
Balance at beginning of year		784,271		688,174
Adjustments		113,186		(21,551)
Balance at end of year		897,457		666,623
<b>RETAINED EARNINGS</b>				
Balance at beginning of year		10,330,513		9,157,379
Net income		1,097,252		916,633
Cash dividends - P0.30 and P0.05 per share in 2003 and 2002		(505,944)		(81,831)
Balance at end of year		10,921,821		9,992,181
		<b>P20,375,303</b>		<b>P19,296,868</b>

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	
	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax and minority interest	P1,160,238	P1,125,951
Adjustments for:		
Depreciation	1,176,802	1,032,932
Equity in net earnings of associates - net	(36,990)	(50,202)
Minority interest in net loss of subsidiaries	7,905	26,632
Net unrealized foreign exchange gain	84,761	(5,515)
Loss (gain) on sale of fixed assets	1,596	(5,188)
Amortization of goodwill and deferred credit	121,050	104,832
Amortization of preoperating expenses	-	24,847
Provision for decline in value of temporary cash investments	-	(157,819)
Provision for doubtful accounts	-	(79,679)
Interest income	(657,520)	(537,831)
Interest expense	756,244	610,707
Operating income before changes in working capital	2,614,086	2,089,667
Decrease (increase) in:		
Receivables	(45,299)	417,315
Due from affiliated companies	(20,768)	5,745,242
Inventories	(1,024,854)	215,744
Other current assets	57,385	168,851
Increase (decrease) in:		
Accounts payable and accrued expenses	(155,354)	(415,814)
Due to affiliated companies	(5,502)	(839,121)
Cash generated from operations	1,419,694	7,381,884
Interest received	438,688	570,536
Income taxes paid	(264,704)	(267,979)
Interest paid	(578,771)	(939,154)
Net cash provided by operating activities	1,014,907	6,745,287
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(1,653,960)	(2,157,866)
Proceeds from sale of property, plant and equipment	61,722	7,740
Decrease (increase) in:		
Temporary investments	(9,174,180)	(4,585,042)
Marketable equity securities	(272,201)	-
Investments in associates	144,433	-
Other assets	(50,960)	(196,873)
Dividends received	60,000	-
Decrease in minority interest in consolidated subsidiaries	(509)	(68,024)
Net cash used in investing activities	(10,885,655)	(6,990,065)

(Forward)

	Nine Months Ended June 30	
	2003	2002
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availments (payments) of:		
Short-term borrowings	2,733,016	479,014
Trust receipts payable	412,985	(250,892)
Long - term debt	7,019,645	1,381,054
Net cash provided by financing activities	10,165,646	1,609,176
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>294,898</b>	<b>1,364,398</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>4,599</b>	<b>(668)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,006,850</b>	<b>547,790</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P2,306,347</b>	<b>P1,911,520</b>

*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 accordance with accounting principles generally accepted in the Philippines (Philippine GAAP). 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 accordance with Philippine GAAP 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.

### 2. Principles of Consolidation

The unaudited consolidated financial statements for the nine (9) months ended June 30, 2003 and 2002 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			
	2003		2002	
	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	-	-	-
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 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

The investments in associates include the 50%, 50% and 5% equity in Hunt-Universal Robina Corporation (HUR), Joyco-Universal Robina Corporation (JOYCO) and Robinsons Land Corporation (RLC), respectively. The financial information of these associates is summarized as follows:

	JOYCO		HUR		RLC	
	Unaudited June 30					
	2003	2002	2003	2002	2003	2002
Revenue	37,863	51,836	350,131	370,274	3,057,266	2,702,080
Cost and Expenses	61,912	79,401	304,558	318,924	2,069,684	1,574,450
Income (Loss) from Operations	(24,049)	(27,565)	45,573	51,350	987,582	1,127,630
Net Income (Loss)	(23,414)	(27,719)	35,125	38,485	682,384	776,809

### 3. Receivables

This account consists of:

	Unaudited June 30, 2003			
	Over			Audited September 30 2002
	Up to Six Months	Six Months to One Year	Total	
Trade receivables - net	P 1,919,794	P 228,083	P 2,147,877	P 2,035,866
Other receivables	657,169	200,680	857,849	695,500
	P 2,576,963	P 428,763	P 3,005,726	P 2,731,366

**4. Due from Affiliated Companies**

This account consists of:

	Unaudited June 30 2003	Audited September 30 2002
Cebu Air, Inc.	P123,731	P29,999
JG Summit Holdings, Inc.	96,308	158,406
Digital Telecommunications Philippines, Inc.	81,568	78,086
Robinsons Land Corporation	22,622	17,558
Hunt - Universal Robina Corporation	17,792	36,609
Unicon Insurance Brokers Corporation	7,384	540
Joyco - Universal Robina Corporation	1,073	3,908
Others	33,177	30,269
	<u>P383,655</u>	<u>P355,375</u>

**5. Inventories**

This account consists of:

