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SECURITIES AND EXCHANGE COMMISSION  
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**UNIVERSAL ROBINA CORPORATION  
AND SUBSIDIARIES**

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(Company's Full Name)

**110 E. Rodriguez Avenue, Bagumbayan, Quezon City**

---

(Company's Address)

**671-2935; 635-0751; 671-3954**

---

(Telephone Number)

**September 30**

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(Fiscal Year Ending)  
(month & day)

**FORM 17-Q**

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(Form Type)

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(Amendment Designation if applicable)

**For the Three Months Ended December 31, 2004**

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(Period Ended Date)

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(Secondary License Type and File Number)

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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 December 31, 2004
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	1,686,479,549 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***

*Three Months Ended December 31, 2004 versus December 31, 2003*

Universal Robina Corporation (URC) posted a consolidated net sales and services of ₱7.8 billion for the three months ended December 31, 2004, an increase of 21.9% over the same period of last year despite highly competitive environment, depressed economic condition and disastrous calamity that hit the region. Revenue growth was led by the strong performance of its core business, Branded Consumer Foods (BCF) business, particularly its expanding international operations in Southeast Asia, and improved revenues of its Commodity foods business, notably flour business. URC's gross margin improved by 9.1% to ₱1.9 billion compared to the same period of last year of ₱1.7 billion. Income from operations, on the other hand, was down by 4.4% to ₱613.8 million compared to ₱642.1 million recorded last year due to higher operating expenses. Operating expenses increased by 17.0% to ₱1.3 billion as a result of expanding regional operations and sustained marketing activities particularly on international business. Net income for the first

quarter of fiscal year 2004 was slightly lower by 1.7% to ₱542.9 million compared to the same period of last year.

URC generated EBITDA (earnings before interest, taxes, depreciation and amortization and other non-cash items) of ₱1.3 billion for the three months ended December 31, 2004, 11.3% more than ₱1.2 billion it had in the same period of last year.

The Company's revenues and operating income are expected to improve in the succeeding quarters of the fiscal year as it continues to expand its regional operations and domestically strengthen its market leadership in its core categories, consistently build strong brands, continuously introduce new products and improve product quality and better its cost competitiveness by streamlining plant operations and increasing cost efficiencies.

The Company and its majority-owned subsidiaries' key performance indicators are growth in sales, gross margin, EBIT (income from operations), EBITDA (earnings before interest, taxes, depreciation and amortization and other non-cash items) and net income measured from period to period.

The Company is not aware of any material off-balance sheet transactions, arrangements, and obligations (including contingent obligations) that would have a significant impact on the Company's operations and/or financial condition.

### ***Financial Position***

#### *December 31, 2004 vs. September 30, 2004*

The Company does not anticipate any liquidity problems that may arise in the near future. It is highly liquid having a current ratio of 2.66:1 as of December 31, 2004. Debt to equity ratio of 0.93:1 for the period is within comfortable level. Book value per share improved to ₱13.50 from ₱13.13 as at September 30, 2004.

The Company's cash requirements generally have been funded through cash flow from operations and financing activities. The net cash provided by operating activities for the three months ended December 31, 2004 was ₱694.5 million. On the other hand, net cash used in investing activities for the period amounted to ₱981.2 million which was substantially for additions to property, plant and equipment while net cash provided by financing activities was ₱616.1 million, mainly availment of short-term loans and trust receipts and acceptances facilities.

As of December 31, 2004, the Company is not aware of any events and uncertainties that would have a material impact on the Company's net sales and services, income from operations and future operations.

**Material Changes in Fiscal Year 2005 Financial Statements  
(Increase/Decrease of 5% or more versus FY 2004)**

Income Statements – Three months ended December 31, 2004 versus same period in Fiscal Year 2004.

*21.9% increase in sales and services was principally due to the following:*

The Branded Consumer Foods (BCF) business unit, including the packaging division, posted sales and services value growth of 27.0% to ₱6.2 billion compared to the same period of last year. This was attributed to URC International revenue growth of 54.5% and the continued strength of the Company's products in core categories such as snacks, candy, chocolate, noodle and biscuit segments complimented by strong exports. URC International revenue accounts for 25.5% of the total revenues of URC, up from 20.1% in the same period of fiscal year 2004.

