

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 Six Months Ended March 31, 2005**

---

(Period Ended Date)

---

(Secondary License Type and File Number)

## 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	7
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Consolidated Balance Sheets	8
Unaudited Consolidated Statements of Income	9
Unaudited Consolidated Statements of Changes in Stockholders’ Equity	10
Unaudited Consolidated Statements of Cash Flows	11
Notes to Unaudited Consolidated Financial Statements	13

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 **March 31, 2005**
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***

*Six Months Ended March 31, 2005 versus March 31, 2004*

Universal Robina Corporation (URC) registered an unaudited consolidated net sales and services of ₱15.3 billion for the six months ended March 31, 2005, 14.0% higher than the ₱13.4 billion recorded in the same period of last year. This was the result of the Company's heavy investments in advertising and promotions, expansion of distribution network, wide range of product offerings and innovations with leading market shares in several domestic categories, among others. Revenue growth was driven by the strong performance of its core business, Branded Consumer Foods business unit, on the back of higher volume, particularly its expanding international operations in Southeast Asia, and improved revenues of its flour business under the Commodity Foods business unit. With stable gross margin, URC's gross profit improved by 14.5% to ₱4.1 billion compared to the same period of last year of ₱3.6 billion. Moreover, income from operations, grew by 8.0% to ₱1.5 billion notwithstanding higher operating expenses. Operating expenses increased by 18.4% to ₱2.6 billion as a result of expanding regional operations and sustained

marketing activities. Net income for the first half of fiscal year 2005 was higher by 8.7% to ₱1.1 billion compared to the same period of last year.

The Company's business is divided into three major segments, namely:

1. Branded consumer foods (BCF) business unit – manufactures and distributes a diverse mix of snack foods, instant coffee products, instant noodles, chocolates, soft and hard candies, biscuits, and pasta, tomato-based products and ready-to-drink beverages. This segment also includes the packaging division which manufactures bi-axially-polypropylene films primarily used in packaging industry.
2. Agro-industrial business unit – engages in hog and poultry farming, manufactures and distributes animal feeds and soya products and manufactures and distributes animal health products.
3. Commodity foods business unit – engages in sugar milling and refining, and flour milling.

The BCF business unit posted a net sales and services value growth of 20.9% to P12.0 billion compared to the same period of last year of P9.9 billion. This was attributed to URC International operations' revenue growth of 25.6% and continued strength of the Company's products in core categories such as snack, candy, chocolate, noodle, and biscuit segments complimented by robust exports. URC International revenue accounts for 23.2% of the total revenues of URC, up from 21.1% in the same period of fiscal year 2004. The Company expects BCF to continue its strong performance with new and exciting product launches, intensive marketing and advertising efforts and expanded distribution network.

The Agro-industrial business unit reported net sales of P1.7 billion, lower by 7.2% from that for same period of last year. The decrease in revenue was due to lower farm prices of poultry products.

URC's Commodity foods business unit generated net sales and services of P1.6 billion, slightly down by 3.4% compared to the same period of last year. The 11.4% improvement in revenues of flour was negated by lower volume and prices of sugar.

The Company expects its revenues and operating income to improve further in the second half of the fiscal year with the expansion of its regional operations and as it domestically strengthen its market leadership in its core categories, consistently build strong brands, continuously introduce new products and new product variations, improve product quality and better its cost competitiveness by streamlining plant operations and increasing productivity.

The Company is not aware of any material off-balance sheet transactions, arrangements, 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 conditions.

## **Financial Position**

*March 31, 2005 vs. September 30, 2004*

The Company remains to be strong with a current ratio of 4.26:1 as of March 31, 2005 from 2.92:1 as of September 30, 2004. Debt to equity ratio of 1.30:1 for the period is within comfortable level. Book value per share increased to ₱13.78 from ₱13.13 as at September 30, 2004.

The Company's fund requirements have been sourced through cash flow from operations and borrowings. URC's EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to ₱3.2 billion for the six months ended March 31, 2005, 12.0% more than ₱2.9 billion it had in the same period of last year. The net cash provided by operating activities for the six months ended March 31, 2005 was ₱1.4 billion. On the other hand, net cash used in investing activities for the period amounted to ₱10.6 billion which was substantially for additions to property, plant and equipment and investments in debt securities while net cash provided by financing activities amounted to ₱10.0 billion, mainly from the issuance of US\$200 million notes.

