

Financial Highlights

(In million pesos, except per share and statistical data)

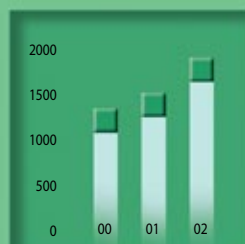
Years Ended September 30

2002 vs 2001

| | 2002 | 2001 | 2000 | Amount | % |
|------------------------|---------|---------|---------|--------|--------|
| Net sales | P21,152 | P18,883 | P15,706 | P2,269 | 12.02% |
| Income from operations | 1,877 | 1,492 | 1,305 | 385 | 25.80% |
| Net income | 1,255 | 1,062 | 867 | 193 | 18.17% |
| Total assets | P33,883 | P33,310 | P27,361 | P573 | 1.72% |
| Total liabilities | 13,017 | 13,502 | 9,445 | (485) | -3.59% |
| Stockholders' equity | 19,671 | 18,484 | 16,787 | 1,187 | 6.42% |
| Per share | | | | | |
| Earnings | P 0.74 | P 0.65 | P 0.53 | P 0.09 | 13.85% |
| Book value | 11.62 | 10.92 | 11.28 | P 0.70 | 6.41% |
| Ratios | | | | | |
| Current ratio | 2.11:1 | 1.69:1 | 2.18:1 | | 24.85% |
| Debt to equity ratio | 0.66:1 | 0.73:1 | 0.56:1 | | -9.59% |

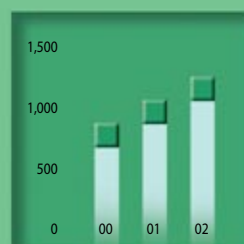
Operating Income

(in million pesos)



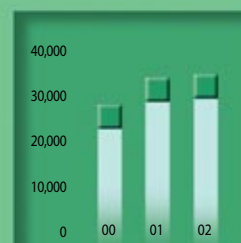
Net Income

(in million pesos)

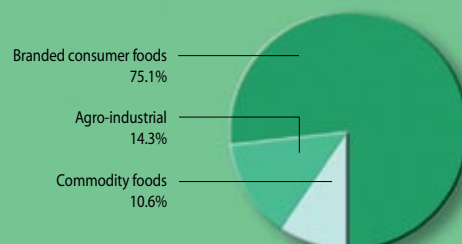


Total Assets

(in million pesos)



Net Sales Contribution



Chairman's and President's Message

To our shareholders,

In the year 2002, the Philippine economy's performance was the strongest it had ever been since the Asian economic crisis five years ago. GDP and GNP growth of 4.6% and 5.2%, respectively, exceeded the high end of the government's forecast in the face of difficulties. Although events such as the increase in the government's budget deficit and the unremitting depreciation of the peso were not as dramatic as those of the year before, they nevertheless made for a challenging 2002.

Resiliency And Strength

As in previous years, URC once again displayed its resiliency in this chronically troubled economy. Revenues amounted to PhP21.2 billion, up by 12% from FY2001's PhP18.9 billion, driven by our dominant domestic branded consumer foods business and thriving international operations. Supported by our wide, adaptable distribution network and aggressive advertising and promotions, we were able to capitalize on our diverse portfolio of Philippine household name brands which enjoy

both consumer loyalty and trust. We have maintained undisputed market leadership in snacks, candies, chocolates, cup noodles and canned pork and beans and hold strong challenger positions in biscuits, coffee, instant noodles and tomato-based products.

We continued to expand our international branded consumer foods business. This year saw the successful launch of our Indonesian operation, generating sales beyond target. Expectations are high of Indonesia becoming another Thailand and Malaysia for us in terms of market receptivity, leadership or strong challenger position, and robust sales generation.

Our prudent financial policies have attained for us equilibrium between growth and stability over the years. Efforts have been focused on keeping a balanced debt maturity profile, ensuring ability to cover obligations, maintaining solid and stable margins, and generating stable cash flows. These efforts not only allow us to respond aggressively to challenges and opportunities, but also protect us from potential downturns.



Lance Y. Gokongwei

James L. Go

Our Performance

Our increase in revenues to PhP21.2 billion resulted in a 4% rise in gross profit, to PhP 5.6 billion in FY2002 from PhP 5.4 billion the previous year. Gross margins averaged a healthy 27%. Income from operations improved by 26% from PhP1.5 billion to PhP1.9 billion. This was due to our sustained marketing activities, continuing efforts to achieve operating efficiency, and effective supply chain management particularly in inventories and raw and packaging materials.

Net income increased 18% to P1.3 billion from P1.1 billion in FY2001. Net profit margin remained steady at 6% over the past two years.

Our branded consumer foods segment, including the packaging division, contributed 75% to total revenues and experienced a sales increase of 11%. Comprised of diverse high-margin products and popular brands, increases in sales volume of its international operations and higher selling prices of the domestic operation were the main drivers of the increase in revenues. Our international business has sustained an increasingly heightened role in the group. It generated 16% of total sales in FY2002, from 14% in FY2001 and 11% in FY2000.

The Agro-Industrial division contributed 14% to total revenues. The 37% growth in our animal feeds operation was offset by a 6% decline in our farms business due to a disease outbreak in both hogs and day-old chicks. These developments resulted in a 7% increase in revenues for the division.

