

SEC Number 9170
File Number _____

**UNIVERSAL ROBINA CORPORATION
AND SUBSIDIARIES**

(Company's Full Name)

110 E. Rodriguez Avenue, Bagumbayan, Quezon City

(Company's Address)

671-2935; 635-0751; 671-3954

(Telephone Number)

September 30

(Fiscal Year Ending)
(month & day)

FORM 17-Q

(Form Type)

(Amendment Designation if applicable)

For the Nine Months Ended June 30, 2006

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **June 30, 2006**
2. Commission identification number **9170**
3. BIR Tax Identification No. **000-400-016-000**
4. **Universal Robina Corporation**
Exact name of issuer as specified in its charter
5. **Quezon City, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: _____ (SEC Use Only)
7. **110 E. Rodriguez Ave., Bagumbayan, Quezon City** **1110**
Address of issuer's principal office Postal Code
8. **671-2935; 635-0751; 671-3954**
Issuer's telephone number, including area code
9. **Not applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common stock, P1.00 Par value	2,221,851,481 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?

Yes [/] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein

Philippine Stock Exchange

Common stock

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [/] No []

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes [/] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements are filed as part of this Form 17-Q (pages 11 to 22).

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

The following discussions should be read in conjunction with the attached unaudited consolidated financial statements of the Company as of and for the period ended June 30, 2006 (with comparative figures as of September 30, 2005 and for the period ended June 30, 2005)

Business Overview

Universal Robina Corporation (URC) is one of the largest branded food product companies in the Philippines and has a growing presence in other markets in Asia.

The branded consumer food group consists of three main divisions: snack foods, beverage and grocery products. Grocery included joint ventures Hunt-URC and Nissin-URC, and Exports. The group distributes a diverse mix of salty snacks, chocolates, candies, biscuits, bakery products, beverages, noodles and tomato-based products in the Philippines and other countries in Asia. URC has leading market shares in salty snacks, chocolates,

candies and biscuits in the Philippines, as well as in some products produced in its other markets.

The agro- industrial group operates three divisions engaged in hog and poultry farming, production and distribution of animal health products and manufacture and distribution of animal feeds, glucose and soya bean products. URC is one of the biggest players in hogs and poultry raising in the Philippines.

The commodity food group engages in sugar milling and refining, flour milling, and manufacture and marketing of pasta. The group supplies all the flour and sugar needs of the branded consumer food group.

The following table summarizes the net sales and services for the nine months ended June 30,2006 and June 30, 2005:

(PhP millions)	2006	2005
Branded Consumer Food Group		
Domestic	12,972	11,374
International	5,800	4,914
	<u>18,772</u>	<u>16,288</u>
Packaging	950	1,017
BCFG Total	<u>19,722</u>	<u>17,305</u>
Agro-Industrial Group	3,559	2,770
Commodity Food Group	<u>2,762</u>	<u>2,491</u>
URC Total	<u><u>26,043</u></u>	<u><u>22,566</u></u>

Results of Operations

Nine Months Ended June 30, 2006 versus June 30, 2005

URC posted a consolidated net sales and services of ₱26.043 billion for the nine months ended June 30, 2006, a 15.4% increase from ₱22.566 billion in the same period last year. The increase in net sales and services was driven by continuous product innovation, brand advertising and distribution system improvements. Revenue growth was driven by branded consumer foods (excluding packaging) revenues which grew by 15.3%. Domestic revenues grew by 14.1% while international sales grew by 18.0%. Branded domestic sales was boosted by a 132.8% increase in beverages, while international revenues continue to enjoy strong performance from Thailand, Malaysia, China and Vietnam sales which grew by 25.0%, 18.5%, 273.7% and 277.8%, respectively. Soft consumer demand brought about by rising oil prices and the implementation of expanded value added tax, caused the slower implementation of price increases to preserve volume growth. The continuous implementation of cost control measures has enable the company to maintain its gross margin at 26% over-all increased gross profit by 15.1% to ₱6.831 billion vis-a-vis the same period in fiscal 2005, despite the continuous rise in input prices such as raw and packaging materials. Operating expenses were higher by 16.8% at ₱ 4.627 billion from ₱3.961 billion

in the same period last year, as a result of the continuing rise in freight costs, expanding regional operations and sustained marketing activity both domestically and internationally. In spite of higher operating expenses, the Company yielded an income from operations of ₱ 2.204 billion, an increase of 11.7% or ₱ 231 million from last year's income from operations of ₱ 1.973 billion for the same period.

Sales performance by each business segment is presented below.

- Net sales in URC's branded consumer foods segment (excluding packaging) increased by ₱ 2.485 billion, or 15.3%, to ₱18.772 billion in the first nine months of fiscal 2006 from ₱16.287 billion recorded in the same period last year. This increase was primarily due to 12.3% increase in sales volume and slightly higher average selling price. Beverage, accounting for 13.0% of BCFG sales, is still growing exponentially in revenue and volume.