As of March 31, 2005, 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 2005 Financial Statements (Increase/Decrease of 5% or more versus FY 2004)**

Income Statements – Six months ended March 31, 2005 versus same period in Fiscal Year 2004.

*14.0% increase in net sales and services*

Principally due to 20.9% increase in net sales and services of BCF business unit.

*13.8% increase in cost of sales and services*

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

*18.4% 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 BCF business unit pushed up the expenses. Moreover, higher volume of sales, upward adjustment in freight rates and strong exports have increased freight charges. Higher payroll cost was due to expansion in international operations.

*25.1% increase in other charges -net*

Due to foreign exchange losses and higher net interest expense.

*13.5% decrease in provision for income tax*

Due to higher non-taxable income.

*6.7% increase in minority interests in net loss of subsidiaries*  
Due to higher net loss incurred by subsidiaries.

Balance sheets – March 31, 2005 versus September 30, 2004

*38.0% increase in cash and cash equivalents*  
Due to higher money market placements.

*69.1% increase in temporary investments – net*  
Due to additional investments in debt instruments.

*29.7% increase in due from affiliated companies*  
Due to additional charges to affiliates arising from the normal course of business.

*18.3% increase in inventories – net*  
Substantially due to increase in finished good, raw and packaging materials inventories relative to higher production capacity due to plant expansion and higher cost of raw and packaging materials due to increase in prices.

*20.7% decrease in other current assets*  
Due to application of deposits on purchases and amortization of deferred off-milling cost of the sugar business.

*7.3% increase in investments and advances*  
Due to increase in equity in net earnings of investees and advances.

*4.8% increase in property, plant and equipment – net*  
Due to ongoing expansion projects being undertaken by the Company.

*6.1% increase in other assets*  
Due to recording of discount on US\$200 million notes issued.

*10.1% increase in accounts payable and accrued expenses*  
Due to higher amount of interest payable on loans, accrual of expenses particularly for advertising and promotion, advances from stockholders and customer deposits.

*55.0% decrease in trust receipts and acceptances payable*  
Due to settlement of liabilities for trust receipt with the local banks.

*29.6% increase in due to affiliated companies*  
Due to additional charges and advances from affiliates.

*90.8% increase in long-term debt*  
Due to issuance of US\$200M notes.

*9.0% increase in retained earnings*  
Represents net income for the period.

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)

<b><u>Universal Robina Corporation (Consolidated)</u></b>			
	<b><u>YTD March 2005</u></b>	<b><u>YTD March 2004</u></b>	<b><u>Index</u></b>
Revenue	15,292	13,414	114
EBIT	1,468	1,359	108
EBITDA	3,201	2,858	112
Net Income	1,131	1,041	109
	<b><u>As of March 2005</u></b>	<b><u>As of September 2004</u></b>	<b><u>Index</u></b>
Total Assets	54,606	43,311	126

<b><u>Universal Robina Sugar Milling Corporation</u></b>			
	<b><u>YTD March 2005</u></b>	<b><u>YTD March 2004</u></b>	<b><u>Index</u></b>
Revenue	754	949	79
EBIT	354	435	81
EBITDA	333	631	53
Net Income	217	287	76
	<b><u>As of March 2005</u></b>	<b><u>As of September 2004</u></b>	<b><u>Index</u></b>
Total Assets	4,535	3,470	131

<b><u>Nissin - URC</u></b>			
	<b><u>YTD March 2005</u></b>	<b><u>YTD March 2004</u></b>	<b><u>Index</u></b>
Revenue	326	324	101
EBIT	(13)	20	(65)
EBITDA	11	55	20
Net Income	(4)	19	(21)
	<b><u>As of March 2005</u></b>	<b><u>As of September 2004</u></b>	<b><u>Index</u></b>
Total Assets	603	645	93



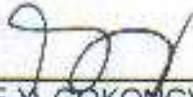
**PART II - OTHER INFORMATION**

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 05.12.05



\_\_\_\_\_  
CONSTANTE T. SANTOS  
Sr. Vice President - Corporate Controller  
Date 05.12.05