URC's Commodity Foods division contributed 11% to total revenues and registered an impressive 25% growth, attributed to 63% and 15% increases in our sugar and flour operations, respectively. Sales of these products are expected to be strong, driven mainly by the demand from our branded consumer foods division.

Our balance sheet remained strong with PhP 33.9 billion in assets and a total debt to equity ratio of 0.66:1. Our current ratio stood at 2.11:1 compared to last year's 1.69:1. Total liabilities dipped 4% to PhP 13.0 billion from FY2001's PhP 13.5 billion. In addition, EBITDA covered interest 4.8 times, up impressively from last year's 3.9.

Other Developments

URC's investments in the international markets continued to demonstrate strong growth momentum. Studies show that we hold 33% of the potato chip market in Malaysia and 28% of the wafer market in Thailand. We have also gained 30% of the potato chip market and 22% of the salty snack market in Singapore and Hong Kong, respectively. Indonesia after three months of operations was running at full capacity with sales overshooting target.

Our packaging division, while constituting only 4% of the Company's total sales in FY2002, is expected to double sales volume over the next two years. We inaugurated a second production line that will increase capacity 125% in October 2002. This is geared towards meeting the growing demand for bi-axially oriented polypropylene films and tapping the large potential of the export market.

We also started adding a new line to the Manila flour milling facility in 2002 at a cost of approximately PhP 900.0 million as part of our expansion program in the flour business. We expect the new line to be completed in mid-2003.

Moving Forward

We kicked off January 2003 with the successful launch of our USD 125 million, 9%, unsecured notes due 2008. We intend to use the proceeds to retire some of our short- and long-term debt. The balance will be used for general corporate purposes, which will include acquisitions.

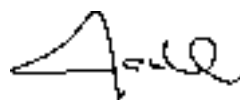
URC continues to see promise in the region. We will carry on the expansion and distribution of our branded consumer food products internationally through organic addition of manufacturing facilities and joint ventures. Pursuit of strategic acquisition opportunities in ASEAN, China and the Philippines will be a major initiative. We also plan to realign our production and sourcing of raw materials to take advantage of more efficient markets.

We are committed to sustaining our brand-building by introducing new products, variants and line extensions in our core branded food segments in the Philippines. We will keep on enlarging our distribution network coverage in the Philippines, focusing on our Grandslam program that aims to increase the number of small neighborhood stores that carry our products.

In addition to concentrating on growing our branded consumer foods business, we also intend to maximize our return on investment in our agro-industrial, commodity foods and packaging businesses through increased efficiencies, streamlined plant operations and improvements in product quality.

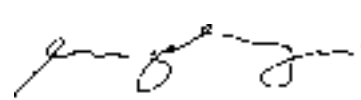
These can only be achieved with your continued confidence and support. We extend our heartfelt appreciation to our suppliers, trade and business partners, and our consumers who have remained loyal to our products through these years.

With your help, we will achieve our vision of becoming the leading Philippine-based branded consumer food company in Asia.



James L. Go

Chairman and
Chief Executive Officer



Lance Y. Gokongwei

President and
Chief Operating Officer

Board of Directors



John Gokongwei, Jr.

Chairman Emeritus



James L. Go

Chairman and
Chief Executive Officer



Lance Y. Gokongwei

President and
Chief Operating Officer



Johnson Robert L. Go, Sr.

Vice Chairman



Patrick Henry C. Go

Vice President



Frederick D. Go

Director



Robert G. Coyiuto, Jr.

Director



Oscar S. Reyes

Director



Wilfrido E. Sanchez

Director

Business Unit General Managers



Benedicto Sanchez
Branded Consumer Foods Group

William Lim
Robina Farms

Dante Palabrica
Robina Farms

Fred Estioko
Joyco – URC

Rene Cabati
Sugar Group

Vincent H. Go
Universal Corn Products

Jorge Concepcion
Hunt – URC

Ellison Dean Lee
Continental Milling Corporation

Rene Montemayor
Executive Vice President,
Managing Director and
Business Unit Group General Manager

Michael Shau
URC Packaging Division

Junadette Avedillo
Nissin – URC

International Managers



Stanley Poon
URC HongKong

Brian Go
URC China – CFO

Premchai Navarasuchitr
URC Thailand

Paul Chan
URC Singapore and Malaysia

Edgardo Velasco
URC Indonesia

Patrick Ng
Executive Vice President, URC and
Managing Director, URC International

Selwyn Sundaram
URC International

Executive Officers

John Gokongwei, Jr.

Chairman Emeritus

James L. Go

Chairman and Chief Executive Officer

Johnson Robert L. Go, Sr.

Vice Chairman

Lance Y. Gokongwei

President and Chief Operating Officer

Patrick Henry C. Go

Vice President

Renato R. Montemayor

Executive Vice President

Patrick Ng

Executive Vice President , URC and
Managing Director, URC International

Eugenie M.L. Villena

Senior Vice President – Chief Financial Officer

Constante T. Santos

Senior Vice President – Corporate Comptroller

Geraldo N. Florencio

Vice President – Comptroller

Jeanette Uy Yu

Vice President – Treasurer

Emmanuel C. Rojas, Jr.

Corporate Secretary