	Unaudited June 30 2003	Audited September 30 2002
Finished goods - net	P1,049,978	P743,110
Goods in process	64,798	30,209
Raw materials	1,695,702	1,194,670
Poultry and hog market stock and by-products	382,679	362,732
Poultry and hog breeder stock	160,481	154,914
Containers and packaging materials	482,744	441,133
Spare parts and supplies	611,332	497,516
Materials in transit	830,372	823,416
	<u>P5,278,086</u>	<u>P4,247,700</u>

**6. Accounts Payable and Accrued Expenses**

This account consists of:

	Unaudited June 30 2003	Audited September 30 2002
Accounts payable -trade	P2,108,401	P2,298,145
Accrued advertising and promotion	533,825	358,830
Dividends payable	505,944	6,480
Accrued interest expense	312,276	134,803
Customers' deposits	105,015	78,864
Advances from stockholders and officers	97,543	391,557
Accrued payroll	93,508	74,769
Income tax payable	110,699	108,577
Utility, contract services, SSS and other accrued expenses	115,471	154,707
	<u>P3,982,682</u>	<u>P3,606,732</u>

**7. Due to Affiliated Companies**

This account consists of:

	Unaudited June 30 2003	Audited September 30 2002
Litton Mills, Inc.	P 35,123	P 34,436
Hello Snack Foods Corp.	30,213	45,276
JG Summit Petrochemical Corp.	25,546	25,259
TERAI Industrial Corp.	24,143	32,516
Cebu Industrial & Mgt. Co., Inc.	14,940	31,075
Others	78,384	58,249
	<b>P 208,349</b>	<b>P 226,811</b>

**8. Long-term Debt**

This account consists of:

	Unaudited June 30 2003	Audited September 30 2002
Foreign Currencies:		
Balance of US\$125 million, 9% Guaranteed Notes Due 2008, interest payable on February 6 and August 6 of each year	P 6,690,250	P -
Balance of US\$100 million, 8 3/8% Guaranteed Notes Due 2006, interest payable on June 19 and December 19 of each year	3,464,318	3,418,547
Balance of loans from a foreign bank, payable in 10 equal semi-annual amortization	741,911	653,513
Balance of loans from a foreign bank, payable in 13 equal semi-annual amortization	307,796	-
Philippine Pesos:		
Balance of restructured loans to Philippine Sugar Corporation payable in 25 equal annual amortizations	72,308	76,458
Balance of a five-year promissory note payable in 6 semi-annual amortization with remaining balance at maturity	1,000,000	1,000,000
	<b>P 12,276,583</b>	<b>P 5,148,518</b>
Less current portion	236,716	159,558
	<b>P 12,039,867</b>	<b>P 4,988,960</b>

**9. Capital Stock**

	Unaudited June 30 2003	Audited September 30 2002
Preferred stock - P1 par value		
Authorized - 2,000,000 shares		
Issued - none		
Common stock - P1 par value		
Authorized - 1,998,000,000 shares		
Issued - 1,686,479,550 shares in 2003 and 1,636,607,993 in 2002	P 1,686,480	P 1,636,608

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



**10. Retained Earnings**

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

The Parent Company declared cash dividends of P0.30 per share to stockholders of record as of June 20, 2003 payable on July 14, 2003.

**11. Earnings Per Share**

Earnings per share amounts were computed as follows:

	Quarters Ended June 30		Nine Months Ended June 30	
	2003	2002	2003	2002
a. Net income	P 123,096	P 197,862	P 1,097,252	P 916,633
b. Outstanding common shares including equivalent number of shares of the Deposits for future stock subscriptions	1,692,267,001	1,692,267,001	1,692,267,001	1,692,267,001
c. Earnings per share	P 0.07	P 0.12	P 0.65	P 0.54

**12. 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 beverage. It also engages in manufacture of polypropylene films for packaging companies. 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 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, and flour milling. The peak season for sugar is during its crop season, which normally starts in September and ends in May of the following year.
- 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	
	2003	2002	Unaudited June 30		2003	2002
			2003	2002		
Branded Consumer Food Products	P13,315,141	P11,465,141	P18,192,751	P17,351,608	P5,195,251	P3,310,916
Agro-Industrial Products	2,143,178	2,262,576	2,398,467	2,485,800	438,129	244,691
Commodity Food Products	1,660,128	1,629,925	4,317,811	3,396,248	1,216,220	800,220
Corporate Businesses	-	-	20,233,414	10,742,440	16,722,690	9,067,044
	P17,118,447	P15,357,642	P45,142,443	P33,976,096	P23,572,290	P13,422,871

---

**13. 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 since September 30, 2002.

---

**14. Subsequent Events**

There were no material events that occurred subsequent to June 30, 2003 that were not reflected in the financial statements for the period.

---

**15. Reclassification of Certain Accounts**

Certain accounts in prior period's consolidated financial statements have been reclassified to conform with the current period's presentation.