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 Three Months Ended December 31, 2006

(Period Ended Date)

(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, 2006**

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

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 to 21).

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

Business Overview

Universal Robina Corporation (URC) is one of the largest branded food product companies in the Philippines and has a growing presence in other Asian markets. 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, 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, biscuits, 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 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 in 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 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 players in hogs and poultry-raising in the Philippines.

The commodity food group 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 of URC for the three months ended December 31, 2006 and December 31, 2005: (Php millions)

	THREE (3) MONTHS ENDED DECEMBER 31,	
	2006	2005
Branded Consumer Foods Group (BCFG)		
Domestic	**P4,938**	P4,538
International	**1,862**	2,106
	6,800	6,645
Packaging	**308**	322
BCFG Total	**7,108**	6,967
Agro-Industrial Group (AIG)	**1,354**	1,124
Commodity Food Group (CFG)	**737**	1,063
URC Total	**P9,199**	P9,153

Results of Operations

Three Months Ended December 31, 2006 versus December 31, 2005

URC posted consolidated net sales and services of ₱9.2 billion for the three months ended December 31, 2006, marginally higher than the revenues reported in the same period of last year. Net sales and services performance by business segment follows:

- Net sales and services in URC's BCFG (excluding packaging) increased by ₱155.3 million, or 2.3%, to ₱6.8 billion in the first quarter of fiscal 2007 from ₱6.6 billion recorded in the first quarter of fiscal 2006. This increase was primarily due to an 8.8% increase in net sales from BCFG's domestic operations which was largely driven by the strong performance of its beverage products which posted a 64.3% growth in sales value on the back on an 82% increase in volume. In particular, C2, a tea-based product, registered a 100% increase in sales value on the back of a 76% increase in sales volume. Likewise, sales this year of beverages includes new products such as Teazz and Nature's Harvest which contributed ₱ 18.4 million in revenues for the first quarter of fiscal 2007. Sales of snack foods, however, experienced a 1.5% decline because of supply problems brought about by a shortage of potato flakes from Europe and the United States. Crop harvest was affected by extreme weather conditions experienced middle of 2006. This affected potato chip sales which is a major contributor to the category's revenues. Supply has stabilized in the meantime and is not expected to further hamper growth over the coming months. Other snackfood categories, however, like bakery products and candies enjoyed robust growth. BCFG International sales declined by 11.6% weighed down by lower revenues from China, Indonesia and Malaysia and the strengthening of the Philippine peso. In US dollar terms however, the decline is only 3.0% lower from $38.6 million in the first quarter of fiscal 2006 to $37.4 million in the first quarter of fiscal 2007. China sales were down as a result of the scaling back of business activities in order to rationalize operating costs. Indonesia and Malaysia were affected by changes in their distribution structures, and also by the shortage of potato flakes which affected potato chip sales in those markets.

Net sales of branded consumer foods (excluding packaging division) accounted for 73.9% of total URC consolidated net sales and services in the first quarter of fiscal 2007.

- Net sales in URC's packaging division went down to ₱307.6 million in the first quarter of fiscal 2007 or 4.5% from ₱322.0 million posted in the same period last year due to a decline in sales volume.

- Net sales in URC's AIG amounted to ₱1.4 billion in the first quarter of fiscal 2007, an increase of ₱230.2 million or 20.5% from P1.1 billion recorded in same period last year. This was due to a 26.2% increase in the net sales of animal feeds which resulted from higher average selling prices. URC's Feeds business has successfully transformed to more of a branded feeds business with the successful promotion of the "Uno" brand. The farm business likewise reported an increase of 15.9% due to an increase in volumes as well as average selling price.

- Net sales in URC's CFG declined to P737.5 million in the first quarter of fiscal 2007 or by 30.6% from P1.1 billion reported in the same period last year. This was due to the 112.9% increase in internal transfers of flour and sugar to BCFG.

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 is flat at Php 6.9 billion for the first quarter of both fiscal years. Prices of some imported raw and packaging materials decreased as a result of peso appreciation. However, prices of other raw materials like coffee beans, fresh potatoes and resin have increased versus their prices in the first quarter of fiscal 2006.

