Information Required by the SEC Pursuant to SRC Rule 17.1 (b)

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

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, a cornstarch manufacturing plant, in Pasig. The Company is currently involved in a wide range of food businesses, including the manufacture and distribution of branded consumer foods, production of hogs and day-old chicks, manufacture of animal and fish feeds, glucose, vegetable oils and veterinary compounds, flour milling, and sugar milling and refining. The Company is the market leader in snack foods, candies, chocolates, biscuits, day-old chicks, and fish feeds.

The Company operates its food business through operating divisions and wholly or majority-owned subsidiaries that are organized into three core business segments: branded consumer foods, agro-industrial products and commodity food products.

Branded consumer foods (BCF), including our packaging division, is the Company's largest segment contributing about 75.1% of revenues for the fiscal year ended September 30, 2002. Established in the 1960s, the Company's branded consumer foods division manufactures and distributes a diverse mix of snacks, chocolates, candies, biscuits, beverages, noodles and pasta and tomato-based products. The manufacturing, distribution, sales and marketing activities are carried out through the Company's branded consumer foods division, although the Company conduct some of its branded consumer foods operations through its wholly-owned or majority-owned subsidiaries and joint venture companies (e.g. Hunt-URC, Nissin-URC and Joyco-URC). The Company established URC-Packaging Division to engage in the manufacture of polypropylene films for packaging companies. The bi-axially oriented polypropylene plant (BOPP), located in Batangas, began commercial operation in June 1998. URC also formed Food Service and Industrial Division that supply BCF products in bulk to certain institutions like hotels, restaurants, and schools.

In 2000, the Company expanded its BCF business presence in Asian regional markets via investment in foreign subsidiaries in China: Tianjin Pacific Foods Co. Ltd., Shanghai Peggy Foods Co. Ltd., Xiamen-Tongan Pacific Foods Co. Ltd., Panyu Peggy Foods Co. Ltd. and URC Hongkong Co. Ltd. (formerly Hongkong Peggy Snack Foods Co. Ltd.); in Malaysia: URC Snack Foods (Malaysia) Sdn. Bhd. (formerly Pacific World Sdn. Bhd.) and Ricellent Sdn. Bhd.; in Thailand: URC (Thailand) Co. Ltd. (formerly Thai Peggy Foods Co. Ltd.); in Singapore: URC Foods (Singapore) Pte. Ltd. (formerly Pan Pacific Snacks Pte. Ltd.) and in 2002, in Indonesia: PT URC Indonesia. The Asian operations contributed about 15.6% of the Company's revenues for the fiscal year ended September 30, 2002.

The Company has a strong brand portfolio created and supported through continuous product innovation, extensive marketing and experience management. Its brand is considered a household name in the Philippines and a growing numbers of consumers across Asia are purchasing the Company's branded consumer food products.

The Company's agro-industrial products segment operates three divisions which engage in hog and poultry farming (Robina Farms or "RF"), the manufacture and distribution of animal feeds, glucose and vegetable oils (Universal Corn Products or "UCP"), and the production and distribution of animal health products (Robichem). This segment contributed approximately 14.3% of the net sales in fiscal 2002.

URC's commodity foods product segment engages in sugar milling and refining through its subsidiaries, Universal Robina Sugar Milling Corporation (URSUMCO), its division, Cagayan Robina Sugar Milling Corporation (CARSUMCO), and Southern Negros Development Corporation (SONEDCO), and flour milling through Continental Milling Company (CMC). In fiscal 2002, the segment contributed approximately 10.6% of aggregate net sales.

The Company is a core subsidiary of JG Summit Holdings, Inc. (JGSHI), one of the largest business conglomerates listed in the Philippine Stock Exchange. JGSHI has substantial interests in property development, hotel management, textiles, banking and financial services, telecommunications, petrochemicals, air transportation and power generation. In addition, JGSHI has significant interests in other sectors, including printing, packaging, and printed circuit board manufacturing.

The percentage contribution to the Company's revenues for the three years ended September 30, 2000, 2001 and 2002 by each of the Company's principal product categories is as follows:

	For the fiscal years ended September 30		
	2000	2001	2002
Branded Consumer Foods	79.8%	75.6%	75.1%
Agro-Industrial Products	12.4	14.9	14.3
Commodity Food Products	7.8	9.5	10.6
	100.0%	100.0%	100.0%

Item 2. Legal Proceedings

The Company is subject to lawsuits and legal actions in the ordinary course of its food business and other activities. The Company believes that any of such lawsuits or legal actions will not have a significant impact on the financial position of the Company.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 3. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

The principal market for URC's common equity is the Philippine Stock Exchange. Sales prices of the common stock follow:

	High	Low
Fiscal Year 2002		
Oct. to Dec. 2001	₱4.27	₱4.19
Jan. to Mar. 2002	4.83	4.82
Apr. to Jun. 2002	4.62	4.50
Jul. to Sep. 2002	3.98	3.97
Fiscal Year 2001		
Oct. to Dec. 2000	₱4.65	₱3.40
Jan. to Mar. 2001	6.10	4.40
Apr. to Jun. 2001	5.20	4.10
Jul. to Sep. 2001	4.60	4.00

The number of shareholders of record as of September 30, 2002 was approximately 1,500. Common shares outstanding as of September 30, 2002 were 1,636,607,993.

List of Top 20 Stockholders of Record
September 30, 2002

Name of Stockholders	Number of Shares Held	Percent to Total Outstanding
JG Summit Holdings, Inc.	1,232,301,488	75.30%
PCD Nominee Corporation (Non-Filipino)	196,106,700	11.98
Express Holdings, Inc.	147,531,700	9.01
PCD Nominee Corporation (Filipino)	34,345,762	2.10
Titanum Corporation	6,304,760	0.39
Home Development Mutual Fund	2,459,380	0.15
Archimedes King	2,128,940	0.13
Litton Mills, Inc.	1,945,595	0.12
Home Development Mutual Fund (Pag-ibig Fund)	1,047,200	0.06
Abacus Securities Corporation	551,100	0.03
The Insular Life Assurance Company, Ltd.	550,000	0.03
Victoria Group Multi-Employer Retirement Plant	510,000	0.03
Roberto J. Paradies	418,000	0.03
Asiatic Development Corp.	356,400	0.02
Inocencio Gotao	336,600	0.02
Johnson Robert L. Go	330,001	0.02
Flora Ng Siu Kheng	330,000	0.02
Ignacio Gotao	323,400	0.02
Petron Corporation	295,680	0.02
Pua Yok Bing	273,900	0.02
	1,628,446,606	99.5%

Dividends

The Company paid dividends as follows:

For fiscal year 2002, cash dividend of ₱0.05 per share was declared to all stockholders of record as of June 27, 2002 and paid on July 22, 2002.

For fiscal year 2001, cash dividend of ₱0.05 per share was declared to all stockholders of record as of June 21,2001 and paid on July 20, 2001. In the same year, 10% stock dividend was declared to all stockholders of record as of June 29, 2001 for distribution on July 27, 2001.

For fiscal year 2000, cash dividend of ₱0.05 per share was declared to all stockholders of record as of May 13, 2000 and paid on June 9, 2000.

Item 4. Management's Discussion and Analysis or Plan of Operation

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto which form part of this Report. The consolidated financial statements and notes thereto have been prepared in accordance with the accounting principles generally accepted in the Philippines.

Results of Operations

Fiscal Year 2002 Compared to Fiscal Year 2001

Despite the present economic slowdown, Universal Robina Corporation (URC) generated a consolidated net sales of ₱21.2 billion for the fiscal year ended September 30, 2002, up by ₱2.3 billion or 12.0% over last year's ₱18.9 billion net sales. Revenue growth was attributed to the continued solid performance of its core business, branded consumer foods group, particularly its international operations in Southeast Asia and China. Likewise, the Company's agro-industrial and commodity group operations posted substantial increase in revenue.

The Company's gross profit margins increased by ₱188.7 million or 3.5%, to ₱5.6 billion in fiscal 2002 from ₱5.4 billion in fiscal 2001. Income from operations also grew from ₱1.5 billion to ₱1.9 billion, translating into a 25.8% increase. This is attributable to URC's sustained marketing activities, continuous efforts of achieving operating efficiencies, effective supply chain management particularly in inventories and raw and packaging materials.

Net income for fiscal year 2002 increased by ₱192.9 million, or 18.2% to ₱1.3 billion from last year's ₱1.1 billion.

The Company's branded consumer foods segment, including its packaging division, posted a 7.3% increase in sales volume and 11.4% in net sales value. The increase in sales volume of its international operations and the higher selling prices on its domestic operation brought in growth in sales value of the segment. Its international operations revenue grew by 29.4% from the same period last year. Likewise, its domestic operations continue to lead market share ratings for core snack foods, candy, chocolate, and biscuit categories. The Company expects a continued solid strong performance of the branded consumer foods both in the Philippines and the ASEAN region as well, with new and exciting product launches and intensive marketing and advertising efforts.

The Agro-Industrial segment of the Company also reported a positive outcome for the fiscal year, with a 33.3% and 7.2% increase in sales volume and sales value, respectively. The principal reason for the increase was a substantial increase in net sales of the Company's animal feeds business, which offset a decline in the net sales of its Farm business. The Feeds division registered a whopping 45.6% increase in sales volume and a 36.8% increase in sales value. The Farms division, on the other hand, posted a decrease of 5% and 6% in its sales volume and value, respectively. This unfavorable result of Farms operations is mainly due to the disease outbreak in both hogs and day-old chicks.

URC's commodity food products segment also improved its performance with an increase of ₱445.7 million or 24.7% to ₱2.2 billion in fiscal 2002 from ₱1.8 billion in fiscal 2001. This was brought about by the substantial growth in sales value of both its flour and sugar businesses. For the fiscal year ended 2002, its flour business reported an increase of 14.6% in sales value reflecting sales volume and price increases. Meanwhile, sugar sales value increased substantially by 63.3% and sales volume by 42.7%.

Cost of sales and services increased ₱2.1 billion, or 15.5%, to ₱15.5 billion in fiscal 2002 from ₱13.4 billion in fiscal 2001. This increase resulted principally from increases in sales volume, higher costs for imported raw materials used in its snacks, candies, chocolates, biscuits and flour products due primarily to the depreciation of the Peso, an increase in costs of major raw materials for our animal feeds, an increase in sugar production costs and higher mortality rates of Robina Farms.