Net Sales of branded consumer foods segment (excluding packaging) accounts for 72.1% of the total net sales and services of the Company.

URC's international operations reported an increase of 18.0% to ₱ 5.800 billion due to sales increases from Vietnam, Thailand, Malaysia, Hongkong and China. In particular, sales of China/Hong Kong grew robustly by 201.8% on the back of a 51.9% volume growth.

- Net sales in URC's agro-industrial segment amounted to ₱ 3.559 billion in the first nine months of fiscal 2006, an increase of 28.5% from the same period last year's sales of ₱2.770 billion. The animal feeds business posted a significant increase in net sales of 46.0% driven by a 51.8% rise in sales volume as an offshoot of the continuous success of its UNO and Stargain hog feeds in terms of market coverage and sales. Similarly, the farm group yielded 17.2% growth in revenue for the first nine months of the fiscal year on the back of a 35.0% increase in sales volume.
- Net sales in URC's commodity foods segment was higher by 10.9% or ₱ 271 million to ₱ 2.762 billion in the first nine months of fiscal 2006. The sugar sales reported an increase of 18.2% from last year's net sales for the same reporting period. The increase is due to soaring selling prices of sugar including molasses that compensated the decrease in sales volume as more sugar was used internally. Flour net sales (including pasta) totaled ₱ 1.990 billion which is 8.2% higher than same period last year's net sales of ₱ 1.838 billion. The increase of ₱152 million was due to a 19.1% growth in sales volume.
- Net sales in URC's packaging division for the first nine months of fiscal 2006 amounted to ₱ 950 million, or 6.6% lower than ₱ 1.017 billion reported in the same period last year as a result of a decrease in sales volume.

URC's cost of sales and services consist primarily of raw and packaging materials costs (56.4% of sales), manufacturing overhead (13.5% of sales) and direct labor costs (3.8% of sales). Cost of sales and services increased by ₱ 2.581 billion, or 15.5%, to ₱ 19.213 billion in the first nine months of fiscal 2006 from ₱ 16.632 billion recorded in the same period of fiscal 2005. The increase was due to higher sales volume and generally higher

costs of many major raw materials such as coffee, corn and potatoes, and packaging materials. Major raw material of animal feeds such as fishmeal also increased. The increased cost of raw materials reflected the general increase in many commodity prices during this period while the increased cost of packaging materials reflected the increased price of many oil-based products during this period.

URC's gross profit increased by ₱ 898 million, or 15.1%, to ₱ 6.831 billion in the first nine months of fiscal 2006 from ₱ 5.933 billion recorded in the same period last year. URC maintained its gross margin at 26%.

URC's operating expenses consist primarily of salaries, wages and other staff costs (4.0% to sales), advertising and promotion costs (6.1% to sales), freight and other selling expenses (3.8% to sales), depreciation (0.5% to sales), repairs and maintenance expenses (0.2% to sales) and other administrative expenses (2.9% to sales). Operating expenses increased by ₱ 666 million, or 16.8%, to ₱ 4.627 billion from ₱ 3.961 billion recorded in the same period last year. This increase resulted primarily from an increase in freight and other selling expenses due to increase freight rate charges and trucking services associated with higher fuel prices and volume. Advertising and promotion expenses were higher due to launching of new products and sustaining the Company's market shares in domestic and international operations. Also, salaries, wages and other staff costs increased due to hiring of new additional employees in connection with domestic and international business expansions. The increase in repairs and maintenance is due to machinery breakdown and higher maintenance cost of existing equipments.

Income from Operations for the third quarter to-date of fiscal 2006 is up by 11.7% or ₱ 231 million from the same period of fiscal 2005. The increase in income was constricted by higher operating expenses for the period.

Other income (charges) - net consists primarily of investment income, interest and other financing charges, equity in net earnings of associate companies, unrealized gains (losses) on foreign currency transactions and decline in market value of temporary investments and marketable securities as well as other miscellaneous income and expenses. URC recorded other charges-net of ₱ 320 million in the first nine months of fiscal 2006 up by ₱ 301 million as compared to other charges-net of ₱ 19 million in the same period of fiscal 2005. The principal reason for this is the recording of unrealized losses from decline in market value of temporary investments and marketable securities partially offset by the increase in equity in net earnings of unconsolidated associate companies. As of July 31, 2006, the market value of temporary investments and marketable equity securities has improved dramatically and fully reversed the unrealized losses in value as at June 30, 2006.