URC's gross profit for the first quarter of fiscal 2007 amounted to Php2.3 billion, an increase of Php33.1 million versus same period of last year. URC's gross profit as a percentage of net sales remained at 25%.

URC's operating and other administrative expenses consist primarily of salaries, wages and other staff costs, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses and other administrative expenses. Operating and other administrative expenses increased by Php10.7 million, or 0.7%, to ₱1.6 billion in first quarter of fiscal 2007 from ₱1.5 billion recorded in the same period of last year. This increase resulted primarily from the following factors:

- 16.7% increase in freight and handling to ₱338.4 million in the first quarter fiscal 2007 from ₱289.8 million in the first quarter of fiscal 2006. This was due to the increase in trucking and shipping cost associated with higher fuel prices and increased volume.

- 9.3% increase in salaries and wages due to the annual increase given last May 2006

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As a result of the above factors, income after operating and other administrative expenses increased by ₱22.3 million, or 3.2% to ₱728.5 million in the first quarter of fiscal 2007 from ₱706.2 million recorded in the first quarter of fiscal 2006.

Mark-to-market gain on financial assets at fair value through profit and loss represents the increase in market value of investments in bonds and securities.

Foreign exchange losses in the first quarter of fiscal 2007 were on account of appreciation of Philippine peso vis-a-vis US dollar.

Investment income consists of income from investments in financial instruments and dividend income on investments in equity securities. Investment income declined by 25.2% to ₱449.0 million in the first quarter of fiscal 2007 from ₱600.5 million in the first quarter of fiscal 2006. The decrease came largely from lower yield from a smaller bond portfolio, but was partially offset by higher income on deposits, money market placements and dividend income.

Equity in net earnings amounted to ₱6.0 million, lower by ₱80.4 million due to the sale of URC's shares in Robinson's Land Corporation (RLC).

Finance costs consist mostly of interest expense, which decreased to ₱456.4 million in the first quarter of fiscal 2007 from ₱602.4 million recorded in the first quarter of fiscal 2006. The decrease was due to the redemption of the URC '06 bonds and the repayment of short-term loans.

Impairment loss represents impairment of BOPP assets amounting to P435.0 million.

The gain on sale of equity investments arose from the sale of RLC shares in October 2006.

Other income (charges) – net consists of, rental income, gain on sale of fixed assets and other income and expenses.

Net income increased by ₱2.9 billion, or by 388.5% to ₱3.6 billion in the first quarter of fiscal 2007 from ₱738.8 million in the same period of last year as a result of higher operating income, the mark-to-market gain in financial assets, and the gain from the sale of URC's stake in RLC. Recurring net income amounted to P1.033 billion, a 40% increase from 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

December 31, 2006 vs. September 30, 2006

The Company remains to be strong with a current ratio of 4.29:1 as of December 31, 2006. Financial debt to equity ratio of 0.55:1 for the period is within comfortable level. Book value per share increased to ₱15.75 as at December 31, 2006 from ₱14.05 as at September 30, 2006.

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 ₱ 5.1 billion for the three months ended December 31, 2006 vs. ₱2.0 billion it had in the same period of last year. The net cash used in operating activities for the three months ended December 31, 2006 was ₱934.2 million. On the other hand, net cash provided by investing activities for the period amounted to ₱4.4 billion which was substantially from the sale of equity investment and disposal of financial assets at fair value through profit and loss, partially offset by acquisition of property and equipment, while net cash used in financing activities amounted to ₱3.8 billion, mainly used to pay long-term debts and short-term borrowings.

As of December 31, 2006, 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 2006 Financial Statements
(Increase/Decrease of 5% or more versus FY 2005)

Income Statements – Three months ended December 31, 2006 versus same period in Fiscal Year 2006.

249.6% increase in mark-to-market gain on financial instruments at fair value through profit and loss
Due to increase in market value of investments in bonds and securities.

17.4% decrease in foreign exchange loss
Due to appreciation of Philippine peso vis- a- vis US dollar.

25.2% decrease in investment income
Due to disposal of bond investments.