Other income (charges) - net was (₱ 340.8) million in fiscal 2002 compared to (₱ 37.7) million in fiscal 2001. Investment income decreased by 1.9% to 818.6 million in fiscal 2002 as against ₱834.8 million in fiscal 2001 due primarily to lower interest income on advances to affiliates. Interest and other financing charges increased by 1.7% to ₱770.5 million in fiscal 2002 due to additional borrowing obtained by the Company. Loss on sale of certain fixed assets and provision for the decline in value of temporary investments likewise accounted for the change in the balances.

Minority interest in net (loss)income of subsidiaries was (₱84.4) million in fiscal 2002 or ₱142.6 million lower from last year's ₱58.2 million. The principal reason for the change was due to net loss sustained by URC International and its subsidiaries this year from a net income reported last year.

URC will continuously build its strong brand and further improve its existing products and has again set an aggressive target in 2003 to maintain its dominance in the Philippine market as well as in the Asian regional market.

Fiscal Year 2001 Compared to Fiscal Year 2000

Universal Robina Corporation (URC) registered a consolidated net sales of ₱18.9 billion for the fiscal year ended September 30, 2001, a 20.2% increase over last year's ₱15.7 billion net sales. Revenue growth was attributed to the impressive performance of the branded consumer foods, complemented by the company's international operations in Southeast Asia and China. In addition, the company's farm, feeds, flour and sugar operations have also posted substantial increase in revenue.

The Company's gross profit margins posted an increase of 23.7% to ₱5.4 billion. Income from operations also showed significant improvements from ₱1.3 billion to ₱1.5 billion, translating into a 14.3% increase. This is attributable to URC's continuous efforts of achieving operating efficiencies, effective supply chain management particularly in inventories and raw and packaging materials.

Net income figures as of end of fiscal year 2001 is up by 22.4% from last year's ₱867.5 million to ₱1.1 billion.

URC's main stalwart, its branded consumer foods segment posted a 13.0% increase in sales volume and 13.8% in net sales value. Its regional operations revenue grew by 43.0% from the same period last year. Its domestic operations continue to lead market share ratings for core snack foods, candy, chocolate, and biscuit categories. The Company expects a continued solid strong performance of the branded consumer foods both in the Philippines and the ASEAN region as well, with new and exciting product launches and intensive marketing and advertising efforts.

The Company's Agro-Industrial products segment showed remarkable results for the fiscal year, with a 42.7% and 44.5% increase in sales volume and sales value, respectively, due to the outstanding sales performance of poultry, hogs and feeds products. The farms division posted a 17.5% increase in sales volume while registering a 33.0% increase in sales value. The Feeds division, on the other hand, registered a whopping 53.3% increase in sales volume and a 79.4% increase in sales value.

URC's commodity food products segment also improved its performance. Flour sales volume grew by 49.0%, while sugar sales value increased by 42.6%.

Notwithstanding the present economic slowdown, URC will carry through its aim in putting fun to everyone's life, through providing consumers trusted brands of exceptional quality and value.

The Company's aggressive targets in 2002 will contribute to uplift the lifestyle of Filipino and other Asian consumers. URC will further improve its products' market shares through giving emphasis on variety, low price and good service.

Financial Condition

URC's financial position remains solid, with a debt to equity ratio of 0.66:1 vis-à-vis last year's 0.73:1. Current assets matched by each peso of current liabilities now stands at ₱2.11:1, compared to last year's ₱1.69:1.

Total assets amount to ₱33.9 billion, an increase of 1.7% over last year's level of ₱33.3 billion. Total stockholders' equity now stands at ₱19.7 billion versus last year's ₱18.5 billion. Earnings per share increase to ₱0.74 from last year's ₱0.65.

Cash and cash equivalents increased by 186.9% or ₱1.3 billion from ₱699.4 million to ₱2.0 billion due to additional money market placements in fiscal year 2002.

Temporary investments – net increased by 280.4% to ₱6.9 billion primarily due to additional investments in debt securities.

Marketable securities decreased by 5.2% or ₱6.4 million due to additional provision for decline in marketable securities.

The account due from affiliated companies decreased by 94.2% to ₱355.4 million due to collections of advances previously granted to affiliates.

Inventories decreased by 13.8% to ₱4.2 billion due to higher inventory turnover and lower floor stock level at the end of the period.

Additions to Property, plant and equipment amounted to ₱3.1 billion for fiscal year 2002. This accounts for the various plant expansion and upgrade projects in China, Asean and in the Philippines.

Loans payable decreased by 17.6% to ₱3.8 billion due to settlement of its short-term promissory notes and loans from local banks.

Payable to affiliated companies decreased by 76.9% to ₱226.8 million due to substantial payment of accounts to affiliates during the period.

Long-term debt, including current portion, increased by 40.7% to ₱5.1 billion for the fiscal year 2002 due to availment of additional long-term loans from local and foreign banks.

Stockholders' equity grew to ₱19.7 billion for the fiscal year ended September 30, 2002 from ₱18.5 billion. Book value per share improved to ₱11.62 in fiscal year 2002 from ₱10.92 in fiscal year 2001.

Cash used in investing activities aggregated ₱9.9 billion in the three years ended September 30, 2002. These amounts were used primarily in the construction of snack and candy plants in Misamis Oriental; a candy, snack, cookie and instant noodle complex in Pampanga; a wafer, cupcake and chocolate facility in Pasig; a noodle, cracker and candy plant, and a tetra facility in Cavite; breeder expansion of the hogs business; Line 2 project of packaging division; funding for joint venture operations; expansion of distribution networks; and construction of manufacturing facilities in China, Malaysia, Indonesia and Thailand.

The Company's budgeted total capital expenditures and investments for fiscal year 2003 is approximately ₱2.4 billion, which consists of the following:

- ₱1.1 billion for the continued expansion of the branded consumer food operations primarily in international markets (China and ASEAN countries), as well as in the Philippines;
- ₱880.2 million for a new flour mill in Pasig and additional manufacturing, machinery and equipment to increase plant capacity, complete current plant construction projects, construct new facilities at various plants, expand warehouse and distribution capacity and for general maintenance of its commodity foods plants; and
- ₱348.5 million for additional manufacturing, machinery and equipment to increase plant capacity, complete current plant construction projects, construct new facilities at various plants, and expand warehouse and distribution capacity for its agro-industrial division.

No assurance can be given that the Company's capital expenditure plans will not change or that the amount of capital expenditures for any project or as a whole will not increase in future years from current expectations.

As of September 30, 2002, the Company is not aware of any events and uncertainties that would have a material impact on the Company's net sales and income from operations and future operations.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 5. Directors and Executive Officers of the Registrant

Position	Name	Age
Director, Chairman Emeritus	John Gokongwei, Jr.	76
Director, Chairman and Chief Executive Officer	James L. Go	63
Director, Vice Chairman	Johnson Robert L. Go, Sr.	68
Director, President and Chief Operating Officer	Lance Y. Gokongwei	36
Director, Vice President	Patrick Henry C. Go	32
Director	Frederick D. Go	33
Director	Wilfrido E. Sanchez	65
Director	Robert Coyiuto, Jr.	51
Director	Oscar S. Reyes	56
Executive Vice President	Renato R. Montemayor	54
Executive Vice President	Patrick Ng	59
Senior Vice President – Chief Financial Officer	Eugenie M.L. Villena	54
Senior Vice President – Corporate Comptroller	Constante T. Santos	54
Vice President – Comptroller	Geraldo N. Florencio	50
Vice President – Treasurer	Jeanette Uy Yu	50
Corporate Secretary	Emmanuel C. Rojas, Jr.	67

All of the above directors have served their respective offices since May 28, 2002. There are no directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders for any reason whatsoever.

Messrs. Wilfrido Sanchez, Robert Coyiuto, Jr. and Oscar S. Reyes are the independent directors of the Company.

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected, appointed or shall have been qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until a successor shall have been elected, appointed or shall have qualified.

All of the above directors and officers have no involvement in any pending legal proceedings during the past five (5) years.

A brief description of the directors' and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

John Gokongwei, Jr. is the founder and Chairman Emeritus effective January 1, 2002. He had been the Chairman of the Board of Directors until his retirement and resignation from this position effective December 31, 2001. He continues to be a member of the Board of Director and is the Chairman Emeritus and a member of the Board of Directors of JG Summit Holdings, Inc. and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman/ CEO of Oriental Petroleum and Minerals Corporation, President/ CEO of Digital Telecommunications Phils., Inc, Deputy Chairman and Director of United Industrial Corporation, Ltd. And Singapore Land, Ltd., and a director of JG Summit Capital Markets Corporation. He is also a non-executive director of A. Soriano Corporation and Philex Mining Corporation. Mr. John Gokongwei, Jr. received a Masters in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School. He founded the Company in 1954.

James L. Go*,* is the Chairman and Chief Executive Officer of the Company. He had been the President and Chief Executive Officer and was elected to his current position effective January 1, 2002 upon the resignation of Mr. John Gokongwei, Jr., as Chairman. He is also the Chairman and Chief Executive Officer of JG Summit Holdings, Inc. and as such, he heads the Executive Committee of JG Summit Holdings, Inc. He is currently the Chairman and Chief Executive Officer of Robinsons Land Corporation, JG Summit Petrochemical Corporation, Manila Midtown Hotels and Land Corporation, Litton Mills, Inc., CFC Corporation, Universal Robina Sugar Milling Corporation, Southern Negros Development Corporation and Robinsons, Inc. He is also the President of Gokongwei Brothers Foundation, Inc. and a director of Digital Telecommunications Phils., Inc, First Private Power Corporation, Bauang Private Power Corporation, Oriental Petroleum and Minerals Corporation, Cebu Air, Inc., Panay Electric Co., United Industrial Corp., Ltd., Singapore Land, Ltd., Marina Center Holdings, Inc. and JG Summit Capital Markets Corporation. He received a Bachelor of Science and a Masters of Science in Chemical Engineering from the Massachusetts Institute of Technology. Mr. James L. Go is a brother of Mr. John Gokongwei, Jr. and joined the Company in 1964.