The Company's Agro-industrial business unit recorded net sales of ₱829.8 million, down by 4.8% from the same period of last year. This resulted from lower volume of sales of the feeds business and lower prices for poultry products.

URC's Commodity Foods business unit registered net sales and services of ₱746.5 million, higher by 19.5% compared to the same period of previous year of ₱624.9 million. This was attributed to 36.7% sales growth of flour business which was driven by higher volume and selling prices offsetting the decline in sales of sugar business.

*26.7% increase in cost of sales and services*

Primarily due to higher sales volume and costs of major raw and packaging materials used particularly for flour and feed products, and of BOPP films of the packaging division.

*17.0% increase in operating expenses*

This was accounted for by higher spending for advertising and promotions, freight charges and payroll cost. Extensive advertising and promotion activities by Branded Consumer Foods business unit pushed up the expenses. Moreover, higher volume of sales, upward adjustment in freight rate and strong exports have increased freight charges. Higher payroll cost was due to expansion in international operations.

*17.5% increase in provision for income tax*

Due to higher taxable income.

*128.5% increase in minority interest in net loss of subsidiaries*

Due to higher net loss incurred by subsidiaries.

Balance sheets – December 31, 2004 versus September 30, 2004

*14.8% increase in cash and cash equivalents*

Due to higher money market placements.

*9.9% increase in due from affiliated companies*

Due to additional charges to affiliates arising from the normal course of business.

*11.8% increase in inventories – net*

Substantially due to increase in finished good, raw and packaging materials inventories relative to higher production capacity and higher cost of imported materials due to increase in prices compounded by the Philippine peso depreciation vis-à-vis US dollar.

*15.1% decrease in other current assets*

Due to application of deposits on purchases and amortization of deferred off-milling cost of the sugar business.

*50.6% increase in deferred income tax asset-net*

Due to recognition of deferred income tax assets on additional unrealized foreign exchange losses.

*5.6% increase in loans payable*

Due to availment of additional short-term loan facility.

*16.1% increase in accounts payable and accrued expenses*

Due to higher trade payables for purchases of materials and services, higher amount of interest payable on loans, accrual of expenses particularly for advertising and promotion, advances from stockholders and customer deposits.

*40.9% increase in trust receipts and acceptances payable*

Due to availment of additional trust receipt facility from the local banks to finance importations.

*32.6% increase in due to affiliated companies*

Due to additional charges and advances from affiliates.

*7.7% increase in cumulative translation adjustments*

Due to further decline in value of the Philippine Peso against foreign currencies.

**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 02.09.05

  
\_\_\_\_\_  
LANCE V. GOKONGWEI  
President and Chief Operating Officer  
Date 02.09.05

  
\_\_\_\_\_  
CONSTANTE T. SANTOS  
Sr. Vice President - Corporate Controller  
Date 02.09.05

  
\_\_\_\_\_  
GERALDO N. FLORENCIO  
Vice President - Controller  
Date 02.09.05



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

(In Thousand Pesos)

	Unaudited December 31 2004	Audited September 30 2004
<b>A S S E T S</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P 2,568,700	P 2,237,279
Temporary investments-net	12,259,478	12,143,020
Marketable securities - net	773,568	757,385
Receivables - net (Note 3)	3,483,680	3,346,381
Due from affiliated companies (Note 4)	245,311	223,154
Inventories - net (Note 5)	6,454,236	5,774,090
Other current assets	190,301	224,273
Total Current Assets	25,975,274	24,705,582
<b>Non-Current Assets</b>		
Investments and Advances	1,883,622	1,910,462
Property, Plant and Equipment - net	16,134,535	15,515,367
Deferred Income Tax - net	54,370	36,096
Other Assets - net	1,129,653	1,143,740
	P 45,177,454	P 43,311,247
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	P 3,662,308	P 3,469,008
Accounts payable and accrued expenses (Note 6)	3,621,091	3,119,362
Trust receipts and acceptances payable	1,721,294	1,221,677
Due to affiliated companies (Note 7)	441,301	332,777
Current portion of long-term debt (Note 8)	314,798	321,825
Total Current Liabilities	9,760,792	8,464,649
<b>Non-Current Liabilities</b>		
Long-term Debt - net of current portion (Note 8)	11,507,443	11,526,188
	21,268,235	19,990,837
Minority Interest in Consolidated Subsidiaries	1,057,537	1,093,649
<b>Stockholders' Equity</b>		
Capital stock (Note 9)	1,686,480	1,686,480
Additional paid-in capital	6,843,501	6,843,501
Deposits for future stock subscriptions	26,044	26,044
Cumulative translation adjustments	1,144,337	1,062,297
Retained earnings (Note 10)	13,151,320	12,608,439
	22,851,682	22,226,761
	45,177,454	43,311,247

