



JG SUMMIT HOLDINGS, INC.

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18 March 2011

Securities and Exchange Commission

Attention: Corporation and Finance Department
SEC Building, EDSA
Mandaluyong City

Philippine Stock Exchange

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department
4F PSE Center, Exchange Road
Ortigas Center, Pasig City

Subject: **JG SUMMIT 2010 CONSOLIDATED NET INCOME POSTED AN IMPRESSIVE
91% GROWTH TO ₱ 16.32 BILLION**

Gentlemen:

JG Summit's reported consolidated net income showed an increase of 91% from ₱ 8.55 billion in 2009 to ₱ 16.32 billion in 2010 as most of our subsidiaries posted record performance. Core earnings before taxes for the year ended December 31, 2010, excluding the effects of foreign exchange and mark-to-market gains or losses, increased 75% from ₱ 10.68 billion to ₱ 18.71 billion.

Consolidated revenues posted a double digit growth of 13% to ₱ 121.74 billion in 2010 from last year's ₱ 107.96 billion. Consolidated gross income increased by 22% to ₱ 52.99 billion. While consolidated operating expenses increased by 10% as a result of a higher level of business activity of food, telecommunications and airline businesses, consolidated operating income increased by a higher 43% due to better operating efficiencies that led to improved margins in 2010.

Consolidated EBITDA (operating income adding back depreciation and amortization) for the period, amounted to ₱ 35.29 billion in 2010, a 31% improvement from previous year's ₱ 27.04 billion due to the strong performance of its subsidiaries.

The Group's financing costs and other charges (net of interest income) incurred for the year ended December 31, 2010 decreased by 18% from ₱ 4.75 billion in 2009 to ₱ 3.87 billion as the Group was able to generate additional interest income on the latter part of the year on the proceeds from the successful IPO of Cebu Pacific in October 2010. The Group recognized gains from market valuation of its financial assets amounting to ₱ 1.63 billion for the year ended December 31, 2010 and foreign exchange gains of ₱ 2.8 billion as the Group benefited from the stabilization of the capital markets as well as the strengthening of the peso currency. Provision for income tax increased by 86% because of higher taxable income recorded by our food division and an increase in our provision for deferred tax on unrealized foreign exchange gains recorded for the year.

As a result, consolidated net income attributable to equity holders of the parent significantly increased to ₱ 16.32 billion from ₱ 8.55 billion last year.

Regarding the sale of part of JG Summit's interest in Cebu Air, Inc. as part of the latter's Initial Public Offering, the difference of ₱ 18.6 billion between the consideration received and the transfer between the parent's equity and non-controlling interests has been recognized directly in equity, as a result of a change in accounting policy. Under the previous policy, this amount would have been recognized in profit or loss.

As of December 31, 2010, the Company's balance sheet remains solid, with consolidated assets of ₱ 326.3 billion from ₱ 277.9 billion as of December 31, 2009. Current ratio stood at 1.69x. The Company's indebtedness remained manageable with a gearing ratio of 0.76:1 (total financial debt to equity) and net debt to equity of 0.4:1 as of December 31, 2010. Stockholders' equity increased to ₱117.61 billion as of December 31, 2010 from ₱ 83.16 billion at the end of 2009. The Group's capital expenditure in 2010 is ₱ 27.8 billion. Book value per share increased from ₱ 12.23 per share as of December 31, 2009 to ₱ 17.45 per share as of December 31, 2010.

Universal Robina Corporation (URC) registered consolidated net sales and services of ₱ 57.72 billion for the year ended September 30, 2010, 14.4% higher than the revenues recorded in the same period of last year. URC is still the biggest revenue contributor which accounted for about 47% of the Group's revenues in 2010. This was due to the strong performance of the branded consumer foods Philippines and international. Branded consumer group registered ₱43.25 billion in revenues, or an increase of 10.4% year on year, on the back of surging international sales, as well as strong domestic growth. The Agro Industrial Group recorded net sales of ₱7.17 billion, a 22.6% increase from last year brought about by improved sales volumes and selling prices. URC's commodities foods segment's revenues amounted to ₱ 7.30 billion fiscal 2010 up 34.1%, this was primarily due to upsurge in net sales of sugar driven by increase in selling price.

URC's net income attributable to equity holders of the parent significantly improved by 102% to ₱7.82 billion from ₱3.89 billion. URC's net income is the second largest contributor at about 31% of the Group's net income in 2010. EBITDA likewise increased by 41.4% to ₱ 11.10 billion from ₱ 7.85 billion in 2009.