Johnson Robert L. Go*,* is the Vice-Chairman of the Company. He is the President and Chief Operating Officer of Universal Robina Sugar Milling Corporation. He has been the Executive Vice President of JG Summit Holdings, Inc. since its formation in 1990 and is currently the Vice-Chairman. He is the President of Manila Midtown Hotels and Land Corporation, Senior Executive Vice Presidnet of Digital Telecommunications Phils., Inc. and Vice Chairman and Executive Vice President of CFC Corporation. He is also a director of Robinsons Land Corporation, JG Summit Petrochemical Corporation, JG Summit Capital Markets Corporation and a trustee of the Gokongwei Brothers Foundation, Inc. He attended the University of the Philippines and the Advanced Management Program at the Harvard Business School. Mr. Johnson Robert L. Go is a brother of Mr. John Gokongwei, Jr.

Lance Y. Gokongwei*,* is the President and Chief Operating Officer. He had been the Company's Executive Vice President and was elected President and Chief Operating Officer effective January 1, 2002 upon the resignation of Mr. James L. Go as President. He is also the President and Chief Operating Officer of JG Summit Holdings, Inc, Robinsons Land Corporation, JG Summit Petrochemical Corporation and Litton Mills, Inc. He is also the President and Chief Executive Officer of Cebu Air, Inc, Chairman and Chief Executive Officer of Robinsons Savings Bank, President of Digital Information Technology Services, Inc., Vice Chairman of JG Summit Capital Markets Corporation, director of Digital Telecommunications Phils., Inc., Universal Industrial Corporation, Ltd., and Singapore Land, Ltd., and is trustee, secretary and treasurer of Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science in Economics and a Bachelor of Science in Applied Science from the University of Pennsylvania. Mr. Lance Y. Gokongwei is the son of Mr. John Gokongwei, Jr. and joined the Company in 1988.

Patrick Henry C. Go*,* is a director and Vice President of the Company. He is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, CFC Corporation, JG Cement Corporation, Robinsons Savings Bank and JG Summit Petrochemical Corporation where he is also the First Vice President for Sales and Marketing. He is a trustee of the Gokongwei Brother Foundation, Inc. He received a Bachelor of Science degree in Management from the Ateneo de Manila University. Mr. Patrick Henry C. Go is the nephew of Mr. John Gokongwei, Jr.

***Frederick D. Go**,* has been a director of the Company since June 2001. He is the Chief Operating Officer of the Commercial Centers, High-Rise Buildings and Housing and Land Development divisions of Robinsons Land Corporation. He is Chief Operating Officer of Big R Stores, Robinsons Convenience Stores, Inc., and Robinsons Recreation Corporation and is a director of Robinsons Land Corporation, JG Summit Petrochemical Corporation, Robinsons Savings Bank, CFC Corporation, Robinsons Handyman, Inc., Robinsons Ventures Corporation, Robinsons-Abensons Appliances Corporation and the Philippine Retailers Association. He received a Bachelor of Science degree in Management Engineering from the Ateneo de Manila University. Mr. Frederick Go is Mr. John Gokongwei, Jr.'s nephew.

***Wilfrido E. Sanchez**,* has been our non-executive director since 1995. Mr. Sanchez is also a director of Philippine Education Trust Plan, Inc., Transnational Plans, Inc., Dolphin Ship Management, Inc., Adventure International Tours, Inc., Pizzavest Transnational Corporation, Transnational Diversified Group, Inc., Transnational Food Services Corporation, Transnational Diversified Corporation, Magellan Capital Holdings Corporation, Center for Leadership & Change, Inc., House of Investment, Inc., Omico Corporation and Amon Trading Corporation.

Robert Coyiuto, Jr., has been our non-executive director since October 28, 2002. He is also a director of Robinsons Land Corporation. He is Chairman of Prudential Guarantee & Assurance, Inc., PGA Cars, Inc., and Nissan North Edsa and is Vice-Chairman of First Guarantee Life Assurance Co., Inc. He is also President of Oriental Petroleum and Minerals Corporation, PGA-Yasuda Insurance, Inc and Pioneer Tours Corporation. He is also a director of Canon Marketing (Philippines) Inc. and Destiny Financial Plans.

Oscar S. Reyes has been our non-executive director since October 28, 2002. He was also appointed to the advisory board of JG Summit Holdings, Inc. in August 2001 and is a director of the major Shell companies in the Philippines, namely: Pilipinas Shell Petroleum Corporation and Shell Phils. Exploration B.V. He was Country Chairman and Chief Executive Officer of various Shell companies in the Philippines after holding various positions in the institution worldwide. He was Chairman of the Philippine Institute of Petroleum, Inc. and Director and Treasurer of the Management Association of the Philippines, trustee of Philippine Business for Social Progress, Philippine Business for the Environment and Asia-Europe Foundation of the Phils., Inc. He is the United Nations Goodwill Ambassador-Designate for HIV-AIDS in the Philippines.

Renato R. Montemayor is the Company's Executive Vice President. Prior to joining the Company, he was the President of Purefoods Corporation, Senior Managing Director of Ayala Corporation, director of Pillsbury Purefoods Company, Inc. and Vice Chairman of Purefoods Hormel Company, Inc. He is a member of the Management Association of the Philippines. He is also a director of Shanghai Hormel Foods Company Ltd. Mr. Montemayor received a degree of Bachelor of Science in Management Engineering from the Ateneo de Manila University and Masters in Business Administration from the Asian Institute of Management. He also graduated from the Harvard Business School's Advanced Management Program.

Patrick Ng is the Company's Vice President. He is also the managing director of URC International Co. Ltd, URC Asean Brands Company Limited, Hongkong China Foods Company Limited, and director of URC Hong Kong Ltd., Panyu Peggy Foods Co. Ltd., Shanghai Peggy Foods Co. Ltd. And Tianjin Pacific Foods Co. Ltd. Since 1978, Mr. Ng has worked on other positions including Vice President of Manufacturing division of CFC Corporation and Vice President and General Manager of Litton Mills, Inc. He received a Bachelor of Science degree in Engineering from the Ateneo de Manila University.

***Eugenie M.L. Villena**,* is the Senior Vice President – Chief Financial Officer of the Company. She is also the Senior Vice President and Chief Financial Officer – Treasurer of JG Summit Holdings, Inc. Prior to joining the Company in 1980, she worked for Bancom Development Corporation, Philippine Pacific Capital Corporation and Pacific Basin Securities, Co., Inc. She is a member of the Financial Executives Institute of the Philippines.

Constante T. Santos, is the Senior Vice President – Corporate Comptroller of the Company. He is also the Senior Vice President – Corporate Comptroller of JG Summit Holdings, Inc. Prior to joining the Company in 1986, he practiced public accounting with SyCip, Gorres, Velayo & Co. in the Philippines and Ernst & Whinney in the United States. He is a member of the Philippine Institute of Certified Public Accountants. Mr. Santos received his Bachelor of Science in Business Administration from the University of the East and attended the Management Development Program at the Asian Institute of Management.

Geraldo N. Florencio is a Vice President – Comptroller of the Company. Prior to joining the Company in 1992, he practiced public accounting with SyCip, Gorres, Velayo & Co. in the Philippines. He is a member of the Philippine Institute of Certified Public Accountants. Mr. Florencio received a degree of Bachelor of Science in Business Administration from the Philippine School of Business Administration. He also attended the Management Development program at the Asian Institute of Management.

***Jeanette Uy Yu**,* is the Vice President – Treasurer of the Company. She is also the Treasure of JG Summit Petrochemical Corporation. Prior to joining the Company in 1980, she was connected with AEA Development Corporation and Equitable Banking Corporation.

***Emmanuel C. Rojas, Jr**.,* is a Consultant and Corporate Secretary of the Company. He is also a Consultant and Corporate Secretary for JG Summit Holdings, Inc., Robinsons Land Corporation, CFC Corporation and JG Summit Petrochemical Corporation. Mr. Rojas retired from his position as First Vice President for Tax Administration under the compulsory retirement policy of the Company upon reaching the age of 60. He also served in various other head positions in administration, audit, controllership and treasurership for the Company and its other subsidiaries. A Certified Public Accountant, Mr. Rojas practiced with Fleming and Williamson and SyCip, Gorres, Velayo & Co. prior to joining the Group in 1962. He graduated from the University of the East with a degree of Bachelor of Science in Business Administration and attended the Masters in Business Administration Program at the Ateneo de Manila University.

Item 6. Executive Compensation

The following summarizes certain information regarding compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Directors and Executive Officers:

	2003	2002	2001
Chairman of the Board and four most highly compensated Executive Directors/Officers	₱16,074,234	₱14,612,940	₱11,957,569
All officers and directors as a group unnamed	31,966,073	29,060,066	22,580,922

The following are the five (5) highest compensated directors and/or executive officers of the Company: 1. Director, Chairman Emeritus – John Gokongwei, Jr.; 2. Director, Chairman and Chief Executive Officer – James L. Go; 3. Director, Vice Chairman of the Board – Johnson Robert L. Go; 4. Director, President and Chief Operating Officer – Lance Y. Gokongwei; and 5. Director, Vice President – Patrick Henry C. Go.

Item 7. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of September 30, 2002, URC knows no one who beneficially owns in excess of 5% of URC's common stock except as set forth in the table below.

Title of Class	Name and Address of record/beneficial owner	Amount and Nature of record/beneficial ownership (“r”or”b”)	Percent Of class
Common	JG Summit Holdings,Inc. [1] Robinsons Equitable-PCI Tower ADB Avenue corner Poveda Street, Pasig City	1,232,301,488 (r)	75.30%
Common	PCD Nominee Corporation [2] (Non-Filipino) G/F Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City	196,106,700 (r)	11.98%
Common	Express Holdings, Inc.[3] 43/F, Robinsons Equitable-PCI Tower ADB Avenue corner Poveda Street, Pasig City	147,531,700 (r)	9.01%

(2) Security Ownership of Management

Title of Class	Name of beneficial owner	Amount and Nature of record/beneficial	Percent Of class
Common	Johnson Robert L. Go	330,001	0.02%
Common	Patrick Henry C. Go	39,600	0.00%

(3) Voting Trust Holders of 5% or more

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

[1] Mr. John Gokongwei, Jr., Chairman Emeritus of JG Summit Holdings, Inc., holds 1,875,481,099 shares representing 27.6% of the total outstanding shares of the said Corporation.