93.0% decrease in equity in net earnings
Due to sale of equity investment in RLC shares.

24.2% decrease in finance costs
Due to retirement of URC 06 bonds and payment of short-term loans.

Impairment loss
Represents impairment of Packaging division's certain assets.

Gain on sale of equity investment
Represents net gain on the sale of RLC shares.

91.0% decrease in provision for income tax
Decrease was due to the net effect of increase in current taxable income and recognition of deferred income tax on impairment of certain assets.

38.9% decrease in minority interest
Due largely to net loss incurred by URC International.

Balance sheets – December 31, 2006 versus September 30, 2006

5.8% decrease in cash and cash equivalents
Due to decrease in cash in bank balances.

9.6% increase in trade and other receivables – net
Due to higher trade receivables as a result of increase in sales and increase in accrued interest receivables.

20.2% increase in inventories-net
Due to increase in materials in transit, finished goods and raw materials inventories.

24.6% increase in other current assets
Due to increase in prepaid items.
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96.6% decrease in investments and advances
Due to sale of equity investment in RLC shares.

5.0% increase in biological assets
Due to increase in population of live stocks and increased market prices of hogs.

21.6% decrease in loans payable
Due to payment of short-term bank loans.

84.5% decrease in trust receipts and acceptances payable
Due to settlement of trust receipts payable.

10.6% increase due to affiliated companies
Due to advances made to affiliates in the normal course of business.

63.5% increase in income tax payable
Due to additional tax liabilities for the first quarter of fiscal 2007.

16.2% decrease in long term debt (including current portion)
Due to long term debt amortization, retirement of URC06 bonds and appreciation of peso vis-à-vis US dollar.

39.4% decrease in deferred income tax
Due to recording of deferred tax on impairment of certain assets.

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)

Universal Robina Corporation (Consolidated)

	YTD December 2006	YTD December 2005	Index
Revenue	P 9,199	P 9,153	101
EBIT	729	706	103
EBITDA	5,092	1,991	255
Net Income	3,609	738	489
	As of December 2006	As of December 2005	Index
Total Assets	P58,806	P54,553	108

URC INT'L

	YTD December 2006	YTD December 2005	Index
Revenue	P 1,862	P 2,106	88
EBIT	(37)	54	(69)
EBITDA	175	295	59
Net Income	53	132	40
	As of December 2006	As of December 2005	Index
Total Assets	P 9,153	P 8,860	103

Nissin -URC

	YTD December 2006	YTD December 2005	Index
Revenue	P 254	P 262	97
EBIT	26	3	788
EBITDA	38	14	272
Net Income	20	4	482
	As of December 2006	As of December 2005	Index
Total Assets	P 711	P 698	102

URC Philippines,Limited

	YTD December 2006	YTD December 2005	Index
Revenue	P 488	P 124	395
EBIT	482	117	413
EBITDA	837	578	146
Net Income	482	117	413
	As of December 2006	As of December 2005	Index
Total Assets	P19,064	P28,823	66

URC-Robina (Cayman), Limited

	YTD December 2006	YTD December 2005	Index
Revenue	P -	P -	-
EBIT	-	-	-
EBITDA	78	96	81
Net Income	30	20	148
	As of December 2006	As of December 2005	Index
Total Assets	P 279	P 2,568	11

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 2-14-07

CONSTANTE T. SANTOS
Senior Vice President – Corporate Controller
Date 2-14-07

GERALDO N. FLORENCIO
First Vice President – Controller
Date 2-14-07

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	Unaudited December 31 2006	Audited September 30 2006
A S S E T S		
Current Assets		
Cash and cash equivalents	P5,634,692	P5,979,875
Financial Assets at Fair Value through profit and loss	17,935,636	17,889,646
Trade and Other receivables-net (Note 3)	5,086,644	4,641,131
Due from affiliated companies (Note 4)	461,795	476,982
Inventories - net (Note 5)	6,481,958	5,391,590
Other current assets	152,749	122,596
Total Current Assets	35,753,474	34,501,821
Non-Current Assets		
Investments and Advances	66,585	1,958,481
Property, Plant and Equipment - net	20,275,772	20,563,903
Investment property	85,300	86,200
Biological assets	857,630	817,003
Net Pension Asset	236,346	236,346
Other non current Assets - net	1,530,967	1,526,191
	23,052,600	25,188,124
	P58,806,074	P59,689,945

