

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	September 30	
	1998	1997
<b>A S S E T S</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P2,862,641,895	P10,240,460,712
Marketable equity securities - net of allowance for market decline amounting to P272,287,644 in 1998 and P28,457,925 in 1997	68,225,857	275,711,864
Receivables - net	7,840,532,468	2,973,286,963
Inventories - net	3,774,579,048	3,354,293,936
Other current assets	92,813,768	53,739,540
Total Current Assets	14,638,793,036	16,897,493,015
<b>Equity Investments and Advances</b>	2,220,588,097	1,879,220,144
<b>Property, Plant and Equipment - net</b>	8,634,742,515	7,785,480,393
<b>Other Assets</b>	902,558,100	619,332,259
	<b>P26,396,681,748</b>	<b>P27,181,525,811</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Loans payable	P3,918,829,700	P2,786,479,000
Accounts payable and accrued expenses	2,319,515,118	2,836,375,172
Payable to affiliated companies and other liabilities	446,550,360	2,747,818,552
Income tax payable	76,879,053	144,723,299
Customers' deposits	19,535,640	8,876,894
Deferred tax liabilities	29,788,974	71,483,909
Current portion of long-term debt	113,614,993	112,189,227
Total Current Liabilities	6,924,713,838	8,707,946,053
<b>Long-term Debt - net of current portion</b>	4,330,320,128	3,821,348,578
<b>Deferred Tax Liabilities</b>	39,976,239	57,260,067
<b>Deferred Credit</b>	40,159,971	80,319,941
<b>Minority Interest in Consolidated Subsidiaries</b>	128,672,653	123,741,288
	<b>11,463,842,829</b>	<b>12,790,615,927</b>
<b>Stockholders' Equity</b>		
Capital stock	1,487,825,451	1,487,825,451
Additional paid-in capital	6,668,951,032	6,668,951,032
Revaluation increment in property - net	94,320,532	98,431,483
Retained earnings	6,681,741,904	6,135,701,918
	<b>14,932,838,919</b>	<b>14,390,909,884</b>
	<b>P26,396,681,748</b>	<b>P27,181,525,811</b>

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS**

	<b>Years Ended September 30</b>		
	<b>1 9 9 8</b>	<b>1 9 9 7</b>	<b>1 9 9 6</b>
NET SALES	<b>P12,313,881,546</b>	P10,845,641,760	P9,014,210,976
COST OF GOODS SOLD	<b>8,519,853,579</b>	7,599,447,635	6,543,325,264
GROSS PROFIT	<b>3,794,027,967</b>	3,246,194,125	2,470,885,712
OPERATING EXPENSES	<b>2,366,685,855</b>	1,911,119,384	1,404,658,520
INCOME FROM OPERATIONS	<b>1,427,342,112</b>	1,335,074,741	1,066,227,192
OTHER INCOME (CHARGES)			
Investment income	<b>1,173,770,183</b>	862,025,648	782,098,567
Interest expense and other financing charges	<b>(1,132,213,683)</b>	(685,949,698)	(178,562,746)
Equity in net earnings of affiliated companies (including goodwill amortization)	<b>48,640,068</b>	58,197,732	10,521,714
Miscellaneous - net	<b>(700,477,132)</b>	60,142,864	(60,629,037)
INCOME BEFORE INCOME TAX AND MINORITY INTEREST	<b>817,061,548</b>	1,629,491,287	1,619,655,690
PROVISION FOR INCOME TAX	<b>194,738,145</b>	328,870,527	331,094,324
INCOME BEFORE MINORITY INTEREST IN NET INCOME (LOSS) OF SUBSIDIARIES	<b>622,323,403</b>	1,300,620,760	1,288,561,366
MINORITY INTEREST IN NET INCOME (LOSS) OF SUBSIDIARIES	<b>6,003,368</b>	(1,840,657)	2,245,295
NET INCOME	<b>616,320,035</b>	1,302,461,417	1,286,316,071
RETAINED EARNINGS AT BEGINNING OF YEAR	<b>6,135,701,918</b>	4,903,520,550	3,685,904,323
Cash dividends declared - P0.05 per share	<b>(74,391,000)</b>	(74,391,000)	(74,391,000)
Transfer of revaluation increment deducted from operations through additional depreciation charges	<b>4,110,951</b>	4,110,951	5,691,156
RETAINED EARNINGS AT END OF YEAR	<b>P6,681,741,904</b>	P6,135,701,918	P4,903,520,550
Earnings Per Share	<b>P0.41</b>	P0.88	P0.86