[2] PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. (“PCD”), is the registered owner of the shares in the books of the Company’s transfer agents in the Philippines. The beneficial owners of such shares are PCD’s participants, who hold the shares on their behalf, and their clients. PCD is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

[3] Express Holdings, Inc. is a wholly owned subsidiary of JG Summit Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

The management of Universal Robina Corporation and Subsidiaries is responsible for all information and representations contained in the consolidated financial statements as of September 30, 2002 and 2001 and for each of the three years in the period ended September 30, 2002. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgement of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The Board of Directors reviews the consolidated financial statements before such statements are approved and submitted to the stockholders of the Company.

Sycip, Gorres, Velayo and Co. (SGV), the independent auditors appointed by the stockholders, have examined the consolidated financial statements of the Company and its subsidiaries in accordance with generally accepted auditing standards and have expressed their opinion on the fairness of presentation upon completion of such examination, in the attached report to the stockholders.

JAMES L. GO
Chairman and Chief Executive Officer

CONSTANTE T. SANTOS
SVP – Corporate Controller

December 20, 2002

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Stockholders and the Board of Directors
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited the accompanying consolidated balance sheets of Universal Robina Corporation and Subsidiaries as of September 30, 2002 and 2001 and the related consolidated statements of income and changes in stockholders' equity and cash flows for each of the three years in the period ended September 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of certain subsidiaries of URC International Co., Ltd., which statements reflect total assets and total revenues of 20.4% and 15.1%, respectively, of the related consolidated totals as of September 30, 2002. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included for those entities, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Universal Robina Corporation and Subsidiaries as of September 30, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2002 in conformity with accounting principles generally accepted in the Philippines.

SyCip Gorres Velayo & Co

A. F. DE JESUS
Partner
CPA Certificate No. 43285
PTR No. 6723208
January 2, 2002
Makati City

December 20, 2002

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30	
	2002	2001
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,006,850,550**	₱699,391,740
Temporary investments - net (Notes 5 and 18)	**6,894,309,351**	1,812,328,834
Marketable equity securities - net (Notes 6 and 17)	**115,753,699**	122,165,429
Receivables - net (Notes 7 and 13)	**2,744,703,844**	2,716,678,926
Due from affiliated companies (Note 18)	**355,374,841**	6,138,409,860
Inventories - net (Notes 8 and 18)	**4,247,699,792**	4,926,312,099
Other current assets (Note 9)	**185,990,896**	303,124,653
Total Current Assets	**16,550,682,973**	16,718,411,541
Deferred Income Tax - net (Note 21)	**–**	154,477,188
Investments and Advances (Note 10)	**1,423,114,604**	1,660,150,954
Property, Plant and Equipment - net (Notes 11, 15 and 17)	**14,386,221,240**	13,150,070,700
Other Assets - net (Notes 11, 12 and 15)	**1,523,005,298**	1,626,806,649
	₱33,883,024,115	₱33,309,917,032

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loans payable (Notes 7, 8 and 13)	**₱3,840,148,754**	₱4,661,865,725
Accounts payable and accrued expenses (Notes 13, 14 and 15)	**3,502,677,007**	3,775,282,746
Due to affiliated companies (Note 18)	**226,810,609**	983,191,413
Income tax payable	**117,393,081**	258,660,286
Deferred income tax - net (Note 21)	**10,278,181**	148,911,532
Current portion of long-term debt (Note 15)	**159,557,617**	60,949,208
Total Current Liabilities	**7,856,865,249**	9,888,860,910
Deferred Credit - net (Note 16)	**8,041,360**	16,065,988
Deferred Income Tax - net (Note 21)	**163,078,745**	–
Long-term Debt - net of current portion (Notes 11 and 15)	**4,988,960,249**	3,597,000,281
	13,016,945,603	13,501,927,179
Minority Interests in Consolidated Subsidiaries	**1,195,269,309**	1,324,373,283
Stockholders' Equity		
Capital stock (Note 17)	**1,636,607,993**	1,636,607,993
Additional paid-in capital	**6,668,951,032**	6,668,951,032
Deposits for future stock subscriptions (Note 17)	**250,465,533**	250,465,533
Revaluation increment in property - net (Note 11)	**–**	82,039,498
Cumulative translation adjustments	**784,271,643**	688,173,857
Retained earnings (Note 17)	**10,330,513,002**	9,157,378,657
	19,670,809,203	18,483,616,570
	₱33,883,024,115	₱33,309,917,032

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended September 30		
	2002	2001	2000
NET SALES AND SERVICES			
(Notes 3 and 18)	**₱21,152,115,832**	₱18,883,254,049	₱15,705,503,256
COSTS OF SALES AND SERVICES			
(Note 19)	**15,525,135,764**	13,444,975,759	11,309,195,615
GROSS PROFIT	**5,626,980,068**	5,438,278,290	4,396,307,641
OPERATING EXPENSES (Notes 20 and 23)	**3,750,235,624**	3,946,750,582	3,091,195,533
INCOME FROM OPERATIONS (Note 3)	**1,876,744,444**	1,491,527,708	1,305,112,108
OTHER INCOME (CHARGES)			
Investment income (Note 18)	**818,626,592**	834,751,712	480,472,687
Interest and other financing charges			
(Notes 13, 15 and 18)	**(770,452,361)**	(757,685,655)	(561,620,434)
Equity in net earnings of associates - net of goodwill			
amortization (Note 10)	**53,391,255**	65,418,581	64,686,719
Others - net (Notes 15, 18 and 22)	**(442,349,472)**	(180,181,316)	(403,878,165)
INCOME BEFORE INCOME TAX AND			
MINORITY INTEREST	**1,535,960,458**	1,453,831,030	884,772,915
PROVISION FOR (BENEFIT FROM) INCOME			
TAX (Note 21)			
Current	**186,484,639**	322,879,924	220,910,939
Deferred	**178,922,582**	10,713,144	(166,824,588)
	365,407,221	333,593,068	54,086,351
INCOME BEFORE MINORITY INTERESTS IN			
NET LOSS (INCOME) OF SUBSIDIARIES	**1,170,553,237**	1,120,237,962	830,686,564
MINORITY INTERESTS IN NET LOSS			
(INCOME) OF SUBSIDIARIES	**84,411,508**	(58,167,834)	36,766,232
NET INCOME	**₱1,254,964,745**	₱1,062,070,128	₱867,452,796
Earnings Per Share (Note 26)	**₱0.74**	₱0.65*	₱0.53*

* After adjustment for the 10% stock dividend approved by the Board of Directors on May 7, 2001.

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Years Ended September 30		
	2002	2001	2000
CAPITAL STOCK (Note 17)			
Preferred stock - ₱1 par value			
Authorized - 2,000,000 shares			
Issued - none	**–**	–	–
Common stock - ₱1 par value			
Authorized - 1,998,000,000 shares			
Issued - 1,636,607,993 shares in 2002 and 2001 and 1,487,825,451 shares in 2000			
Balance at beginning of year	**₱1,636,607,993**	₱1,487,825,451	₱1,487,825,451
Stock dividends - 10%	**–**	148,782,542	–
Balance at end of year	**1,636,607,993**	1,636,607,993	1,487,825,451
ADDITIONAL PAID-IN CAPITAL	**6,668,951,032**	6,668,951,032	6,668,951,032
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS (Note 17)			
Balance at beginning of year	**250,465,533**	–	–
Additions during the year	**–**	250,465,533	–
Balance at end of year	**250,465,533**	250,465,533	–
REVALUATION INCREMENT IN PROPERTY (Note 11)			
Balance at beginning of year	**82,039,498**	86,133,176	90,226,854
Changes during the year	**(82,039,498)**	(4,093,678)	(4,093,678)
Balance at end of year	**–**	82,039,498	86,133,176
CUMULATIVE TRANSLATION ADJUSTMENTS			
Balance at beginning of year	**688,173,857**	229,611,887	–
Changes during the year	**96,097,786**	458,561,970	229,611,887
Balance at end of year	**784,271,643**	688,173,857	229,611,887
RETAINED EARNINGS (Note 17)			
Balance at beginning of year	**9,157,378,657**	8,314,388,669	7,517,233,195
Cash dividends - ₱0.05 per share	**(81,830,400)**	(74,391,276)	(74,391,000)
Stock dividends - 10%	**–**	(148,782,542)	–
Transfer of revaluation increment deducted from operations through additional depreciation charges	**–**	4,093,678	4,093,678
Net income	**1,254,964,745**	1,062,070,128	867,452,796
Balance at end of year	**10,330,513,002**	9,157,378,657	8,314,388,669
	₱19,670,809,203	₱18,483,616,570	₱16,786,910,215

See accompanying Notes to Consolidated Financial Statements.

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax and minority interest	**₱1,535,960,458**	₱1,453,831,030	₱884,772,915
Adjustments for:			
Depreciation	**1,675,036,325**	1,329,279,730	1,227,099,564
Net unrealized foreign exchange gain	**(145,188,495)**	(178,676,139)	(86,070,872)
Interest income	**(815,487,502)**	(833,106,797)	(478,322,141)
Interest expense	**770,452,361**	757,685,655	561,620,434
Amortizations of:			
Goodwill and deferred credit	**143,086,247**	138,560,939	54,259,098
Preoperating expenses	**9,566,750**	24,746,166	26,887,678
Equity in net earnings of associates - net of goodwill amortization	**(53,391,255)**	(65,418,581)	(64,686,719)
Decline in value of marketable equity securities	**6,411,731**	42,906,241	72,335,583
Decline in value of temporary investments	**59,452,070**	–	–
Provisions for:			
Doubtful accounts	**5,594,685**	56,675,471	46,000,000
Inventory losses	**13,930,359**	4,999,605	–
Loss (gain) on:			
Reacquisition of long-term debt	**–**	(33,633,952)	(48,658,342)
Sale of property and equipment	**119,399,368**	(11,082,582)	(15,301,491)
Operating income before changes in working capital	**3,324,823,102**	2,686,766,786	2,179,935,707
Decrease (increase) in:			
Receivables	**179,237,580**	73,467	631,824,659
Inventories	**668,292,275**	(868,747,027)	65,696,375
Other current assets	**117,221,160**	(114,842,525)	(56,445,035)
Increase (decrease) in:			
Accounts payable and accrued expenses	**(75,156,869)**	262,021,075	336,351,750
Due to affiliated companies	**(745,559,369)**	46,017,343	218,864,716
Cash generated from operations	**3,468,857,879**	2,011,289,119	3,376,228,172
Interest received	**626,510,998**	829,516,020	458,054,571
Income taxes paid	**(327,751,844)**	(222,515,848)	(161,712,071)
Interest paid	**(1,018,802,149)**	(690,911,985)	(470,248,842)
Net cash provided by operating activities	**2,748,814,884**	1,927,377,306	3,202,321,830