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loans payable	P3,157,938	P4,026,418
Accounts payable and accrued expenses (Note 6)	4,018,350	4,142,156
Trust receipts and acceptances payable	102,733	661,147
Due to affiliated companies (Note 7)	176,218	159,323
Income tax payable	235,796	144,211
Current portion of long-term debt	643,772	2,534,798
Total Current Liabilities	8,334,807	11,668,054
Noncurrent Liabilities		
Deferred income tax - net	178,724	294,959
Long-term debt - net of current portion (Note 8)	15,305,316	16,499,917
Total Noncurrent Liabilities	15,484,040	16,794,876
	23,818,847	28,462,930
Equity attributable to equity holders of the parent		
Capital stock (Note 9)	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
Cummulative translation adjustments	762,219	765,869
Retained earnings (Note 10)	19,845,213	16,254,344
	34,062,989	30,475,770
Minority Interests	924,238	751,245
Total Equity	34,987,227	31,227,015
	P58,806,074	P59,689,945

See accompanying Notes to Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Statements of Income
(In Thousand Pesos, Except Per Share Amounts)

	Three Months Ended December 31	
	2006	2005
NET SALES AND SERVICES	P9,199,029	P9,153,252
COST OF SALES AND SERVICES	6,913,509	6,900,791
GROSS PROFIT	2,285,520	2,252,461
OPERATING AND OTHER ADMINISTRATIVE EXPENSES	(1,556,975)	(1,546,237)
MARK-TO-MARKET GAIN ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	493,450	141,167
FOREX EXCHANGE LOSS	(61,441)	(74,346)
INVESTMENT INCOME	449,092	600,521
EQUITY IN NET EARNINGS	6,039	86,464
FINANCE COSTS	(456,442)	(602,390)
IMPAIRMENT LOSS	(435,000)	
GAIN ON SALE OF EQUITY INVESTMENT	2,858,765	
OTHER INCOME (CHARGES)-NET	40,672	40,709
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	3,623,680	898,349
PROVISION FOR INCOME TAX		
Current	130,781	103,605
Deferred	(116,382)	55,964
	14,398	159,569
NET INCOME	P3,609,282	P738,780
Attributable to:		
Equity holders of the parent	3,590,872	708,642
Minority Interest	(18,410)	(30,138)
	P3,609,282	P738,780
Basic and Diluted Earnigs Per Share attributable to the common equity holders of the parent (Note 11)	P1.62	P0.32

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Stockholders' Equity

(In Thousand Pesos, except Number of Shares)

	Three Months Ended December 31	
	2006	2005
CAPITAL STOCK - P1 par value		
Preferred stock		
Authorized - 2,000,000 shares		
Issued - none		
Common stock		
Authorized - 2,998,000,000 shares in 2006 and 1,998,000,000 in 2005		
Issued - 2,221,851,481 shares in 2006 and 1,686,479,549 shares in 2005		
Balance at beginning of year	P 2,221,851	P 1,686,480
Additional issuance	-	-
Balance at end of period	2,221,851	1,686,480
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	11,207,662	6,843,501
Additional issuance	-	-
Balance at end of period	11,207,662	6,843,501
PAID-UP CAPITAL	13,429,513	8,529,981
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS		
Balance at beginning of year	26,044	26,044
Application of deposit	-	-
Balance at end of period	26,044	26,044
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance at beginning of year	765,869	1,064,556
Adjustments	(3,650)	(188,792)
Balance at end of period	762,219	875,764
RETAINED EARNINGS (Note 10)		
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		
As previously reported	13,254,341	11,506,934
Effect of changes in accounting policies	-	(19,216)
As restated	13,254,341	11,487,718
Net income		
As previously reported	3,590,872	708,640
Effect of changes in accounting policies	-	-
	3,590,872	708,640
Balance at end of period	16,845,213	12,196,358
Balance at end of period	19,845,213	15,196,358
ATTRIBUTABLE TO MINORITY INTEREST EQUITY		
Balance at beginning of year	751,245	948,580
Adjustments	172,993	(24,320)
Balance at end of period	924,238	924,260
	P 34,987,227	P 24,628,148