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

	<b>Years Ended September 30</b>		
	1998	1997	1996
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income	<b>P616,320,035</b>	P1,302,461,417	P1,286,316,071
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	<b>771,151,890</b>	610,190,902	499,439,074
Provision for:			
Decline in value of marketable securities	<b>243,829,719</b>	28,457,925	-
Inventory obsolescence	<b>2,584,624</b>	-	1,700,000
Doubtful accounts	<b>250,000</b>	-	-
Amortization of:			
Deferred foreign exchange loss	<b>70,826,561</b>	16,260,186	-
Preoperating expenses	<b>6,014,195</b>	-	-
Goodwill	<b>4,845,441</b>	4,845,441	4,845,441
Deferred income tax	<b>(58,608,307)</b>	59,549,745	36,218,388
Equity in net earnings of investee companies (net of goodwill amortization)	<b>(48,640,068)</b>	(58,197,732)	(10,521,714)
Minority interest in net income (loss) of subsidiaries	<b>6,003,368</b>	(1,840,657)	2,245,295
Gain on disposal of property and equipment	<b>(1,043,863)</b>	(4,804,270)	(844,648)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Marketable equity securities	<b>(36,343,712)</b>	(240,120,008)	-
Receivables	<b>(4,867,495,505)</b>	(1,201,130,213)	2,486,113,056
Inventories	<b>(422,869,736)</b>	(333,581,907)	(811,931,451)
Other current assets	<b>(39,444,684)</b>	102,204,034	(80,416,318)
Increase (decrease) in:			
Accounts payable and accrued expenses	<b>(516,860,054)</b>	779,131,147	998,022,780
Payable to affiliated companies and other liabilities	<b>(2,301,268,192)</b>	2,142,788,107	(758,714,528)
Income tax payable	<b>(67,844,246)</b>	(74,496,886)	(175,029,775)
Customers deposits	<b>10,658,746</b>	(14,829,804)	(96,602,642)
Net cash provided by (used in) operating activities	<b>(6,627,933,788)</b>	3,116,887,427	3,380,839,029
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	<b>(1,544,862,835)</b>	(1,941,999,176)	(2,370,808,964)
Proceeds from disposal of property and equipment	<b>27,872,231</b>	4,784,458	17,844,648
Increase in other assets	<b>(364,912,038)</b>	(409,358,718)	(9,882,695)
Dividends received from an affiliated company	<b>20,000,000</b>	20,000,000	8,500,000
Dividends received in minority interest in consolidated subsidiaries	<b>(2,040,003)</b>	-	-
Increase in minority interest in consolidated subsidiaries	<b>968,000</b>	-	-
Increase in equity investments	<b>(352,887,855)</b>	(334,175,902)	-
Net cash used in investing activities	<b>(2,215,862,500)</b>	(2,660,749,338)	(2,354,347,011)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net availments (payments) of:			
Loans	<b>1,132,350,700</b>	1,563,829,135	943,247,834
Long - term debt	<b>408,017,771</b>	3,674,225,803	(80,279,284)
Payment of cash dividends	<b>(74,391,000)</b>	(74,391,000)	(74,391,000)

Net cash provided by financing activities	<b>1,465,977,471</b>	5,163,663,938	788,577,550
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(Forward)

<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(P7,377,818,817)</b>	P5,619,802,027	P1,815,069,568
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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>10,240,460,712</b>	4,620,658,685	2,805,589,117
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>P2,862,641,895</b>	P10,240,460,712	P4,620,658,685
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**SUPPLEMENTAL DISCLOSURES OF CASH  
FLOW INFORMATION**

Cash paid during the year for:

Interest (net of amount capitalized of P35,339,179 in 1998,  
P88,171,890 in 1997 and P72,951,260 in 1996)

**P1,186,377,890**      P272,579,884      P123,716,776

Income taxes (including final taxes)

**321,190,698**      343,817,668      469,905,711

**SUPPLEMENTAL SCHEDULE OF NONCASH  
INVESTING AND FINANCING ACTIVITIES**

Additions due to foreign exchange differentials:

Property, plant and equipment

**P102,379,545**

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Long-term debt

**102,379,545**

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