(Forward)

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended September 30		
	2002	2001	2000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	**(₱3,100,163,028)**	(₱1,926,185,435)	(₱2,900,987,808)
Proceeds from sale of property and equipment	**26,930,387**	23,323,888	15,330,000
Decrease (increase) in:			
Temporary investments	**(5,128,272,705)**	1,222,791,196	(323,917,805)
Marketable equity securities	**–**	17,919,500	616,200
Due from affiliated companies	**5,773,782,233**	(3,832,132,182)	(247,514,841)
Investments and advances	**254,045,952**	(100,000,000)	–
Other assets	**13,673,820**	(103,393,918)	(611,921,839)
Increase (decrease) in minority interest in consolidated subsidiaries	**(8,255,165)**	(260,134)	955,225,453
Dividends received	**–**	27,499,921	19,999,980
Increase in cash and cash equivalents resulting from acquisition of a consolidated subsidiary	**–**	–	47,225,146
Net cash used in investing activities	**(2,168,258,506)**	(4,670,437,164)	(3,045,945,514)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net availments (payments) of:			
Short-term borrowings	**(809,503,148)**	3,191,852,395	349,513,330
Long-term debt	**1,614,860,422**	(510,325,823)	(126,803,996)
Payments of cash dividends	**(81,830,400)**	(74,391,276)	(74,391,000)
Net cash provided by financing activities	**723,526,874**	2,607,135,296	148,318,334
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,304,083,252**	(135,924,562)	304,694,650
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**3,375,558**	87,391,048	7,943,875
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**699,391,740**	747,925,254	435,286,729
CASH AND CASH EQUIVALENTS AT END OF YEAR	**₱2,006,850,550**	₱699,391,740	₱747,925,254

See accompanying Notes to Consolidated Financial Statements.

1. General

Universal Robina Corporation (the Parent Company) is a stock corporation organized under the laws of the Philippines and is a publicly listed company as a result of the public offering of its common stock in March 1994. The Company is a core subsidiary of J.G. Summit Holdings, Inc. (JGSHI), one of the largest diversified conglomerates in the Philippines. The registered office address of Universal Robina Corporation is 110 E. Rodriguez Avenue, Bagumbayan, Quezon City. The average number of employees of the Group was 7,538 in 2002 and 7,307 in 2001.

Certain operations of the Company are registered with the Bureau of Investments as preferred pioneer and nonpioneer activities. As a registered enterprise, the Company is subject to some requirements and is entitled to avail of incentives provided for under the Agriculture Investments Act (Presidential Decree (P.D.) No. 1159), Investment Incentives Act (Republic Act (R.A.) No. 5186), Export Incentives Act (R.A. No. 6135), as amended, and Omnibus Investments Code of 1987 (Executive Order No. 226).

The operation of the Company is regulated by certain laws. The production, sale, distribution and advertisement of food products is regulated by the Philippine Bureau of Food and Drugs, which implements the Consumer Act of the Philippines (R.A. No. 7394) and the Foods, Drugs, Devices and Cosmetics Act (R.A. No. 3720). The Consumers Act and the Foods, Drugs, Devices and Cosmetics Act prescribe the minimum guidelines for safety and quality of food and food products and minimum branding and labeling requirements for the same. The Philippine Bureau of Animal Industry implements the Livestock and Poultry Feed Act (R.A. No. 1556 as amended by P.D. 7) and regulates the importation and breeding of livestock, such as poultry and hogs.

2. Summary of Significant Accounting Policies

Basis of Financial Statement Preparation

The accompanying consolidated financial statements have been prepared under the historical cost convention method, except for certain property, plant and equipment which are carried at appraised value in 2001 and in prior years, and in accordance with accounting principles generally accepted in the Philippines.

Principles of Consolidation

The consolidated financial statements as of September 30, 2002 and 2001 and for each of the three years in the period ended September 30, 2002 represent the consolidation of the financial statements of Universal Robina Corporation and the following subsidiaries (collectively referred to as "the Group") directly and indirectly owned by the Parent Company. The equity and net income attributable to minority stockholders' interests are shown separately in the consolidated balance sheets and statements of income, respectively. All significant intercompany transactions were eliminated in the consolidation in accordance with the accounting policy on consolidation.

	Percentage of Ownership	
Investee Companies	Direct	Indirect
CFC Corporation	100	–
Universal Robina (Cayman), Ltd.	100	–
Universal Robina Sugar Milling Corporation (URSUMCO)	100	–
Southern Negros Development Corporation (SONEDCO)	–	94
CFC Clubhouse, Incorporated (formerly CFC Keebler, Incorporated)	100	–
CFC Clubhouse Property, Inc. (formerly CFC Keebler Property, Inc.)	100	–
URC International Co. Ltd. (URCICL)	77	–
Hong Kong China Foods Co. Ltd.	–	77
URC Asean Brands Co. Ltd.	–	77
Nissin - Universal Robina Corporation	65	–

The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. All intercompany transactions were eliminated in the consolidation.

In March 2000, Universal Robina Corporation invested in 49% of the common shares and 100% of the preferred shares of URCICL, a company incorporated in the British Virgin Islands. Subsequently, URCICL formed two wholly owned subsidiaries, namely Hong Kong China Foods Co. Ltd. and URC Asean Brands Co. Ltd., also incorporated in the British Virgin Islands. These two wholly owned subsidiaries in turn, acquired for approximately ₱2.8 billion majority ownership of certain companies in the Asian region. As of September 30, 2002, these two wholly owned subsidiaries have ownership interests in the following companies:

Company Name	Percentage of Ownership
URC Hong Kong Company Limited (formerly Hongkong Peggy Snacks Foods Co., Limited)	100.00
Tianjin Pacific Foods Manufacturing Co., Ltd.	100.00
Shanghai Peggy Foods Co., Ltd.	100.00
Xiamen Tongan Pacific Food Co., Ltd.	100.00
URC Foods (Singapore) Pte. Ltd. (formerly Pan Pacific Snacks Pte. Ltd.)	100.00
URC (Thailand) Co., Ltd. (formerly Thai Peggy Foods Co. Ltd.)	100.00
Panyu Peggy Foods Co., Ltd.	90.00
URC Snack Foods (Malaysia) Sdn. Bhd. (formerly Pacific World Sdn. Bhd.)	91.52
Ricellent Sdn. Bhd.	54.03
Presto Trading Co. Ltd.	48.98
PT URC Indonesia	100.00

The foregoing acquisitions were accounted for as a purchase. The excess of the acquisition costs over the fair values of the net assets acquired resulted in goodwill of ₱1.1 billion (included in the other assets account in the consolidated balance sheets) which is being amortized on a straight-line basis over ten years. The investment in URCICL is included in the accompanying financial statements on the basis of the Parent Company's ownership of about 77% of the outstanding capital stock (common and preferred shares) and the control of the financial and operating policies of URCICL and its subsidiaries.

Adoption of New Accounting Standards

The Group adopted Statements of Financial Accounting Standards (SFAS) 1 (revised 2000), "Presentation of Financial Statements", SFAS 4 (revised 2000), "Inventories", SFAS 13 (revised 2000), "Net Income or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" and SFAS 22 (revised 2000), "Cash Flow Statements", issued by the Philippine Accounting Standards Council (ASC) effective October 1, 2001. Following new presentation rules under SFAS 1 (revised 2000) and SFAS 22 (revised 2000), prior year consolidated financial statements were restated to follow the format prescribed by these new standards. Changes made pertain principally to the presentation of consolidated statements of income and cash flows, inclusion of consolidated statements of changes in stockholders' equity and additional disclosures required by the new standards.

In addition, the following SFAS issued by the ASC which become effective for financial statements covering the fiscal years beginning January 1, 2002 were adopted:

* SFAS 16/ IAS 16 - Property, Plant and Equipment. As permitted by the standard, the Parent Company reverted back to the cost basis of accounting for property, plant and equipment. These certain property, plant and equipment accounts were previously carried at revalued amounts. The adoption of SFAS 16/ IAS 16 resulted in the reversal of the remaining balance of revaluation increment in property account amounting to ₱82.0 million, shown under the Stockholders' Equity section of the consolidated balance sheets in prior years. This adjustment increased net income for 2002 by ₱4.1 million, representing the depreciation expense on the revaluation increment that would have otherwise been charged for the year. Additional disclosures

relating to property, plant and equipment, principally disclosure of changes in the property, plant and equipment accounts, were also included in 2002 (see Note 11).

* SFAS 36/ IAS 36 - Impairment of Assets.
* SFAS 31/IAS 31 - Financial Reporting of Interests in Joint Ventures. The Group continues to apply the equity method of accounting for interests in joint ventures in Hunt-Universal Robina Corporation and Joyco-Universal Robina Corporation, which is an allowable treatment under this Statement.

The adoption of the following other new standards in 2002 did not result in restatements of prior year consolidated financial statements. Additional disclosures required by the new standards, however, were included in prior year financial statements, where applicable.

* SFAS 24/ IAS 24 - Related Party Disclosures.
* SFAS 27/ IAS 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries.
* SFAS 28/ IAS 28 - Accounting for Investments in Associates. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company.

Use of Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the Philippines which requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Revenue Recognition

Revenue is recognized when the goods are shipped to the buyer. Revenues are measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates.

Service fees are recognized as revenue when the related services have been rendered.

Cash Equivalents and Temporary Investments

The Group considers temporary cash investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value to be cash equivalents. Long-term debt securities which the Group does not intent to hold to maturity are classified as temporary investments and are stated at market.

Trade Receivables

Trade receivables are recognized and carried at original invoice amount less an allowance for any doubtful amounts. Allowance for doubtful accounts is maintained at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. A review of the age and status of receivables, designed to identify accounts to be provided with allowance, is made on a continuous basis.