See accompanying Notes to Unaudited Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
Unaudited Consolidated Statement of Cash Flows
(In Thousand Pesos)

	Three Months Ended December 31	
	2006	2005 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax and minority interest	P3,623,680	P898,348
Adjustments for:		
Depreciation and provision for impairment loss	1,012,328	491,192
Net unrealized foreign exchange loss	61,441	74,346
Investment income	(449,092)	(600,521)
Finance cost	456,442	602,390
Equity in net earnings of investees	(6,039)	(86,464)
Gain arising from changes in fair value of financial assets at fair value through profit and loss	(493,450)	(141,167)
Gain on sale of investment	(2,858,765)	-
Gain on sale of property and equipment	(2,983)	-
Operating income before changes in working capital	1,343,562	1,238,124
Decrease (increase) in:		
Receivables	(358,808)	(634,917)
Inventories	(1,090,367)	259,642
Other current assets	(30,153)	57,498
Increase (decrease) in:		
Accounts payable and accrued expenses	(267,684)	548,711
Trust receipts and acceptances payable	(558,414)	180,771
Due to affiliated companies	16,895	178,451
Cash generated from (used in) operations	(944,969)	1,828,280
Interest received	362,388	450,736
Income taxes paid	(39,195)	(53,201)
Interest paid	(312,417)	(347,127)
Net cash provided by (used in) operating activities	(934,193)	1,878,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(734,447)	(843,643)
Proceeds from sale of property, plant and equipment	10,477	-
Proceeds from sale of investment	4,750,661	-
Disposal of:		
Financial assets at fair value through profit and loss	447,460	1,232,268
Decrease (increase) in:		
Investments and advances	6,039	22,050
Due from affiliated companies	15,187	(17,374)
Biological assets	(40,627)	(22,593)
Other assets	(4,776)	(192,199)
Net cash provided by investing activities	4,449,974	178,509

(Forward)

	Three Months Ended December 31	
	2006	2005 (As restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Availments (payments) of:		
Short-term borrowings	(868,480)	233,911
Long - term debt	(3,147,068)	(2,108,658)
Increase (decrease) in equity attributable to minority interest in consolidated subsidiaries	154,584	(54,458)
Net cash used in financing activities	(3,860,964)	(1,929,205)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(345,183)	127,992
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,979,875	930,303
CASH AND CASH EQUIVALENTS AT END OF YEAR	P5,634,692	P1,058,295

See accompanying 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.

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

New Accounting Standards:

- PFRS 1, 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, Interests 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 three (3) months ended December 31, 2006 and 2005 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.

	Percentage of Ownership			
	2006		2005	
Companies	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				

(Forward)

	Percentage of Ownership			
	2006		2005	
Companies	Direct	Indirect	Direct	Indirect
CFC Keebler Property, Inc.)	100.0	-	100.0	-
URC Confectionery Corp.	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
URCCC	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 December 31			
	2006	2005	2006	2005
Revenue	P 0	P 1,273,536	**P190,547**	P 181,096
Cost and Expenses	**-**	919,118	**173,285**	172,268
Income (Loss) from Operations	**0**	354,418	**17,262**	8,828
Net Income (Loss)	P 0	P 322,478	**P 12,078**	P 6,558

3. Receivables

This account consists of:

	Unaudited December 31, 2006			
	Up to Six Months	Over Six Months to One Year	Total	Audited September 30 2006
Trade receivables - net	P 3,359,919	P 141,944	P 3,501,863	P 3,247,843
Other receivables	950,162	634,619	1,584,781	1,393,288
	P 4,310,081	P 776,563	P 5,086,644	P 4,641,131

4. Due from Affiliated Companies

This account consists of:

	Unaudited December 31 2006	Audited September 30 2006
Digital Telecommunications Philippines, Inc.	P200,333	P190,784
Litton Mills	101,512	147,720
Hunt - Universal Robina Corporation	58,044	32,564
JG Summit Group	33,780	36,173
Cebu Air, Inc.	31,635	31,157
Others	36,491	38,584
	P461,795	P476,982

5. Inventories

This account consists of:

	Unaudited December 31 2006	Audited September 30 2006
Finished goods - net	P1,452,527	P1,253,578
Goods in process	203,438	154,978
Raw materials	1,971,680	1,791,184
Containers and packaging materials	998,260	915,193
Spare parts and supplies	737,216	649,574
Less: Allowance for Inventory writedowm	(115,822)	(101,386)
	5,247,299	4,663,121
Materials in transit	1,234,659	728,469
	P6,481,958	P5,391,590

6. Accounts Payable and Accrued Expenses

This account consists of:

	Unaudited December 31 2006	Audited September 30 2006
Accounts payable -trade	P2,486,396	P2,764,524
Accrued advertising and promotion	460,741	394,057
Accrued interest expense	606,926	359,113
Advances from stockholders and officers	111,499	111,250
Utility, contract services, SSS and other accrued expenses	352,788	513,212
	P4,018,350	P4,142,156

7. Due to Affiliated Companies

This account consists of:

	Unaudited December 31 2006	Audited September 30 2006
Hongkong Peggy Foods	P 60,115	P 49,417
Solid Pacific Finance Ltd.	37,859	39,660
Xiamen Ting Feng	27,413	19,091
JG Petrochemical Corporation	27,143	34,549
Solid Finance	14,322	8,329
JG Petrochemical Corporation	3,770	3,904
Shangahi Ting	3,367	2,433
Others	2,229	1,940
	P 176,218	P 159,323

8. Long-term Debt

This account consists of:

	Unaudited December 31 2006	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	P 9,305,095	P 10,042,000
Balance of US$125 million, 9% Guaranteed Notes Due 2008, interest payable on February 6 and August 6 of each year	5,824,157	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	174,187	229,850
Balance of loans from a foreign bank, payable in 14 equal semi-annual amortization	130,136	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	500,000
	15,985,928	19,125,904
Debt issuance costs	36,840	91,189
	15,949,088	19,034,715
Less current portion	643,772	2,534,798
	P 15,305,316	P 16,499,917

The decrease in the outstanding balances of the guaranteed notes due 2008 was due to effect of conversion of US dollar amounts into Philippine peso at the exchange rate of US $1: P49.030 at December 31, 2006 against US $1:P50.21 at September 30, 2006.

9. Capital Stock

	Unaudited December 31 2006	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 in 2006		
Issued -2,221,851,481 shares in 2006	P 2,221,851	P 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 BOD 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 P252,971,932 to cover the 15% stock dividends declared by the BOD and ratified by the stockholders.

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.

11. Earnings Per Share

Earnings per share amounts were computed as follows:

	Three Months Ended December 31	
	2006	2005
Net income	P 3,609,281,864	P 738,779,614
Divide by the number of shares issued	2,221,851,481	2,221,851,481
	P 1.62	P 0.33

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, tomato-based products and ready-to-drink beverages. 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 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.

d. Packaging - engages in manufacture of polypropylene films for packaging companies.

e. 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 December 31					
	2006	2005	2006	2005	2006	2005
Branded Consumer Food Products	P6,799,946	P6,644,644	P24,532,480	P19,866,812	P6,691,823	P5,729,603
Agro-Industrial Products	1,354,022	1,123,868	3,156,184	3,267,530	656,738	1,035,726
Commodity Food Products	737,474	1,062,729	5,869,207	4,439,254	899,688	2,103,763
Packaging	307,587	322,011	1,148,602	1,736,228	236,034	374,803
Corporate Businesses	-	-	24,099,601	25,243,068	15,334,564	19,756,588
	P9,199,029	P9,153,252	P58,806,074	P54,552,892	P23,818,847	P29,000,483

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.

14. Subsequent Events

There were no material events that occured subsequent to December 31, 2006 that were not reflected in the financial statements for the period.