Net income decreased by 13.0% or ₱ 232 million from ₱ 1.782 billion for the third quarter to-date of fiscal 2005 to ₱ 1.550 billion of the same period this fiscal year. This is the effect of higher net other charges for the period. If not for the ₱ 657 million unrealized losses from decline in market value of temporary investments and marketable securities, net income could have increased by 23.8% as compared to same period last year's net income.

The Company will continue to stamp its dominance in core categories by maintaining product innovation leadership and acquiring strategic opportunities. It sets an aggressive target in the last quarter of the fiscal year to maintain its dominance in the Philippine market as well as in the ASEAN regional market.

The Company is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationship of the Company with unconsolidated entities or other persons created during the reporting period that would have a significant impact on the Company's operations and/or financial condition.

Financial Position

June 30, 2006 vs. September 30, 2005

The Company maintains a respectable and sound current ratio of 3.16:1 as of June 30, 2006. Financial debt to equity improved to 0.75:1 against 1.07:1 as of the last fiscal year due to public offering made within this fiscal year. The book value per share is ₱13.04 as of June 30, 2006, up by ₱ 0.61 as compared to ₱ 12.43 (as adjusted) as of September 30, 2005.

The Company's fund requirements have been sourced primarily through cash flow from operations and sale of primary common shares and borrowings. URC's EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to ₱ 5.203 billion for the nine months ended June 30, 2006 which is 6.7% higher than ₱ 4.878 billion it had in the same reporting period last fiscal year. The net cash provided by operating activities for the nine months ended June 30, 2006 was ₱ 3.322 billion. Net cash used in investing activities for the period amounted to ₱ 4.239 billion, primarily due to acquisitions of property, plant and equipment. Net cash provided by financing activities amounted to ₱ 760 million, mainly from the proceeds of sale of common shares offset by payment of financial debt and cash dividends.

As of June 30, 2006, the Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

Income Statements

Nine months ended June 30, 2006 versus same period in Fiscal Year 2005.

15.4% increase in net sales and services

Net Sales to-date amounted to ₱ 26.043 billion, an increase of ₱ 3.477 billion from last year's ₱22.566 billion for the same period. The increase is due to 12.4% hike in sales volume and higher average selling price of Company's products.

15.5% increase in cost of sales and services

Primarily due to higher sales volume and costs of major raw and packaging materials used particularly for the BCF.

16.8% increase in operating expenses

This was accounted for by increase in salaries and benefits, higher spending for advertising and promotions, freight charges and repairs and maintenance. Higher payroll cost was due to expansion both domestic and international operations. Extensive

advertising and promotion activities by BCFG - International pushed up the expenses. Moreover, higher volume of sales and upward adjustment in trucking services due to continuous oil price hike have increased freight charges. Repairs and maintenance expenses picked up due to breakdowns of machinery and equipment.

1564.2% increase in other charges -net

The increase was due to unrealized decline in market value of temporary investments and marketable securities partially offset by higher equity share in net earnings of unconsolidated associate companies.

37.7% increase in provision for income tax

Due to higher taxable income and tax rate and recognition of unrealized foreign exchange gain.

122.6% increase in minority interest in net income of subsidiaries

Due to decrease in net losses of subsidiaries

Balance Sheets

As of June 30, 2006 versus September 30, 2005

17.1.% decrease in cash and cash equivalents

Due to payments of loans.

6.1% decrease in temporary investments

Due to sale and decline in market value of bond investments

8.6% decrease in marketable equity securities - net

Due to sale of certain shareholdings and decline in market value of securities

18.0% increase in receivables – net

Due to increase in sales and interest receivable

6.8% increase in due from affiliated companies

Due to increase in charges to affiliated companies arising from normal course of business.

6.2% increase in inventories – net

Due to increase in finished goods in relation with higher production.

13.6% decrease in other current assets

Due to amortization of deferred off-milling cost of the sugar business.

25.2% increase in investments and advances

Due to increase in equity in net earnings of unconsolidated associate companies and advances.

16.8% increase in property, plant and equipment - net

Due to ongoing projects for mill expansion and building of new refinery for the Sugar business and plant expansion of BCF including acquisition of machinery for beverage business.

9.3% increase in other assets

Due to acquisition of trademark for ACES brand in China

27.6% decrease in loans payable

Due to payments of loans from banks.

53.4% increase in accounts payable and accrued expenses

Due to higher trade payable in relation to increase in purchases, accruals for advertising and promotion and interest payable on loans

95.4% decrease in trust receipts and acceptances payable

Due to settlement of trust receipts payable.

40.4% increase in due to affiliated companies

Due to increase in transactions in the ordinary course of business

58.6% increase in deferred income tax - net

Due to recognition of deferred tax liability on unrealized foreign exchange gain.

855.7% increase in current portion of long-term debt and 24.2% decrease in long-term debt

Due substantially to reclassification of URC 06 notes and Metro Bank loan from long-term to current portion.