*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)**

	<b>Three Months Ended December 31</b>	
	<b>2004</b>	<b>2003</b>
NET SALES AND SERVICES	<b>P 7,787,830</b>	P 6,388,186
COST OF SALES AND SERVICES	<b>5,906,855</b>	4,663,421
GROSS PROFIT	<b>1,880,975</b>	1,724,765
OPERATING EXPENSES	<b>1,267,141</b>	1,082,615
INCOME FROM OPERATIONS	<b>613,834</b>	642,151
OTHER CHARGES - NET	<b>(75,923)</b>	(73,218)
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	<b>537,911</b>	568,933
PROVISION FOR INCOME TAX		
CURRENT	<b>64,501</b>	60,143
DEFERRED	<b>(18,274)</b>	(20,810)
	<b>46,227</b>	39,333
INCOME BEFORE MINORITY INTERESTS		
IN NET LOSS OF SUBSIDIARIES	<b>491,684</b>	529,600
MINORITY INTEREST IN NET LOSS OF SUBSIDIARIES	<b>(51,197)</b>	(22,402)
NET INCOME	<b>P 542,881</b>	P 552,002
Earnings Per Share (Note 11)	<b>P 0.32</b>	P 0.33

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

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

(In Thousand Pesos, except Number of Shares)

	December 31	
	2004	2003
<b>CAPITAL STOCK - P1 par value (Note 9)</b>		
Preferred stock		
Authorized - 2,000,000 shares		
Issued - none		
Common stock		
Authorized - 1,998,000,000 shares		
Issued - 1,686,479,549 shares in 2004 and 2003		
Balance at beginning of year	P1,686,480	P1,686,480
Additional issuance	-	
Balance at end of period	1,686,480	1,686,480
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at beginning of year	6,843,501	6,843,501
Additional issuance	-	-
Balance at end of period	6,843,501	6,843,501
<b>PAID-UP CAPITAL</b>		
	8,529,981	8,529,981
<b>DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS</b>		
Balance at beginning of year	26,044	26,044
Application of deposit	-	-
Balance at end of period	26,044	26,044
<b>CUMULATIVE TRANSLATION ADJUSTMENTS</b>		
Balance at beginning of year	1,062,297	1,028,044
Adjustments	82,040	53,858
Balance at end of period	1,144,337	1,081,902
<b>RETAINED EARNINGS (Note 10)</b>		
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	9,608,439	8,238,707
Net income	542,881	552,002
Balance at end of period	10,151,320	8,790,709
	13,151,320	11,790,709
	P22,851,682	P21,428,636

See accompanying Notes to Unaudited Consolidated Financial Statements.

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousand Pesos)

	Three Months Ended December 31	
	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax and minority interest	P537,911	P568,933
Adjustments for:		
Depreciation	462,370	395,358
Net unrealized foreign exchange loss	36,978	33,275
Investment income	(333,073)	(323,357)
Interest expense	378,705	319,756
Amortization of goodwill	42,536	42,122
Equity in net earnings of associates	(50,866)	(15,119)
Recovery in value of temporary investments	(59,176)	(142,295)
Recovery in value of marketable securities	(15,534)	-
Loss (gain) on sale of fixed assets	127	(3,895)
Operating income before changes in working capital	999,978	874,779
Decrease (increase) in:		
Receivables	(140,860)	(474,148)
Due from affiliated companies	(22,157)	11,167
Inventories	(680,146)	(445,093)
Other current assets	33,972	72,077
Increase in:		
Accounts payable and accrued expenses	427,668	451,266
Due to affiliated companies	108,524	315,466
Cash generated from operations	726,979	805,514
Interest received	336,634	214,549
Income taxes paid	(52,796)	(1,017)
Interest paid	(316,348)	(253,505)
Net cash provided by operating activities	694,469	765,542
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(1,001,850)	(395,557)
Proceeds from sale of property, plant and equipment	208	33,394
Decrease (increase) in:		
Temporary investments	(43,890)	(143,277)
Investments in associates	77,706	(1,309)
Other assets	(28,449)	(47,095)
Dividends received	-	20,000
Increase in minority interest in consolidated subsidiaries	15,085	15,882
Net cash used in investing activities	(981,190)	(517,960)