\_\_\_\_\_  
GERALDO N. FLORENCIO  
Vice President - Controller  
Date 05.12.05

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

(In Thousand Pesos)

	<b>Unaudited</b>		<b>Audited</b>
	<b>March 31</b>		<b>September 30</b>
	<b>2005</b>		<b>2004</b>
<b>A S S E T S</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 3)	P 3,087,787	P	2,237,279
Temporary investments-net	20,534,728		12,143,020
Marketable securities - net	757,625		757,385
Receivables - net (Note 4)	3,339,334		3,346,381
Due from affiliated companies (Note 5)	458,749		353,662
Inventories - net (Note 6)	6,829,783		5,774,090
Other current assets (Note 7)	177,886		224,273
Total Current Assets	<b>35,185,892</b>		<b>24,836,090</b>
<b>Non-Current Assets</b>			
Investments and Advances (Note 8)	1,910,620		1,779,944
Property, Plant and Equipment - net	16,259,414		15,515,367
Deferred Income Tax - net	36,096		36,096
Other Assets - net (Note 9)	1,213,861		1,143,740
Total Noncurrent Assets	<b>19,419,991</b>		<b>18,475,147</b>
	<b>P 54,605,883</b>	P	<b>43,311,237</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Loans payable	P 3,526,263	P	3,469,008
Accounts payable and accrued expenses (Note 10)	3,302,814		3,000,731
Trust receipts and acceptances payable	549,355		1,221,677
Due to affiliated companies (Note 11)	584,925		451,398
Deferred income tax - net	2,742		-
Current portion of long-term debt (Note 12)	299,756		321,825
Total Current Liabilities	<b>8,265,855</b>		<b>8,464,639</b>
<b>Long-term Debt - net of current portion (Note 12)</b>	<b>21,993,028</b>		<b>11,526,188</b>
	<b>30,258,883</b>		<b>19,990,827</b>
<b>Minority Interest in Consolidated Subsidiaries</b>	<b>1,021,057</b>		<b>1,093,649</b>
<b>Stockholders' Equity</b>			
Capital stock (Note 13)	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 adjustment	1,030,069		1,062,297
Retained earnings (Note 14)	13,739,849		12,608,439
	<b>23,325,943</b>		<b>22,226,761</b>
	<b>P 54,605,883</b>	P	<b>43,311,237</b>

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 March 31		Six Months Ended March 31	
	2005	2004	2005	2004
NET SALES AND SERVICES	<b>P 7,504,263</b>	P 7,025,848	<b>P 15,292,093</b>	P 13,414,034
COST OF SALES AND SERVICES	<b>5,288,754</b>	5,171,809	<b>11,195,609</b>	9,835,230
GROSS PROFIT	<b>2,215,509</b>	1,854,039	<b>4,096,484</b>	3,578,804
OPERATING EXPENSES	<b>1,361,768</b>	1,137,190	<b>2,628,909</b>	2,219,805
INCOME FROM OPERATIONS	<b>853,741</b>	716,849	<b>1,467,575</b>	1,358,999
OTHER CHARGES - NET	<b>(150,137)</b>	(107,526)	<b>(226,060)</b>	(180,744)
INCOME BEFORE INCOME TAX AND MINORITY INTERESTS	<b>703,604</b>	609,323	<b>1,241,515</b>	1,178,255
PROVISION FOR INCOME TAX				
CURRENT	<b>86,947</b>	136,903	<b>151,448</b>	197,046
DEFERRED	<b>21,016</b>	2,118	<b>2,742</b>	(18,692)
	<b>107,963</b>	139,021	<b>154,190</b>	178,354
INCOME BEFORE MINORITY INTERESTS IN NET LOSS OF SUBSIDIARIES	<b>595,641</b>	470,302	<b>1,087,325</b>	999,901
MINORITY INTERESTS IN NET LOSS OF SUBSIDIARIES	<b>7,112</b>	(18,918)	<b>(44,085)</b>	(41,320)
NET INCOME	<b>P 588,529</b>	P 489,220	<b>P 1,131,410</b>	P 1,041,221
Earnings Per Share (Note 15)	<b>P 0.35</b>	P 0.29	<b>P 0.67</b>	P 0.62

*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)

	Six Months Ended March 31	
	2005	2004
<b>CAPITAL STOCK - P1 par value (Note 13)</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 2005 and 2004		
Balance at beginning of year	P 1,686,480	P 1,686,480
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	(32,228)	103,161
Balance at end of period	1,030,069	1,131,205
<b>RETAINED EARNINGS (Note 14)</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	1,131,410	1,041,221
Balance at end of period	10,739,849	9,279,928
	13,739,849	12,279,928
	P 23,325,943	P 21,967,158

See accompanying Notes to Unaudited Consolidated Financial Statements.