31.7% increase in capital stock

Due to issuance of additional common shares for stock dividend and primary offering made in February 2006.

64.1% increase in additional paid in capital

Due to recording of excess of offering price over par value of common shares sold.

13.5% decrease in cumulative translation adjustments

Due to increase in value of Philippine Peso against foreign currencies.

The Company's key performance indicators are employed across all businesses. Comparisons are then made against internal target and previous period's performance. The Company and its significant subsidiaries' top five (5) key performance indicators are as follows: (in Million PhPs)

Universal Robina Corporation (Consolidated)			
	<u>YTD June 2006</u>	<u>YTD June 2005</u>	<u>Index</u>
Revenue	26,043	22,566	115
EBIT	2,204	1,973	112
EBITDA	5,203	4,878	107
Net Income	1,550	1,782	87
	<u>As of June 2006</u>	<u>As of June 2005</u>	<u>Index</u>
Total Assets	57,591	55,487	104

<u>URC INT'L</u>			
	<u>YTD June 2006</u>	<u>YTD June 2005</u>	<u>Index</u>
Revenue	5,800	4,914	118
EBIT	(106)	(97)	109
EBITDA	461	242	191
Net Loss	(63)	(197)	32
	<u>As of June 2006</u>	<u>As of June 2005</u>	<u>Index</u>
Total Assets	10,823	9,567	113

<u>Nissin - URC</u>			
	<u>YTD June 2006</u>	<u>YTD June 2005</u>	<u>Index</u>
Revenue	661	545	121
EBIT	24	2	12
EBITDA	57	35	163
Net Income	22	8	275
	<u>As of June 2006</u>	<u>As of June 2005</u>	<u>Index</u>
Total Assets	694	624	111

<u>URC Philippines, Limited</u>			
	<u>YTD June 2006</u>	<u>YTD June 2005</u>	<u>Index</u>
Revenue	-	-	-
EBIT	(16)	(18)	89
EBITDA	678	888	76
Net Loss	(637)	(54)	1,180
	<u>As of June 2006</u>	<u>As of June 2005</u>	<u>Index</u>
Total Assets	25,937	27,679	94

<u>URC Robina (Cayman), Limited</u>			
	<u>YTD June 2006</u>	<u>YTD June 2005</u>	<u>Index</u>
Revenue			-
EBIT	(1)	(1)	100
EBITDA	451	818	55
Net Income	208	553	38
	<u>As of June 2006</u>	<u>As of June 2005</u>	<u>Index</u>
Total Assets	8,137	9,641	84

PART II - OTHER INFORMATION

All current disclosures were already reported under SEC Form 17-C.

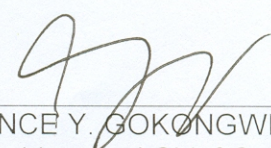
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

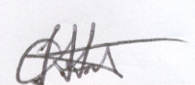
UNIVERSAL ROBINA CORPORATION



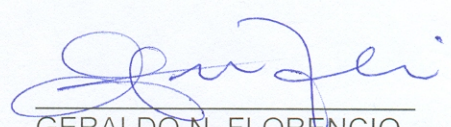
JAMES L. GO
Chairman and Chief Executive Officer
Date _____



LANCE Y. GOKONGWEI
President and Chief Operating Officer
Date _____



CONSTANTE T. SANTOS
Senior Vice President – Corporate Controller
Date _____



GERALDON N. FLORENCIO
First Vice President – Controller
Date _____

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets
(In Thousand Pesos)**

	Unaudited June 30 2006	Audited September 30 2005
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 771,253	₱ 930,303
Temporary Investments – net	20,429,827	21,753,977
Marketable equity securities – net	819,584	896,642
Receivables – net (Note 3)	4,541,890	3,849,423
Due from affiliated companies (Note 4)	328,686	307,762
Inventories – net (Note 5)	7,086,937	6,672,701
Other current assets	231,130	267,399
Total Current Assets	34,209,307	34,678,207
Non-Current Assets		
Investments and advances (Note 6)	2,294,446	1,831,926
Property, plant and equipment – net	19,844,750	16,997,163
Other assets – net	1,242,797	1,136,868
Total Noncurrent Assets	23,381,993	19,965,957
	₱ 57,591,300	₱ 54,644,164
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Loans Payable	₱ 1,606,558	₱ 2,219,274
Accounts payable and accrued expenses (Note 7)	4,934,305	3,215,887
Trust receipts and acceptances payable	56,894	1,229,056
Due to affiliated companies (Note 8)	670,601	477,745
Current portion of long-term debt (Note 9)	3,563,732	372,891
Total Current Liabilities	10,832,090	7,514,853
Non-current Liabilities		
Deferred income tax – net	277,674	175,122
Long-term debt – net of current portion (Note 9)	16,592,855	21,897,308
Total Noncurrent Liabilities	16,870,529	22,072,430
	27,702,619	29,587,283
Minority Interests in Consolidated Subsidiaries	908,145	948,580
Stockholders' Equity		
Capital Stock (Note 10)	2,221,851	1,686,480
Additional paid-in capital	11,227,002	6,843,501
Deposits for future stock subscriptions	26,044	26,044
Cumulative translation adjustments	920,422	1,064,556
Retained earnings (Note 11)	14,585,217	14,487,719
Total Stockholders' Equity	28,980,536	24,108,301
	₱ 57,591,300	₱ 54,644,164