(Forward)

	<b>Three Months Ended December 31</b>	
	<b>2004</b>	<b>2003</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availments (payments) of:		
Short-term borrowings	<b>193,300</b>	(418,388)
Trust receipts and acceptances payable	<b>499,617</b>	520,100
Long - term debt	<b>(76,792)</b>	-
Net cash provided by financing activities	<b>616,125</b>	101,712
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>329,404</b>	349,294
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>2,017</b>	2,165
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,237,279</b>	951,097
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P2,568,700</b>	P1,302,555

*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 three (3) months ended December 31, 2004 and 2003 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			
	2004		2003	
	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. (URCCC)	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% and 18% equity in Hunt-Universal Robina Corporation (HUR) and Robinsons Land Corporation (RLC), respectively. On December 23, 2003, a purchase and sale agreement was entered into by and between the Parent Company and Joyco Espana for the Parent Company's acquisition of the remaining 50% interest in URCCC (formerly Joyco-Universal Robina Corporation). URCCC was 50% owned by the Parent Company until December 23, 2003.

The financial information of these associates is summarized as follows:

	HUR		RLC		JOYCO	
	Unaudited December 31					
	2004	2003	2004	2003	2004	2003
Revenue	P 152,271	P 139,613	P 1,262,766	P 1,054,352	P	10,946
Cost and Expenses	130,812	120,980	842,303	699,763	-	20,663
Income (Loss) from Operations	21,459	18,633	420,463	354,589	-	(9,717)
Net Income (Loss)	P15,382	P14,074	P302,069	P 254,726	P	(9,453)

**3. Receivables**

This account consists of:

	<b>Unaudited December 31, 2004</b>				Audited September 30 2004
	Up to Six Months	Over Six Months to One Year	Total		
Trade receivables - net	P 2,348,388	P 233,638	P 2,582,026		P 2,170,099
Other receivables - net	718,014	183,640	901,654		1,176,282
	P 3,066,402	P 417,278	P 3,483,680		P 3,346,381

**4. Due from Affiliated Companies**

This account consists of:

	<b>Unaudited December 31 2004</b>	Audited September 30 2004
Digital Telecommunications Philippines, Inc.	<b>P134,304</b>	P126,067
Hunt - Universal Robina Corporation	<b>46,793</b>	35,414
Cebu Air, Inc.	<b>28,208</b>	26,340
Cebu Pacific Manufacturing Corporation	<b>9,704</b>	9,703
Robinsons Land Corporation	<b>3,113</b>	3,010
Others	<b>23,189</b>	22,620
	<b>P245,311</b>	P223,154

**5. Inventories**

This account consists of:

	<b>Unaudited December 31 2004</b>	Audited September 30 2004
Finished goods - net	<b>P1,355,167</b>	P1,092,837
Goods in process	<b>74,992</b>	83,337
Poultry and hog market stock and by-products	<b>454,504</b>	419,108
Poultry and hog breeder stock	<b>175,622</b>	226,576
Raw materials	<b>1,874,953</b>	1,884,768
Containers and packaging materials	<b>730,151</b>	631,419
Spare parts and supplies	<b>772,784</b>	654,156
Materials in transit	<b>1,016,063</b>	781,888
	<b>P6,454,236</b>	P5,774,089

**6. Accounts Payable and Accrued Expenses**

This account consists of:

	<b>Unaudited December 31 2004</b>	Audited September 30 2004
Accounts payable -trade	<b>P1,746,022</b>	P1,557,844
Accrued advertising and promotion	<b>768,966</b>	663,588
Accrued interest expense	<b>316,774</b>	254,417
Advances from stockholders and officers	<b>320,577</b>	269,893
Income tax payable	<b>57,261</b>	45,556
Customers' deposits	<b>111,757</b>	54,532
Accrued payroll	<b>38,158</b>	72,059
Utility, contract services, SSS and other accrued expenses	<b>261,576</b>	201,473
	<b>P3,621,091</b>	P3,119,362

## 7. Due to Affiliated Companies

This account consists of:

	Unaudited December 31 2004	Audited September 30 2004
Pan Pacific Investments Co., Ltd.	P 216,655	P 216,458
JG Summit Group	48,972	1,615
Hello Snack Foods	39,545	46,162
Terai Industrial Corp.	39,807	23,576
Litton Mills, Inc.	37,033	511
Cebu Industrial and Mgt. Corp.	28,933	34,331
Others	30,356	10,124
	<b>P 441,301</b>	<b>P 332,777</b>

## 8. Long-term Debt

This account consists of:

	Unaudited December 31 2004	Audited September 30 2004
Foreign Currencies:		
Balance of US\$125 million, 9% Guaranteed Notes Due 2008, interest payable on February 6 and August 6 of each year	P 7,042,625	P 7,034,500
Balance of US\$100 million, 8 3/8% Guaranteed Notes Due 2006, interest payable on June 19 and December 19 of each year	2,990,975	2,987,524
Balance of loans from a foreign bank, payable in 10 to 16 equal semi-annual amortization	576,247	584,132
Balance of loan from a foreign bank, payable in 14 equal semi-annual amortization	249,344	274,010
Philippine Pesos:		
Balance of restructured loans from Philippine Sugar Corporation payable in 25 equal annual amortizations	63,050	67,847
Five-year promissory note payable in 6 semi-annual amortization with remaining balance at maturity	900,000	900,000
	<b>11,822,241</b>	<b>11,848,013</b>
Less current portion	<b>314,798</b>	<b>321,825</b>
	<b>P 11,507,443</b>	<b>P 11,526,188</b>

The increase in the outstanding balances of the guaranteed notes due 2008 and 2006 was due to effect of conversion of US dollar amounts into Philippine peso at the exchange rates of US \$1: P56.3410 and US \$1: P56.2760 at December 31, 2004 and September 30, 2004, respectively.

## 9. Capital Stock

	Unaudited December 31 2004	Audited September 30 2004
Preferred stock - P1 par value		
Authorized - 2,000,000 shares		
Issued - none		
Common stock - P1 par value		
Authorized - 1,998,000,000 shares		
Issued - 1,686,479,549 shares	P 1,686,480	P 1,686,480

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



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**10. 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.

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**11. Earnings Per Share**

Earnings per share amounts were computed as follows:

	Three Months Ended December 31	
	2004	2003
Net income	<b>P 542,881</b>	<b>P 552,002</b>
Divide by the number of shares issued and equivalent number of shares of the deposits for future stock subscriptions	<b>1,692,267,001</b>	1,692,267,001
	<b>P 0.32</b>	P 0.33

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**12. Business Segment Information**

The industry segments where the Group operates are as follows:

- a.) 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.
- b.) 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.
- c.) 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.
- d.) 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	
	2004	2003	Unaudited December 31		2004	2003
Branded Consumer Food Products	<b>P6,211,503</b>	P4,891,456	<b>P20,319,687</b>	P18,277,936	<b>P5,035,135</b>	P5,243,297
Agro-Industrial Products	<b>829,778</b>	871,853	<b>2,732,506</b>	2,402,034	<b>722,193</b>	548,104
Commodity Food Products	<b>746,549</b>	624,877	<b>4,288,090</b>	4,114,333	<b>2,154,108</b>	1,284,733
Corporate Businesses	-	-	<b>17,837,171</b>	19,436,226	<b>13,356,799</b>	14,571,764
	<b>P7,787,830</b>	P6,388,186	<b>P45,177,454</b>	P44,230,529	<b>P21,268,235</b>	P21,647,898

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**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 as of to date.

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**14. Subsequent Events**

There were no material events that occurred subsequent to December 31, 2004 that were not reflected in the financial statements for the period.

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