Cebu Air, Inc. (Cebu Pacific) generated gross revenues of ₱ 29.09 billion for the year ended December 31, 2010, a 24.8% increase over last year's ₱ 23.31 billion brought about by its continuous expansion of its route and flight network, additional passenger and cargo traffic and significantly increased ancillary revenues. This accounted for about 24% of the Group's revenues in 2010 and is the second biggest revenue contributor of the Group. Correspondingly, costs and operating expenses increased from ₱20.15 billion last year to ₱22.64 billion.

Net income for the year ended December 31, 2010 amounted to ₱ 6.92 billion compared to ₱ 3.26 billion for the same period last year, an increase of 112.5%. Cebu Pacific is the largest contributor of the Group's net income which accounted for about 40% in 2010. Cebu Pacific recognized gains from foreign exchange, fuel hedging and market valuation of its financial assets designated at fair value through profit or loss totaling ₱ 1.16 billion during the year compared to ₱1.10 billion recorded last year. EBITDAR (earnings before interest, taxes, depreciation and amortization and rent expenses) increased by 49.2% to ₱ 10.16 billion in 2010 from ₱ 6.81 billion last year.

Robinsons Land Corporation (RLC) posted a net profit of ₱ 3.59 billion in fiscal year ending September 30, 2010, an increase of 10.1% from last year's ₱ 3.26 billion due to better performance of

commercial and office buildings' divisions. Revenues slightly grew by 5% from ₱ 10.73 in fiscal 2009 to ₱11.30 billion this year. The commercial and office buildings divisions posted about 36% and 6% revenue growth rates, respectively. However, residential division's revenues declined by 26% due to lower construction completion. Hotel revenues increased by about 11% due to opening of Summit Ridge in Tagaytay and GO Hotel in Mandaluyong in fiscal 2010. RLC consolidated revenues contributed to about 9% of the Group's revenues in 2010. EBITDA stood at ₱ 5.78 billion in FY2010.

United Industrial Corporation Limited (UIC). JG Summit is one of the largest shareholders of UIC, a Singapore listed company. For the year ended 31 December 2010, JG Summit recognized equity earnings from UIC of ₱ 2.65 billion, a decline of 9% from previous year's ₱ 2.90 billion mainly due to deferred income tax write-back of SGD 21.7 million in 2009 by UIC.

Digital Telecommunications Philippines Inc. (DIGITEL) generated consolidated service and non-service revenues for the year ended December 31, 2010 of ₱ 16.54 billion, an 18.0% growth over same period last year. This accounted for about 14% of the Group's revenues. The increase was largely due to the significant revenue growth of 27.1% in the wireless segment driven by the growth in subscribers fueled by the introduction of more affordable and innovative products. However, wireline voice communication service revenues dropped by 9.7% due to lower international and domestic tolls and local exchange partially offset by the growth of Suntel and ADSL products which registered a 17% increase over the same period last year. Wireline data communication service revenues amounted to ₱ 475.28 million in 2010, higher by 10.2% against last year's ₱ 431.1 million due to the increase in domestic data and Internet services through its IP VPN services new subscriptions.

Digital significantly improved its net income to ₱ 429.6 million in 2010 from ₱ 259.7 million in 2009.

JG Summit Petrochemicals Corporation's (JGSPC) revenue for the year ended September 30, 2010 declined to ₱ 3.31 billion from ₱ 5.57 billion last year due to lower sales. Cost of sales was likewise reduced from ₱ 6.09 billion to only ₱ 3.75 billion as production slowed down significantly this year compared to last year. This resulted to an improved gross income for JGSPC for the year with ₱ 126.8 million as compared to last year's ₱ 42.4 million and a decrease in net loss by 80.0% from ₱ 511.10 million to ₱ 102.1 million. Foreign exchange gain recognized during the year amounting to ₱ 36.48 million from a foreign exchange loss last year of ₱95.4 million also contributed to the reduced net loss.

Banking Services, which include **Robinsons Savings Bank (RSB)** and **Robinsons Bank Corporation (RBS)**, formerly Royal Bank of Scotland, Phils., generated net earnings of ₱ 298.3 million for the year ended December 31, 2010, a 47.1% growth from last year's net income of ₱ 202.8 million. The increase is mainly due to higher revenues recorded this year from ₱ 1.13 billion last year to ₱ 1.73 billion this year. Aside from this, RSB also recorded a significant growth from its trading gain from ₱32.08 million last year to ₱254.86 million this year. As of December 31, 2010, total resources amounted to ₱ 24.63 billion from last year's ₱16.89 billion. Loans increased to ₱ 10.20 billion from last year's ₱ 8.23 billion, deposit liabilities decreased to ₱ 9.75 billion this year from ₱ 14.09 billion last year.

Very truly yours,


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