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**Unaudited Consolidated Statements of Income
(In Thousand Pesos, Except Per Share Amount)**

	Quarter Ended June 30		Nine Months Ended June 30	
	2006	2005 (As Restated)	2006	2005 (As Restated)
NET SALES AND SERVICES	₱ 7,998,425	₱ 7,537,524	₱ 26,043,422	₱ 22,565,617
COST OF SALES AND SERVICES	5,853,980	5,715,041	19,212,626	16,632,310
GROSS PROFIT	2,144,445	1,822,483	6,830,796	5,933,217
OPERATING EXPENSES	1,546,743	1,331,649	4,626,764	3,960,558
INCOME FROM OPERATIONS	597,702	490,834	2,204,032	1,972,659
OTHER INCOME (CHARGES) – NET	(490,357)	123,423	(319,711)	(19,211)
INCOME BEFORE INCOME TAX AND MINORITY INTERESTS	107,345	614,257	1,884,321	1,953,448
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	40,943	84,974	261,921	236,422
Deferred	(31,030)	(6,997)	58,241	(3,955)
	9,913	78,277	320,162	232,467
INCOME BEFORE MINORITY INTERESTS IN NET INCOME (LOSS) OF SUBSIDIARIES	97,432	535,980	1,564,159	1,720,981
MINORITY INTERESTS IN NET INCOME (LOSS) OF SUBSIDIARIES	(41,251)	(17,399)	13,889	(61,484)
NET INCOME	₱ 138,683	₱ 553,379	₱ 1,550,270	₱ 1,782,465
Earnings Per Share (Note 12)	₱ 0.06	₱ 0.29	₱ 0.70	₱ 0.92

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

**Unaudited Consolidated Statements of Cash Flows
(In Thousand Pesos)**

	Nine Months Ended June 30	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax and minority interest	₱ 1,884,321	₱ 1,953,448
Adjustments for:		
Depreciation	1,580,575	1,364,885
Net unrealized foreign exchange loss	(20,468)	10,963
Investment income	(1,711,242)	(1,324,977)
Interest expense	1,752,844	1,498,196
Equity in net earnings of investees	(259,045)	(193,930)
Decline (recovery) in value of marketable equity securities	43,624	(15,267)
Decrease in value of temporary investments and options	613,458	-
Gain on sale of marketable equity securities	(135,720)	-
Loss on sale and reacquisition of bond investments	107,188	-
Amortization of discount on bonds	9,079	-
Gain on sale of property and equipment	(10,580)	(36,037)
Operating Income before changes in working capital	3,854,034	3,257,281
Decrease (increase) in:		
Receivables	(587,356)	104,500
Inventories	(414,236)	(1,370,976)
Other Current Assets	36,269	82,250
Increase (decrease) in:		
Accounts payable and accrued expenses	1,531,660	(197,815)
Trust receipts and acceptances payable	(1,172,162)	(691,419)
Due to affiliated companies	192,856	271,890
Cash generated from operations	3,441,065	1,455,711
Interest received	1,606,131	950,498
Income taxes paid	(194,178)	(156,316)
Interest paid	(1,531,278)	(1,008,376)
Net cash provided by operating activities	3,321,740	1,241,517
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property, plant and equipment	(4,609,968)	(2,317,156)
Proceeds from sale of property, plant and equipment	49,777	110,706
Decrease (increase) in:		
Temporary investment	594,425	(10,798,898)
Marketable equity security	169,154	-
Investments and advances	(260,868)	41,418
Due from affiliated companies	(20,924)	51,795
Other assets	(164,169)	(129,505)
Dividends received	57,393	20,000
Decrease in minority interest in consolidated subsidiaries	(54,324)	(17,728)
Net cash used in investing activities	(4,239,504)	(13,039,368)

CASH FLOWS FROM FINANCING ACTIVITIES		
Net Availments (payments) of:		
Short-term borrowings	(612,716)	135,635
Long-term debt	(2,093,144)	10,873,270
Payment of cash dividends	(1,199,800)	(505,944)
Proceeds from primary offering of common stock	4,665,901	-
Net cash provided by financing activities	760,241	10,502,961
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	(157,523)	(1,294,890)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(1,527)	(157)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	930,303	2,237,279
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	₱ 771,253	₱ 942,546