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In Thousand Pesos)

	<b>Six Months Ended March 31</b>	
	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax and minority interest	<b>P 1,241,515</b>	P 1,178,255
Adjustments for:		
Depreciation	<b>916,809</b>	823,225
Net unrealized foreign exchange (gain) loss	<b>175,854</b>	(34,664)
Investment income	<b>(753,379)</b>	(660,337)
Interest expense	<b>914,726</b>	730,906
Amortization of goodwill	<b>84,113</b>	84,715
Equity in net earnings of associates - net of goodwill amortization	<b>(128,678)</b>	(36,522)
Recovery in value of temporary investments	<b>(25,333)</b>	(244,045)
Recovery in value of marketable securities	<b>(15,354)</b>	-
Gain on sale of fixed assets	<b>(603)</b>	(1,719)
Operating income before changes in working capital	<b>2,409,670</b>	1,839,814
Decrease (increase) in:		
Receivables	<b>126,228</b>	(358,597)
Due from affiliated companies	<b>(105,087)</b>	9,264
Inventories	<b>(1,055,693)</b>	(470,875)
Other current assets	<b>46,387</b>	95,551
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>73,157</b>	236,922
Due to affiliated companies	<b>133,527</b>	(117,158)
Cash generated from operations	<b>1,628,189</b>	1,234,921
Interest received	<b>634,197</b>	570,413
Income taxes paid	<b>(81,147)</b>	(81,586)
Interest paid	<b>(756,101)</b>	(704,333)
Net cash provided by operating activities	<b>1,425,138</b>	1,019,415
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	<b>(1,693,322)</b>	(1,046,213)
Proceeds from sale of property, plant and equipment	<b>1,537</b>	39,270
Proceeds from sale and maturity of temporary investments	<b>-</b>	2,262,552
Acquisition of temporary investments - net	<b>(8,696,698)</b>	(766,643)
Decrease (increase) in:		
Investments in associates	<b>(21,998)</b>	79,215
Other assets	<b>(154,234)</b>	21,806
Dividends received	<b>20,000</b>	20,000
Increase (decrease) in minority interest in consolidated subsidiaries	<b>(28,507)</b>	20,060
Net cash provided by (used in) investing activities	<b>(10,573,222)</b>	630,047

(Forward)

	Six Months Ended March 31	
	2005	2004
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availments (payments) of:		
Short-term borrowings	57,255	(288,233)
Trust receipts and acceptances payable	(672,322)	(154,803)
Long - term debt	10,614,355	-
Net cash provided by (used in) financing activities	9,999,288	(443,036)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>851,204</b>	1,206,426
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>(696)</b>	2,798
<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>P 3,087,787</b>	P 2,160,321

*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 six (6) months ended March 31, 2005 and 2004 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	
	Direct	Indirect
CFC Corporation	100.0	-
Universal Robina (Cayman), Ltd.	100.0	-
Universal Robina Sugar Milling Corporation	100.0	-
URC Philippines, Limited	100.0	-
CFC Clubhouse, Inc. (formerly CFC Keebler, Inc.)	100.0	-
CFC Clubhouse Property, Inc. (formerly CFC Keebler Property, Inc.)	100.0	-
URC Confectionery Corp. (URCCC)	100.0	-
URC International Company Limited	77.0	-
Hongkong China Foods Co. Ltd.	-	77.0
URC Asean Brands Co. Ltd.	-	77.0
Nissin-Universal Robina Corporation	65.0	-
Southern Negros Development Corporation	-	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 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	
	Unaudited March 31			
	2005	2004	2005	2004
Revenue	P 249,022	P 229,264	P 2,559,622	P 2,119,309
Cost and Expenses	220,567	202,749	1,677,069	1,301,116
Income from Operations	28,455	26,515	882,553	818,193
Net Income	P 21,022	P 20,090	P 626,915	P 577,591