Marketable Equity Securities

Marketable equity securities are carried at the lower of aggregate cost or market value determined at balance sheet date. The amount by which aggregate cost exceeds market value is included in the determination of net income of the period.

Inventories

Effective October 1, 2001, inventories, including goods-in-process are valued at the lower of cost or net realizable value, after provision for obsolete items, in conformity with SFAS 4 (revised 2000). Net realizable value is the selling price in the ordinary course of business, less costs of completion, marketing and distribution. In prior years, inventories were valued at the lower of cost or market. The adoption of the revised accounting standards has no material effect on the financial statements since historical cost of the inventories are below their net realizable value. Poultry and hog market stock and by-products are stated at net realizable value, and poultry and hog breeder stock are stated at cost less allowance for depreciation. Cost is determined by the average method for finished goods, goods in process, raw materials, containers and packaging materials; by the first-in, first-out method for spare parts and supplies; and by specific invoice cost for materials in transit.

An allowance for inventory losses is provided for slow moving, obsolete and defective inventories based on physical inspection and management evaluation. When inventories are sold, the cost and related allowance is removed from the account and is charged to operations.

Investments
Investments in an associate and interests in joint ventures are accounted for under the equity method of accounting. The investment in an associate and interests in joint ventures are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the investees, less any impairment in value. The statements of income reflects the Group's share in the results of operations of the investees. Unrealized gains or losses arising from transactions with its investees are eliminated to the extent of the Group's interest in the associates. These investments included goodwill (net of accumulated amortization) on acquisition, which is amortized on a straight-line basis over ten (10) years. Goodwill is stated at cost less accumulated amortization and any impairment in value.

Property, Plant and Equipment
Property, plant and equipment is stated at cost less accumulated depreciation and accumulated provision for impairment loss, if any. Cost includes: (a) interest and other financing charges on borrowed funds used to finance the acquisition of property and equipment to the extent incurred during the period of installation, and (b) foreign exchange differentials (foreign exchange loss net of foreign exchange gain) arising from restatement to the prevailing exchange rate of foreign currency-denominated liabilities related to the acquisition of property, plant and equipment. Foreign exchange losses are no longer included as part of the cost if the resulting carrying amount of the related fixed asset exceeds the lower of the replacement cost and the amount recoverable from the use or sale of the asset.

The costs of maintenance and repairs are charged to operations. Major renewals and improvements, which extend the lives of the property, are capitalized to the appropriate property, plant and equipment accounts. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is credited or charged to current operations.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

	Years
Land improvements	20
Buildings and improvements	10-30
Machinery and equipment	5-10
Transportation equipment	5
Furniture, fixtures and equipment	5

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress is stated at cost. This includes cost of construction, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use.

As permitted by SFAS 16/IAS 16, "Property, Plant and Equipment", the Parent Company reverted back to the cost basis of accounting for certain property, plant and equipment accounts. These certain property, plant and equipment accounts were previously carried at appraised values determined by an independent firm of appraisers as of May 29, 1987 and September 26, 1997. The amount of revaluation increment absorbed through depreciation was being transferred to retained earnings. The adoption of SFAS 16/ IAS 16 in 2002 resulted in the reversal of the remaining balance of the revaluation increment in property account amounting to ₱82.0 million, shown under the Stockholders' Equity section of the consolidated balance sheets in prior years.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. Impairment losses are recognized in the consolidated statements of income.

Borrowing Costs

Borrowing costs generally are expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Preoperating Expenses

Expenses incurred prior to the start of commercial operations were capitalized and are being amortized for a period of five years.

SFAS 38/IAS 38 (as revised), "Intangible Assets", prescribes accounting and disclosure for intangible assets that are not specifically dealt with in other SFAS and expenditures on advertising, training, start-up and research and development activities. SFAS 38/IAS 38 will become effective for financial statements covering periods beginning on or after January 1, 2003. On such date, the remaining balance of preoperating expenses will be adjusted retroactively to retained earnings and comparative financial statements will be restated.

Intangible Assets

Amounts paid for royalties and licenses are directly charged to operations.

Costs of acquisition of the new software, which is not an integral part of the related hardware, are directly charged to operations.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in Philippine Pesos based on the exchange rate prevailing at the transaction date. Foreign currency-denominated monetary assets and liabilities are translated to Philippine Pesos at exchange rates prevailing at the balance sheet dates. Foreign exchange differentials between transaction rate and rate at settlement date or balance sheet date of foreign currency-denominated monetary assets or liabilities are credited or charged to current operations, except (1) those pertaining to foreign currency-denominated monetary liabilities related to the acquisition of property and equipment which are added to or deducted from the carrying amount of the related property account and (2) those pertaining to restatement of foreign currency-denominated investment in associate which are presented as cumulative translation adjustment under the Stockholder's Equity section of the consolidated balance sheets.

SFAS 21, "The Effects of Changes in Foreign Exchange Rates", proposes certain restrictions in allowing the capitalization of foreign exchange differentials. SFAS 21 will become effective for financial statements covering periods beginning on or after January 1, 2005. On such date, any remaining balance of the capitalized foreign exchange differentials will be adjusted retroactively against retained earnings and comparative financial statements will be restated.

Financial statements of consolidated foreign subsidiaries that are integral to the operations of Universal Robina Corporation are translated as if the transactions of the foreign operation had been those of the company. At each balance sheet date, foreign currency monetary items are translated using the closing rate, non-monetary items which are carried at historical cost are translated using the historical rate as of the date of acquisition and nonmonetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. Income and expense items are translated at the exchange rates on the dates of the transactions. Resulting exchange differences are recognized in the consolidated statements of income during the year.

Financial statements of foreign consolidated subsidiaries that are not integral to the operations of Universal Robina Corporation are translated at year-end exchange rates with respect to the balance sheets, and at the average exchange rates for the year with respect to the statements of income. Resulting translation differences are included in equity. On disposal of a foreign entity, accumulated exchange differences are recognized in the statements of income as a component of the gain or loss on disposal.

Income Tax
Deferred tax is provided using the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the (a) financial reporting bases of assets and liabilities and their related tax bases, (b) net operating loss carryover (NOLCO); and the (c) carry forward benefit of the excess of the minimum corporate income tax (MCIT) over the corporate income tax. Deferred tax assets and liabilities are measured using the tax rates applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled and NOLCO and MCIT are expected to be applied. The effect on the outstanding deferred tax assets and liabilities arising from any change in the applicable income tax rates is included in the provision for deferred tax for the year.

A valuation allowance is provided for deferred tax assets which are not reasonably expected to be realized in the future. Any change in the valuation allowance on deferred tax asset is included in the computation of the provision for deferred tax for the year.

Retirement Costs
Retirement expense is determined using the attained age actuarial cost method. Past service costs are amortized over the remaining average service lives of the employees.

Earnings Per Share
Earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year including fully paid but unissued shares as of the end of the year after giving retroactive effect for any stock dividends (Note 26).

Goodwill
The excess of the cost of an acquisition over the Parent Company's and its subsidiaries' interest in the fair value of the net identifiable assets acquired as at the date of the exchange transaction is recorded as goodwill and recognized as an asset in the balance sheet. Goodwill is carried at cost less accumulated amortization. Goodwill is amortized on a straight-line basis over a ten-year period.

Debt Issuance Expenses
Underwriting fees and other expenses incurred in connection with the issuance of the Notes have been deferred and are being amortized over the lives of the respective debt securities issued.

Deferred Costs
URSUMCO and its subsidiary, SONEDCO, use the sugar crop year as the basis for revenue and expense recognition in its operations. Off-milling costs incurred during the year, which are applicable to the next crop year, are deferred and will be charged to production costs when regular milling for the next crop year commences.

Segment Reporting
Business segments for management purposes are organized into three major operating businesses which comprise the bases on which the Group reports its primary segment information. Financial information on business segments is presented in Note 3.

3. Segment Information

The ASC issued SFAS 31, "Segment Reporting", effective for financial statements beginning on or after January 1, 2001. This Statement requires that a public business enterprise report financial and descriptive information about its reportable segments. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. Universal Robina Corporation derives its revenues from the following reportable segments:

Branded consumer food products - manufactures and distributes a diverse mix of snack foods, instant coffee products, instant noodles, chocolates, soft and hard candies, biscuits, ice cream and frozen novelties, 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.

Agro-industrial products - engages in hog and poultry farming, manufactures and distributes animal feeds, corn products and vegetable oils, and manufactures and distributes animal health products.

Commodity food products - engages in sugar milling and refining, and flour milling.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Inter-segment sales and transfers were eliminated in the consolidated statements of income.

The financial information about the operations of these business segments is summarized as follows (in thousands):

2002	Branded	Agro- Industrial	Commodity	Total
Net sales and services	₱15,889,867	₱3,013,644	₱2,248,605	₱21,152,116
Income from operations	1,434,629	208,998	233,117	1,876,744
Segment assets	17,843,917	2,210,476	3,348,681	23,403,074
Investments and advances				1,423,115
Other supplementary businesses*				9,056,835
	17,843,917	2,210,476	3,348,681	33,883,024
Segment liabilities	4,530,516	166,489	595,367	5,292,372
Other supplementary businesses*				7,724,574
	4,530,516	166,489	595,367	13,016,946
Other segment information:				
Capital expenditure				₱3,100,163

2001	Branded	Agro- Industrial	Commodity	Total
Net sales and services	₱14,268,467	₱2,811,855	₱1,802,932	₱18,883,254
Income from operations	892,108	421,325	178,095	1,491,528
Segment assets	16,723,452	2,313,568	3,228,694	22,265,714
Investments and advances				1,660,151
Other supplementary businesses*				9,384,052
	16,723,452	2,313,568	3,228,694	33,309,917
Segment liabilities	3,389,683	260,518	1,111,178	4,761,379
Other supplementary businesses*				8,740,548
	3,389,683	260,518	1,111,178	13,501,927
Other segment information:				
Capital expenditure				₱1,926,185

2000	Branded	Agro- Industrial	Commodity	Total
Net sales and services	₱12,538,488	₱1,945,928	₱1,221,087	₱15,705,503
Income (loss) from operations	1,082,230	(8,852)	231,734	1,305,112
Segment assets	15,468,648	1,923,929	2,820,007	20,212,584
Investments and advances				834,961
Other supplementary businesses*				6,313,669
	15,468,648	1,923,929	2,820,007	27,361,214
Segment liabilities	2,344,622	279,420	535,194	3,159,236
Other supplementary businesses*				6,285,575
	2,344,622	279,420	535,194	9,444,811
Other segment information:				
Capital expenditure				₱2,900,988

* These represent assets and liabilities of the corporate and other businesses including offshore financial institutions.