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Stockholders' Equity
(In Thousand Pesos, except Number of shares)

	Nine Months Ended	
	June 30	
	2006	2005
CAPITAL STOCK- ₱ 1 par value (Note 10)		
Preferred Stock		
Authorized – 2,000,000 shares		
Issued – none		
Common Stock		
Authorized – 2,998,000,000 shares IN 2006; 1,998,000,000 shares in 2005		
Issued – 2,221,851,481 shares in 2006; 1,686,479,549 in 2005		
Balance at beginning of year	₱ 1,686,480	₱ 1,686,480
Additional issuance during the period	535,371	-
Balance at end of the year	2,221,851	1,686,480
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of year	6,843,501	6,843,501
Additions during the period	4,383,501	-
Balance at end of period	11,227,002	6,843,501
PAID UP CAPITAL	13,448,853	8,529,981
DEPOSITS FOR FUTURE STOCK SUBSCRIPTIONS		
Balance at beginning of year	26,044	26,044
Application of deposit	-	-
Balance end of period	26,044	26,044
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance at beginning of year	1,064,556	1,062,297
Changes during the period	(144,130)	7,083
Balance end of period	920,426	1,069,380
RETAINED EARNINGS (Note 11)		
Appropriated		
Balance at beginning of year	3,000,000	3,000,000
Balance at end of period	3,000,000	3,000,000
Unappropriated		
Balance at beginning of year		
As reported	11,506,934	9,608,439
Effect of changes in accounting policies	(19,214)	(219,805)
As restated	11,487,720	9,388,634
Net Income		
As reported	1,550,270	1,635,608
Effect of changes in accounting policies	-	146,857
As restated	1,550,270	1,782,465
Cash Dividends	(1,199,800)	(505,944)
Stock Dividends	(252,971)	-
Balance at end of period	14,585,219	10,655,842
	15,646,335	13,665,842
	₱ 28,980,536	₱ 23,290,560

See accompanying Notes to Unaudited Consolidated Financial Statements

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. Basis of Preparation

The unaudited consolidated financial statements of Universal Robina Corporation and Subsidiaries (the Group) have been prepared in accordance with accounting principles generally accepted in the Philippines (Philippine GAAP).

These interim financial statements followed the same accounting policies and methods of computation by which the most recent annual audited financial statements have been prepared except for the following new accounting standards which have been adopted beginning October 1, 2005:

- **PAS 21, *The Effects of Changes in Foreign Exchange Rates***, eliminates the capitalization of foreign exchange differentials related to the acquisition of property and equipment.

As of October 1, 2005, the undepreciated foreign exchange losses included in the property and equipment amounted to P187.1 million. The adoption of PAS 21 decreased the retained earnings as of October 1, 2005.

As of October 1, 2004, the undepreciated foreign exchange losses included in the property and equipment amounted to P219.8 million. This decreased the retained earnings as of October 1, 2004.

- **PFRS 3, *Business Combinations*, PAS 36, *Impairment of Assets* and PAS 38, *Intangible Assets***. Under PFRS 3, the amortization of goodwill acquired in a business combination is prohibited. Instead, goodwill is to be tested annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired.

Goodwill amortization amounting to P167.8 million for the year ended September 30, 2005 which was previously charged to operations was added back to beginning retained earnings.

Adoption of the above new accounting standards involved changes in accounting policies and the Group has accordingly restated the comparative interim financial statements retroactively. Following is the reconciliation of the effects of these new and revised accounting standards on the stockholders' equity and net income:

Stockholders' Equity

	30-June-05	30-Sept-05
As previously reported	P 23,363,508	P 24,127,515
PAS 21	(198,430)	(187,052)
PFRS 3/ PAS 36 / PAS 38	125,482	167,838
	<u>P 23,290,560</u>	<u>P 24,108,301</u>

Net income

	Quarter Ended	Nine Months Ended
As previously reported	P 504,198	P 1,635,608
PAS 21	7,125	21,375
PFRS 3/ PAS 36 / PAS 38	42,056	125,482
	<u>P 553,379</u>	<u>P 1,782,465</u>

The comparative figures in 2005 were restated to reflect the adjustments resulting from the adoption of PAS 21 and PFRS 3/ PAS 36 / PAS 38.