#### 3. Cash and Cash Equivalents

	Unaudited		Audited	
	March 31	2005	September 30	2004
Cash on hand	P 12,910	P 55,629		
Cash in banks	429,023	412,729		
Cash equivalents	2,645,854	1,768,921		
	P 3,087,787	P 2,237,279		

---

**4. Receivables**

This account consists of:

	<b>Unaudited March 31, 2005</b>			Audited
	<b>Up to Six</b>	<b>Over</b>	<b>Total</b>	<b>September 30</b>
	<b>Months</b>	<b>Six Months</b>		<b>2004</b>
		<b>to One Year</b>		
Trade receivables - net	P 2,079,269	P 158,674	P 2,237,943	P 2,170,099
Other receivables	794,647	306,744	1,101,391	1,176,282
	<b>P 2,873,916</b>	<b>P 465,418</b>	<b>P 3,339,334</b>	<b>P 3,346,381</b>

---

**5. Due from Affiliated Companies**

This account consists of:

	<b>Unaudited</b>	Audited
	<b>March 31</b>	<b>September 30</b>
	<b>2005</b>	<b>2004</b>
Digital Telecommunications Philippines, Inc.	<b>P 143,272</b>	P 126,067
JG Summit Petrochemical Corp.	<b>38,114</b>	294
Cebu Air, Inc.	<b>30,061</b>	26,340
Hunt - Universal Robina Corporation	<b>28,927</b>	35,414
Cebu Pacific Manufacturing Corporation	<b>9,703</b>	9,703
Robinsons Land Corporation	<b>4,780</b>	3,010
Others	<b>203,892</b>	152,834
	<b>P 458,749</b>	<b>P 353,662</b>

---

**6. Inventories**

This account consists of:

	<b>Unaudited</b>	Audited
	<b>March 31</b>	<b>September 30</b>
	<b>2005</b>	<b>2004</b>
Finished goods - net	<b>P 1,525,333</b>	P 1,092,837
Goods in process	<b>79,699</b>	83,337
Poultry and hog market stock and by-products	<b>482,312</b>	419,108
Poultry and hog breeder stock	<b>185,018</b>	226,577
Raw materials	<b>1,884,293</b>	1,884,768
Containers and packaging materials	<b>815,232</b>	631,419
Spare parts and supplies	<b>817,464</b>	654,156
Materials in transit	<b>1,040,432</b>	781,888
	<b>P 6,829,783</b>	<b>P 5,774,090</b>

---

**7. Other Current Assets**

This account consists of:

	<b>Unaudited</b>	Audited
	<b>March 31</b>	<b>September 30</b>
	<b>2005</b>	<b>2004</b>
Deferred off-milling costs	<b>P 22,249</b>	P 97,593
Prepaid expenses	<b>104,293</b>	72,251
Deposits on purchases	<b>47,686</b>	53,366
Others	<b>3,658</b>	1,063
	<b>P 177,886</b>	<b>P 224,273</b>

---



---

**8. Investments and Advances**

This account consists of:

	<b>Unaudited March 31 2005</b>	Audited September 30 2004
Acquisition cost:		
Balance at beginning of year	<b>P 1,197,594</b>	P 733,281
Additions during the year	-	564,313
Cost of URCCC shares previously accounted for under the equity method	-	(100,000)
	<b>1,197,594</b>	1,197,594
Accumulated equity in net earnings:		
Balance at beginning of year	<b>482,279</b>	274,252
Equity in net earnings for the year	<b>128,678</b>	184,765
Accumulated equity in net losses of URCCC previously accounted for under the equity method	-	43,262
Dividends received	<b>(20,000)</b>	(20,000)
Balance at end of year	<b>590,957</b>	482,279
Advances	<b>122,069</b>	100,071
	<b>P 1,910,620</b>	P 1,779,944

---

**9. Other Assets**

This account consists of:

	<b>Unaudited March 31 2005</b>	Audited September 30 2004
Goodwill - net of amortization and negative goodwill in URCCC	<b>P 848,957</b>	P 957,142
Debt issuance costs - net	<b>122,548</b>	62,921
Bond discount	<b>85,268</b>	-
Miscellaneous deposits	<b>61,323</b>	60,439
Others - net of allowance for impairment	<b>95,765</b>	63,238
	<b>P 1,213,861</b>	P 1,143,740

---

**10. Accounts Payable and Accrued Expenses**

This account consists of:

	<b>Unaudited March 31 2005</b>	Audited September 30 2004
Accounts payable -trade	<b>P 1,514,180</b>	P 1,568,452
Accrued advertising and promotion	<b>740,566</b>	663,588
Accrued interest expense	<b>413,042</b>	254,417
Advances from stockholders and officers	<b>376,160</b>	269,893
Customers' deposits	<b>110,879</b>	54,532
Utility, contract services, SSS and other accrued expenses	<b>147,987</b>	189,849
	<b>P 3,302,814</b>	P 3,000,731

**11. Due to Affiliated Companies**

This account consists of:

	<b>Unaudited March 31 2005</b>	Audited September 30 2004
Pan Pacific Investments Co., Ltd.	<b>P 207,680</b>	P 216,458
Hongkong Peggy Foods	<b>118,621</b>	118,621
Litton Mills, Inc.	<b>71,762</b>	511
Terai Industrial Corp.	<b>51,680</b>	23,576
Cebu Industrial and Mgt. Corp.	<b>37,601</b>	34,331
Hello Snack Foods	<b>34,643</b>	46,162
Others	<b>62,938</b>	11,739
	<b>P 584,925</b>	P 451,398

**12. Long-term Debt**

This account consists of:

	<b>Unaudited March 31 2005</b>	Audited September 30 2004
Foreign Currencies:		
Balance of US\$200 million, 8 1/4% Guaranteed Notes Due 2012, interest payable on January 20 and July 20 of each year	<b>P 10,949,400</b>	P -
Balance of US\$125 million, 9% Guaranteed Notes Due 2008, interest payable on February 6 and August 6 of each year	<b>6,843,375</b>	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	<b>2,906,354</b>	2,987,524
Balance of loans from a foreign bank, payable in 10 to 16 equal semi-annual amortization	<b>488,312</b>	584,132
Balance of loans from a foreign bank, payable in 14 equal semi-annual amortization	<b>242,293</b>	274,010
Philippine Pesos:		
Balance of restructured loans from Philippine Sugar Corporation payable in 25 equal annual amortizations	<b>63,050</b>	67,847
Five-year promissory note payable in 6 semi-annual amortization with remaining balance at maturity	<b>800,000</b>	900,000
	<b>22,292,784</b>	11,848,013
Less current portion	<b>299,756</b>	321,825
	<b>P 21,993,028</b>	P 11,526,188

**13. Capital Stock**

	<b>Unaudited March 31 2005</b>	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	<b>P 1,686,480</b>	P 1,686,480

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

---

**14. 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.

---

**15. Earnings Per Share**

Earnings per share amounts were computed as follows:

	Quarters Ended		Six Months Ended	
	March 31		March 31	
	2005	2004	2005	2004
Net income	P 588,529	P 489,220	P 1,131,410	P 1,041,221
Divide by the number of shares issued and 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
	<b>P 0.35</b>	P 0.29	<b>P 0.67</b>	P 0.62

---

---

**16. 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	
	Unaudited March 31		Unaudited March 31		Unaudited March 31	
	2005	2004	2005	2004	2005	2004
Branded Consumer Food Products	P 11,965,390	P 9,896,523	P 20,058,842	P 18,562,443	P 5,013,815	P 4,975,204
Agro-Industrial Products	1,741,596	1,876,776	2,641,009	2,373,789	793,783	274,369
Commodity Food Products	1,585,107	1,640,735	4,519,439	4,050,776	1,101,312	1,158,085
Corporate Businesses	-	-	27,386,593	18,651,043	23,349,973	14,124,040
	<b>P 15,292,093</b>	P 13,414,034	<b>P 54,605,883</b>	P 43,638,051	<b>P 30,258,883</b>	P 20,531,698

---

---

**17. 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 labor related 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.

---

**18. Subsequent Events**

There were no material events that occurred subsequent to March 31, 2005 that were not reflected in the financial statements for the period.

---