4. Cash and Cash Equivalents

This account consists of:

	2002	2001
Cash in bank and on hand	**₱666,872,358**	₱242,274,610
Cash equivalents:		
Money market placements	**1,324,232,551**	447,325,066
Time deposits	**15,745,641**	9,792,064
	₱2,006,850,550	₱699,391,740

Cash in bank earns interest at the respective bank deposit rates. Short-term deposits are made for varying periods and earn interest at the respective short-term deposit rates.

5. Temporary Investments

This account represents investments in foreign and domestic bonds and other government and corporate debt securities amounting to ₱6,894.3 million in 2002 and ₱1,812.3 million in 2001, net of allowance for decline in value of ₱59.5 million in 2002.

6. Marketable Equity Securities

This account represents investments in shares of stock amounting to ₱115.8 million in 2002 and ₱122.2 million in 2001, net of allowance for decline in value of ₱243.3 million in 2002 and ₱236.9 million in 2001.

7. Receivables

This account consists of:

	2002	2001
Trade	**₱2,108,215,693**	₱1,996,405,559
Others	**708,838,246**	787,028,777
	2,817,053,939	2,783,434,336
Less allowance for doubtful accounts	**72,350,095**	66,755,410
	₱2,744,703,844	₱2,716,678,926

8. Inventories

This account consists of:

	2002	2001
Finished goods	**₱771,122,980**	₱733,035,769
Poultry and hog market stock and by-products	**362,732,813**	393,560,666
Goods in process	**30,209,071**	41,431,299
Raw materials	**1,194,670,277**	1,150,937,261
Poultry and hog breeder stock	**154,913,508**	168,429,451
Containers and packaging materials	**441,133,026**	508,942,286
Spare parts and supplies	**497,515,817**	406,129,244
Materials in transit	**823,416,023**	1,537,929,487
	4,275,713,515	4,940,395,463
Less allowance for inventory losses	**28,013,723**	14,083,364
	₱4,247,699,792	₱4,926,312,099

Under the terms of the agreements covering liabilities under trust receipts totaling ₱250.9 million in 2001, certain inventories have been released to the Parent Company in trust for the banks. The Parent Company is accountable to these banks for the trusteed merchandise or their sales proceeds.

9. Other Current Assets

This account consists of:

	2002	2001
Deferred expenses	**₱112,955,207**	₱61,732,840
Prepayments	**66,925,049**	97,353,822
Others	**6,110,640**	144,037,991
	₱185,990,896	₱303,124,653

The deferred expenses represent off-milling costs incurred by URSUMCO and its subsidiary, SONEDCO during the year, which are applicable to the next crop year. These costs will be charged to production costs when regular milling for the next crop year commences.

10. Investments and Advances

This account consists of:

	2002	2001
Acquisition cost	**₱733,281,353**	₱733,281,353
Accumulated equity in net earnings:		
Balance at beginning of year	**239,598,081**	201,679,421
Equity in net earnings for the year (net of goodwill and deferred credit amortization)	**53,391,255**	65,418,581
Dividends received	–	(27,499,921)
Balance at end of year	**292,989,336**	239,598,081
Advances	**396,843,915**	687,271,520
	₱1,423,114,604	₱1,660,150,954

The investments represent equity interests in Hunt-Universal Robina Corporation (50%), Joyco-Universal Robina Corporation (50%) and Robinsons Land Corporation (6%). The advances include investments in allied undertakings outside the Philippines.

11. Property, Plant and Equipment

The roll forward analysis of this account follows:

	Land	Land Improvements	Building and Improvements	Machinery Equipment	Transportation Equipment	Furniture, Fixture and Equipment	Construction in Progress	Equipment in Transit	Total
Cost									
At September 30, 2001	₱877,218,671	₱417,996,323	₱3,797,166,256	₱13,754,180,023	₱1,087,556,797	₱526,684,537	₱359,130,362	₱619,875,220	₱21,439,808,189
Additions	359,375	141,873,496	189,132,286	1,724,771,513	64,365,089	150,556,369	765,636,152	63,468,748	3,100,163,028
Retirements/Disposal	–	(12,211,435)	(105,070,070)	(456,975,224)	(52,960,679)	(804,196)	–	–	(628,021,604)
Reclassifications and others	2,591,283	4,085,715	259,104,850	519,798,528	2,901,043	2,854,336	(243,752,988)	(462,856,196)	84,726,571
At September 30, 2002	880,169,329	551,744,099	4,140,333,322	15,541,774,840	1,101,862,250	679,291,046	881,013,526	220,487,772	23,996,676,184
Accumulated Depreciation									
At September 30, 2001	–	175,384,407	1,324,542,919	5,739,922,534	777,888,746	373,710,121	–	–	8,391,448,727
Additions	–	20,785,568	218,747,895	1,261,041,338	97,522,248	76,939,276	–	–	1,675,036,325
Retirements/Disposal	–	(5,319,577)	(78,935,499)	(349,080,412)	(47,840,220)	(516,141)	–	–	(481,691,849)
Reclassifications and others	–	302,527	1,847,779	19,825,953	1,811,208	1,874,274	–	–	25,661,741
At September 30, 2002	–	191,152,925	1,466,203,094	6,671,709,413	829,381,982	452,007,530	–	–	9,610,454,944
Net book value as of September 30, 2002	₱880,169,329	₱360,591,174	₱2,674,130,228	₱8,870,065,427	₱272,480,268	₱227,283,516	₱881,013,526	₱220,487,772	₱14,386,221,240

As permitted by the SFAS 16/ IAS 16, the Parent Company reverted back to the cost basis of accounting for property, plant and equipment. These certain property and equipment accounts were previously carried at revalued amounts. The adoption of SFAS 16/ IAS 16 resulted in the reversal of the remaining balance of revaluation increment in property account amounting to ₱82.0 million, shown under the Stockholders' Equity section of the consolidated balance sheets in prior years.

Certain property, plant and equipment are used as collateral on a credit line extended by a local bank.

Depreciation charged to operations, including annual depreciation on appraisal increase of approximately ₱4.1 million in 2001 and 2000, amounted to approximately ₱1,675.0 million in 2002, ₱1,329.3 million in 2001 and ₱1,227.1 million in 2000.

The change in property accounts, arising from restatements of foreign currency denominated liabilities to exchange rate as at balance sheet date is an increase of ₱50.1 million in 2002 and ₱36.2 million in 2001 and a decrease of ₱19.1 million in 2000. The net cumulative foreign exchange losses amounted to 101.5 million, net of accumulated depreciation of ₱28.0 million as of September 30, 2002 and ₱59.3 million, net of accumulated depreciation of ₱20.1 million as of September 30, 2001.

In 2001, certain property and equipment with cost of approximately ₱74.1 million, which have become idle for an extended period, were reclassified from property, plant and equipment to other assets account in the consolidated balance sheets. These assets are carried in the accounts at their estimated net realizable values or net carrying value, whichever is lower.

12. **Other Assets**

This account consists of:

	2002	2001
Goodwill - net of amortization	**₱1,247,825,357**	₱1,302,154,234
Others	**275,179,941**	324,652,415
	₱1,523,005,298	₱1,626,806,649

The unamortized goodwill resulting from URCICL's acquisition of various companies discussed in Note 2 has been translated at the applicable year-end exchange rate.

13. **Loans Payable**

This account includes short-term promissory notes issued to and loans on certain trade receivables obtained from local banks. Interest is based on prevailing market rates. Interest on the loans are paid as they become due. Accrued interest payable on the above loans amounted to ₱23.2 million and ₱20.0 million as of September 30, 2002 and 2001, respectively, and is shown as part of the accounts payable and accrued expenses account in the consolidated balance sheets.

14. **Accounts Payable and Accrued Expenses**

This account consists of:

	2002	2001
Accounts payable- trade	**₱1,611,194,553**	₱1,579,628,958
Accrued expenses and others	**1,891,482,454**	2,195,653,788
	₱3,502,677,007	₱3,775,282,746

15. **Long-term Debt**

This account consists of:

	2002	2001
Foreign Currencies:		
Balance of US$100 million, 8 3/8% Guaranteed Notes Due 2006, interest payable on June 19 and December 19 of each year	**₱3,418,547,070**	₱3,349,275,996
Balance of loans from a foreign bank, payable in 10 equal semi-annual amortization	**653,512,817**	228,355,073
Philippine Pesos:		
Balance of restructured loans to Philippine Sugar Corporation payable in 25 equal annual amortizations	**76,457,979**	80,318,420
Balance of a five year promissory note payable in 6 semi-annual amortization with remaining balance at maturity	**1,000,000,000**	–
	5,148,517,866	3,657,949,489
Less current portion	**159,557,617**	60,949,208
	₱4,988,960,249	₱3,597,000,281

Guaranteed Notes Due 2006

On December 19, 1996, Universal Robina (Cayman) Ltd., a wholly owned subsidiary, issued US$100 million, 8 3/8% Guaranteed Notes Due 2006 (the Notes) guaranteed by the Parent Company. Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount, plus accrued and unpaid interest, on December 19, 2006. The subsidiary reacquired US$4.5 million in 2001 and US$12.0 million in 2000 worth of Notes which resulted to a gain of ₱33.6 million in 2001 and ₱48.7 million in 2000. The gain on reacquisition of Notes is included in the other income (charges) account in the consolidated statements of income.

Underwriting fees and other expenses incurred in connection with the issuance of the Notes have been deferred and are being amortized over the terms of the respective debt securities issued. The unamortized balance amounted to ₱8.1 million and ₱9.9 million as of September 30, 2002 and 2001, respectively. Debt issuance expenses are included in the other assets account in the consolidated balance sheets.