The following are the other new and revised accounting standards which became effective beginning January 1, 2005 which the Group will adopt on the Group's financial statements for the year ending September 30, 2006:

New Accounting Standards

- PFRS 1, *First Time Adoption of PFRS*
- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
- PAS 1, *Presentation of Financial Statements*
- PAS 2, *Inventories*
- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*
- PAS 10, *Events After the Balance Sheet Date*
- PAS 16, *Property, Plant and Equipment*
- PAS 17, *Leases*
- PAS 19, *Employee Benefits*
- PAS 24, *Related Party Disclosures*
- PAS 27, *Consolidated and Separate Financial Statements*
- PAS 28, *Investments in Associates*
- PAS 31, *Interests in Joint Ventures*
- PAS 32, *Financial Instruments: Disclosure and Presentation*
- PAS 33, *Earnings Per Share*
- PAS 39, *Financial Instruments: Recognition and Measurement*
- PAS 41, *Agriculture*

2. Principles of Consolidation

The unaudited consolidated financial statements for the nine (9) months ended June 30, 2006 and 2005 represent the consolidation of the financial statements of Universal Robina Corporation (the Parent Company) and the following subsidiaries directly and indirectly owned by the Parent Company:

<u>Companies</u>	<u>Percentage of Ownership</u>	
	<u>Direct</u>	<u>Indirect</u>
CFC Corporation	100.0	-
Universal Robina (Cayman), Ltd.	100.0	-
Universal Robina Sugar Milling Corporation	100.0	-
URC Philippines, Limited	100.0	-
CFC Clubhouse, Inc. (formerly CFC Keebler, Inc.)	100.0	-
CFC Clubhouse Property, Inc. (formerly CFC Keebler Property, Inc.)	100.0	-
URC Confectionery Corp.	100.0	-
URC China Commercial Co. Ltd.	100.0	-
URC International Company Limited	77.0	-
Hongkong China Foods Co. Ltd.	-	77.0
URC Asean Brands Co. Ltd.	-	77.0
Nissin-Universal Robina Corporation	65.0	-
Southern Negros Development Corporation	-	94.0

The investments in associates include the 50% and 19% equity in Hunt-Universal Robina Corporation (HUR), and Robinsons Land Corporation (RLC), respectively.

The financial information of these associates is summarized as follows:

	RLC		HUR	
	Unaudited June 30			
	2006	2005	2006	2005
Revenue	₱ 5,278,911	₱ 3,838,846	₱ 401,694	₱ 365,374
Costs and Expenses	3,418,402	2,482,509	371,101	324,716
Income from Operations	1,860,509	1,356,337	30,593	40,658
Net Income	₱ 1,224,655	₱ 952,900	₱ 22,272	₱ 29,610

3. Receivables - net

This account consists of:

	Unaudited June 30, 2006			Audited September 30 2005
	Up to Six Months	Over Six Months to One Year	Total	
Trade receivables – net	₱ 2,218,352	₱ 888,254	₱ 3,106,606	₱ 2,344,290
Other receivables	992,541	442,743	1,435,284	1,505,133
	₱ 3,210,893	₱ 1,330,997	₱ 4,541,890	₱ 3,849,423

4. Due from Affiliated Companies

This account consists of:

	Unaudited June 30 2006	Audited September 30 2005
Digital Telecommunications Philippines, Inc.	₱ 181,329	₱ 161,655
Hunt - Universal Robina Corporation	30,680	30,420
Cebu Air, Inc.	24,532	26,644
Others	92,145	89,043
	₱ 328,686	₱ 307,762

5. Inventories

This account consists of:

	Unaudited June 30 2006	Audited September 30 2005
Finished goods – net	₱ 1,875,861	₱ 1,193,201
Goods in process	129,218	94,167
Poultry stock	80,458	69,099
Hog market stock and by-products	858,380	745,589
Raw materials	2,050,361	2,006,916
Containers and packaging materials	760,202	775,114
Spare parts and supplies	673,608	659,644
Materials in transit	653,443	1,128,972
	₱ 7,086,937	₱ 6,672,701

6. Investments and advances

This account consists of:

	Unaudited June 30 2006	Audited September 30 2005
Acquisition cost	₱ 1,197,594	₱ 1,197,594
Accumulated equity in net earnings		
Balance at beginning of year	612,282	482,279
Equity in net earnings of affiliated companies	259,045	244,623
Dividends received	(57,393)	(114,620)
Balances, end of period	813,934	612,282
Advances	282,918	22,050
	<u>₱ 2,294,446</u>	<u>₱ 1,831,926</u>

7. Accounts Payable and Accrued Expenses

This account consists of:

	Unaudited June 30 2006	Audited September 30 2005
Accounts payable –trade	₱ 2,699,891	₱ 1,510,800
Accrued advertising and promotion	548,908	482,512
Accrued interest expense	684,466	462,900
Advances from stockholders and officers	160,130	269,078
Income tax payable	169,892	125,741
Customers deposit	50,746	87,770
Utility, contract services, SSS and other accrued expenses	620,272	277,086
	<u>₱ 4,934,305</u>	<u>₱ 3,215,887</u>

8. Due to Affiliated Companies

This account consists of:

	Unaudited June 30 2006	Audited September 30 2005
Pan Pacific Investments Co., Ltd.	₱ 272,202	₱ 215,434
JG Summit Holdings, Inc.	146,108	68,502
Others	252,291	193,809
	<u>₱ 670,601</u>	<u>₱ 477,745</u>

9. Long-term Debt

This account consists of:

	Unaudited June 30 2006	Audited September 30 2005
Foreign Currencies:		
Balance of US\$200 million, 8 1/4% Guaranteed Notes Due 2012, interest payable on January 20 and July 20 of each year	P 10,622,000	P 11,202,000
Balance of US\$125 million, 9% Guaranteed Notes Due 2008, interest payable on February 6 and August 6 of each year	5,826,768	7,001,250
Balance of US\$100 million, 8 3/8% Guaranteed Notes Due 2006, interest payable on June 19 and December 19 of each year	2,800,331	2,905,127
Balance of loans from a foreign bank, payable in 10 to 16 equal semi-annual amortization	243,676	364,001
Balance of loans from a foreign bank, payable in 14 equal semi-annual amortization	164,461	223,018
Philippine Pesos:		
Balance of restructured loans from Philippine Sugar Corporation payable in 25 equal annual amortizations	57,895	63,051
Five-year promissory note payable in 6 semi-annual amortization with remaining balance at maturity	600,000	700,000
	20,315,131	22,458,447
Debt issuance costs	158,544	188,248
	20,156,587	22,270,199
Less current portion	3,563,732	372,891
	P 16,592,855	P 21,897,308

The decrease in the outstanding balances of the guaranteed notes due 2012, 2008 and 2006 was due to effect of translation of US dollar amounts into Philippine peso at the exchange rates of US \$1: P53.110 and US\$1: P56.010 at June 30, 2006 and September 30, 2005, respectively, and due to reacquisition of URC 08 notes amounting to USD 15M.

10. Capital Stock

	Unaudited June 30 2006	Audited September 30 2005
Preferred stock – P1 par value		
Authorized – 2,000,000 shares		
Issued – none		
Common stock – P1 par value		
Authorized – 2,998,000,000 shares in 2006;		
1,998,000,000 shares in 2005		
Issued – 2,221,851,481 shares in 2006;		
1,686,479,549 shares in 2005	P2,221,851	P 1,686,480

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

11. Retained Earnings

A portion of the unappropriated retained earnings representing the undistributed earnings of the investee companies is not available for dividend declaration until received in the form of dividends.

12. Earnings Per Share

Earnings per share amounts were computed as follows:

	Quarter Ended June 30		Nine Months Ended June 30	
	2006	2005	2006	2005
Net income	P 138,683	P 553,379	P 1,550,270	P 1,782,465
Divide by the number of shares issued	2,221,851,481	1,939,451,481	2,221,851,481	1,939,451,481
	P 0.06	P 0.29	P 0.70	P 0.92

13. Business Segment Information

The industry segments where the Group operates are as follows:

- Branded consumer food products - manufactures and distributes a diverse mix of snack foods, instant coffee products, instant noodles, chocolates, soft and hard candies, biscuits, pasta, tomato-based products and ready-to-drink beverages. Its revenues are in their peak during the opening of classes in June and Christmas season.
- Agro-industrial products - engages in hog and poultry farming, manufactures and distributes animal feeds and soya products and manufactures and distributes animal health products. Its peak season is during summer.
- Commodity food products - engages in sugar milling and refining, and flour milling. The peak season for sugar is during its crop season, which normally starts in September and ends in May of the following year.
- Packaging - engages in manufacture of polypropylene films for packaging companies.
- Corporate businesses - engages in bonds and securities investment and fund sourcing activities.

Financial information about the operations of these business segments is summarized as follows:

	Revenue		Total Assets		Total Liabilities	
	Unaudited June 30					
	2006	2005	2006	2005	2006	2005
Branded Consumer Food Products including Packaging	P 19,722,831	P 17,305,089	P 24,922,037	P 20,520,050	P 7,095,779	P 4,886,600
Agro-Industrial Products	3,559,052	2,769,579	3,010,146	3,214,468	640,759	824,591
Commodity Food Products	2,761,539	2,490,949	5,310,219	4,482,946	927,167	1,085,529
Corporate Businesses	-	-	24,348,898	27,269,890	19,038,914	24,165,832
	P 26,043,422	P 22,565,617	P 57,591,300	P 55,487,354	P 27,702,619	P 30,962,552

14. Contingencies

The Group has various contingent liabilities arising in the ordinary conduct of business which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. There were no significant changes in the contingent liabilities as of to date.

15. Subsequent Events

There were no material events that occurred subsequent to June 30, 2006 that were not reflected in the financial statements for the period.