Foreign Bank Loans

The Parent Company entered into credit-term loan facilities with Bayerische Hypo-UND Vereinsbank AG (Vereinsbank), Munich to finance the supply of certain property and equipment for its biaxially-oriented polypropylene film plant. The outstanding balance bears interest at floating rate based on EURIBOR/USD LIBOR plus certain margins per annum. These loans are payable in ten equal, consecutive, semi-annual payments starting 6 months after acceptance of all units or at the latest starting 6 months after June 30, 2002, whichever date shall occur earlier, with the last repayment installment due 60 months after acceptance or on June 30, 2007 at the latest. These loans contain negative covenants that, among others, prohibit merger or consolidation with other entities, dissolution, liquidation or winding-up except with any of its subsidiaries; prohibit purchase or redemption of any issued shares or reduction of registered and paid-up capital or distribution of assets resulting in capital base impairment.

Philippine Sugar Corporation

R.A. No. 7202 dated February 24, 1992 provided for, among others, the condonation of all penalties and surcharges on loans granted to sugar producers from crop year 1974-1975 up to and including 1984-1985. The guidelines for the implementation of R.A. No. 7202 was issued under Executive Order No. 31 dated October 29, 1992, directing all government lending financial institutions to write-off from their respective books the interest in excess of 12% yearly and all penalties and surcharges due. Certain assets of a subsidiary are used to secure the loan. The loan is payable in 25 equal annual amortization of ₱9.9 million. Unpaid interest on the loan amounted to ₱5.7 million and ₱6.0 million as of September 30, 2002 and 2001, respectively.

Five-Year Promissory Note
The Parent Company obtained a five-year loan from a local bank payable in 6 semi-annual amortization of ₱100 million to commence on the 30th of the month from draw date, with the remaining balance payable at maturity. The loan, which bears interest at prevailing market rate, is used to finance capital expenditures relative to expansion of snackfood, candy and biscuits operations of the branded consumer foods segment. The loan agreement contains certain provisions which, among others, impose negative covenants relating to the Parent Company's ownership structure and nature of business, merger or consolidation with another entity, and acquisition of its own capital stock.

16. Deferred Credit

This account represents the excess of the carrying book value of CFC Corporation as of September 30, 1993 over the value used as the basis for the exchange of the shares of stock between JGSHI, the major stockholder, and the Parent Company. This is being amortized over 10 years.

17. Capital Stock

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

A portion of the retained earnings representing the undistributed earnings of the investee companies amounting to approximately ₱2.1 billion in 2002, ₱1.4 billion in 2001 and ₱867.2 million in 2000 are not available for dividend declaration until received in the form of dividends.

On August 3, 2001, the Parent Company's Board of Directors approved the issuance of 55,659,008 shares to an affiliate and its major stockholder in exchange for two (2) parcels of land and certain marketable equity securities, respectively, valued at ₱250,465,533. This is reflected as deposits for future stock subscriptions in the consolidated balance sheets and is subject to the approval of the Philippine Securities and Exchange Commission.

18. Related Party Transactions

The Group, in its regular conduct of business, has engaged in transactions with its major stockholder, JGSHI and its affiliated companies. These transactions principally consist of sales, purchases and interest-bearing, at current rates, advances to and from these companies, and are shown under appropriate accounts in the consolidated financial statements. Other related party transactions include: (a) purchases of polypropylene resin for bi-axially oriented polypropylene film, (b) power supply at market rates and (c) leases of certain properties.

In 2002, JGSHI repaid its outstanding balances payable to the Group amounting to ₱6.1 billion of which ₱5.4 billion was paid in the form of foreign and domestic bonds and other government and corporate debt securities. At September 30, 2002, the outstanding balances due from affiliated companies, which generally bears interest at prevailing market rates, decreased to ₱355.4 million.

Sales to and purchases from affiliated companies amounted to approximately ₱224.4 million and ₱1,016.9 million, respectively, in 2002, ₱60.5 million and ₱1,082.0 million, respectively, in 2001 and ₱18.2 million and ₱557.0 million, respectively, in 2000.

JGSHI also provides the Group certain corporate services including corporate finance, corporate planning, procurement, human resources, legal and corporate communications.

19. Cost of Sales and Services

SFAS No. 1, "Presentation of Financial Statements", as revised, requires presentation of an analysis of expenses, either in the face of the consolidated statements of income or in the notes to the consolidated financial statements. Cost of goods and services consists of:

	2002	2001	2000
Raw materials used	**₱11,189,503,002**	₱9,799,297,877	₱7,860,509,701
Direct labor	**773,717,933**	717,388,274	498,292,291
Manufacturing cost	**3,557,951,959**	3,079,891,949	2,610,526,032
Total manufacturing cost	**15,521,172,894**	13,596,578,100	10,969,328,024
Goods in process	**11,222,228**	(3,396,375)	78,635,143
Cost of goods manufactured	**15,532,395,122**	13,593,181,725	11,047,963,167
Finished goods	**(7,259,358)**	(148,205,966)	261,232,448
	₱15,525,135,764	₱13,444,975,759	₱11,309,195,615

20. Operating Expenses

This account consists of:

	2002	2001	2000
Salaries, wages and other staff cost	**₱1,141,520,813**	₱996,625,131	₱706,571,063
Advertising and promotion	**863,647,136**	985,660,167	942,970,681
Freight and other selling expenses	**790,882,621**	840,241,665	715,688,665
Depreciation, repairs and maintenance	**181,751,865**	243,805,373	249,850,754
Other administrative expenses	**772,433,189**	880,418,246	476,114,370
	₱3,750,235,624	₱3,946,750,582	₱3,091,195,533

21. Income Taxes

The significant components of the Parent Company's deferred income tax assets and liabilities represent the deferred income tax effects of the following:

	2002	2001
Current:		
Deferred tax assets:		
Allowance for doubtful accounts	**₱15,436,467**	₱16,160,000
Unrealized foreign exchange loss on trust receipts and acceptances payable	–	2,012,779
Allowance for inventory obsolescence	**4,480,000**	320,000
	19,916,467	18,492,779
Deferred tax liabilities:		
Unrealized foreign exchange gain on advances	**521,950**	111,384,225
Unrealized profit on excess of market value over cost of hog market stock	**31,963,427**	47,717,355
Unrealized foreign exchange gain on money market placements and others	**2,021,199**	12,317,757
	34,506,576	171,419,337
Net current liabilities	**₱14,590,109**	₱152,926,558
Noncurrent:		
Deferred tax asset:		
Unrealized foreign exchange loss	–	(222,464,765)
Deferred tax liabilities:		
Unamortized capitalized interest	**47,375,104**	47,497,099
Unrealized foreign exchange gain	**33,905,264**	–
Unamortized past service cost	**10,429,467**	11,780,698
Undistributed income of foreign subsidiaries	**50,000,000**	–
Others	**21,368,910**	8,709,780
	163,078,745	67,987,577
Net noncurrent liabilities (assets)	**₱163,078,745**	(₱154,477,188)

The balances of net current deferred tax liabilities in the consolidated balance sheets amounting to ₱10,278,181 in 2002 and ₱148,911,532 in 2001 were presented net of the net current deferred tax assets of consolidated subsidiaries amounting to ₱4,311,928 in 2002 and ₱4,015,026 in 2001, respectively. The net deferred tax assets of these subsidiaries consisted mainly of future tax consequences attributable to the allowance for doubtful accounts, allowance for inventory losses and unrealized foreign exchange differentials.

The reconciliation of statutory income tax rate to effective income tax rate follows:

	2002	2001	2000
Statutory income tax rate	**32.00%**	32.00%	32.25%
Additions (reductions):			
Net income of a foreign subsidiary for which no tax was provided	**(6.78)**	(8.73)	(2.62)
Equity in net earnings of affiliated companies not subject to tax	**(1.18)**	(1.44)	(2.36)
Provision for decline in value of marketable equity securities	**0.13**	0.94	2.64
Income entitled to tax holiday	–	(0.92)	(1.73)
Interest income subjected to final tax	**(0.21)**	(0.32)	(1.29)
Reduction in allowable interest expense	**0.11**	0.18	0.13
Interest income exempt from tax	**(0.23)**	(0.24)	(0.23)
Reversal of deferred income tax	–	–	(18.92)
Others	**(0.05)**	1.48	(1.75)
Effective income tax rate	**23.79%**	22.95%	6.12%

22. Others - Net

This account, included under the other income (charges) account in the consolidated statements of income, consists of, among others, provisions for decline in value of temporary investments and marketable equity securities, write-offs, amortization of deferred charges, foreign exchange gains or losses, loss on sale of certain property and equipment, plant shutdown and other expenses, net of other income.

23. Retirement Costs

The Parent Company has a noncontributory retirement plan covering all its regular employees. The plan provides retirement, separation, disability and death benefits to its members. The Parent Company, however, reserves the right to discontinue, suspend or change the rate and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The retirement fund is being administered and managed by certain stockholders, as trustee. As of July 1, 1998, the latest actuarial valuation, the fair value of the fund assets amounted to ₱185.5 million and the unfunded present value of retirement benefits amounted to ₱174.4 million. The principal assumptions used to determine retirement benefits were an interest rate of 9% and average salary increases of 10% per annum.

Retirement costs charged to operations, including amortization of past service cost, amounted to about ₱78.5 million in 2002, ₱180.8 million in 2001 and ₱26.7 million in 2000.

24. 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.

25. Subsequent Events

In October 2002, the Parent Company invested in 100% of the outstanding common shares of URC Philippines, Ltd., an international business company with limited liability incorporated under the laws of the British Virgin Islands, for US$1,000.

26. Earnings Per Share

Earnings per share amounts were computed as follows:

	2002	2001	2000
Net income	**₱1,254,964,745**	₱1,062,070,128	₱867,452,796
Divide by the weighted average number of shares	**1,692,267,001**	1,645,884,494	1,636,607,993
	₱0.74	₱0.65	₱0.53

27. **Reclassification of Certain Accounts**

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Stockholders and the Board of Directors
Universal Robina Corporation
110 E. Rodriguez Avenue
Bagumbayan, Quezon City

We have audited in accordance with auditing standards generally accepted in the Philippines, the consolidated financial statements of Universal Robina Corporation and Subsidiaries included in this Form 17-A and have issued our report thereon dated December 20, 2002. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Securities Regulation Code (SRC) Rule 68.1 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

Sycip Gorres Velayo & Co.

A. F. DE JESUS
Partner
CPA Certificate No. 43285
PTR No. 6723208
January 2, 2002
Makati City

December 20, 2002