

**JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands)

	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	P12,299,411	P5,459,047
Financial assets at fair value through profit and loss	23,208,074	29,122,632
Available-for-sale investments	3,921,169	3,929,698
Receivables - net	26,164,821	22,595,364
Inventories - net (Note 2)	11,438,753	11,095,943
Other current assets	4,517,237	4,093,565
Total Current Assets	<b>81,549,465</b>	76,296,249
<b>Noncurrent Assets</b>		
Held-to-maturity investments	541,171	419,243
Investments in associates and joint ventures - net	18,770,818	17,106,587
Investment properties - net	20,149,526	18,627,034
Property, plant and equipment - net	87,557,557	81,200,781
Goodwill - net	1,556,497	1,619,423
Intangibles - net	410,258	435,159
Other noncurrent assets	5,328,551	5,524,233
Total Noncurrent Assets	<b>134,314,378</b>	124,932,460
	<b>P215,863,843</b>	P201,228,709
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	P25,919,119	P26,056,016
Short-term debt	13,162,640	19,090,343
Current portion of:		
Long-term debt (Note 3)	7,087,972	11,440,033
Estimated liability for property and land development	184,213	418,091
Other current liabilities	4,679,863	4,454,525
Total Current Liabilities	<b>51,033,807</b>	61,459,008
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion (Note 3)	66,125,440	55,276,295
Estimated liability for property and land development - net of current portion	1,502,309	1,085,427
Cumulative redeemable preferred shares	2,107,819	2,107,819
Deferred income tax liabilities - net	2,507,116	2,252,210
Other noncurrent liabilities	7,819,874	7,174,601
Total Noncurrent Liabilities	<b>80,062,558</b>	67,896,352
Total Liabilities	<b>131,096,365</b>	129,355,360
<b>Equity</b>		
Equity attributable to equity holders of the parent:		
Paid-up capital	12,856,988	12,856,988
Retained earnings	55,167,477	51,118,018
Other reserves	610,639	832,982
Treasury shares	(721,848)	(721,848)
	<b>67,913,256</b>	64,086,140
Minority interest	16,854,222	7,787,209
Total Equity	<b>84,767,478</b>	71,873,349
	<b>P215,863,843</b>	P201,228,709

See accompanying Notes to Unaudited Consolidated Financial Statements.

**JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**  
(In Thousands Except Per Share Amounts)

	Quarters Ended June 30		Six Months Ended June 30	
	2006	2005 (As restated)	2006	2005 (As restated)
<b>REVENUES</b>				
Sales and services:				
Foods	<b>P8,891,745</b>	P7,846,789	<b>P18,044,997</b>	P15,370,529
Telecommunications	<b>1,952,758</b>	2,089,532	<b>3,971,543</b>	4,238,314
Air transportation	<b>2,363,525</b>	2,167,779	<b>4,326,102</b>	4,015,780
Real estate and hotels	<b>1,624,751</b>	1,279,424	<b>3,343,496</b>	2,524,849
Petrochemicals	<b>1,498,312</b>	603,755	<b>2,909,322</b>	1,716,903
Textiles	<b>731,410</b>	730,411	<b>1,206,603</b>	1,362,269
Other supplementary businesses	<b>11,902</b>	35,444	<b>45,884</b>	65,129
Interest income	<b>951,173</b>	1,116,808	<b>2,541,195</b>	2,026,482
Equity in net earnings of associates and joint ventures	<b>253,757</b>	305,230	<b>499,840</b>	525,012
Others	<b>(1,503,273)</b>	339,703	<b>3,422,471</b>	799,868
	<b>16,776,060</b>	16,514,875	<b>40,311,453</b>	32,645,135
<b>EXPENSES</b>				
Cost of sales and services	<b>10,858,475</b>	9,335,897	<b>22,136,102</b>	19,028,916
Operating and other expenses	<b>4,521,846</b>	4,283,577	<b>9,495,761</b>	8,277,761
Financing costs and other charges	<b>1,599,599</b>	1,829,821	<b>3,846,884</b>	3,466,133
	<b>16,979,920</b>	15,449,295	<b>35,478,747</b>	30,772,810
<b>INCOME BEFORE INCOME TAX</b>	<b>(203,860)</b>	1,065,580	<b>4,832,706</b>	1,872,325
<b>PROVISION FOR INCOME TAX</b>	<b>7,074</b>	313,015	<b>761,192</b>	560,787
<b>NET INCOME</b>	<b>(P210,934)</b>	P752,565	<b>P4,071,514</b>	P1,311,538
<b>ATTRIBUTABLE TO</b>				
Equity holders of the parent	<b>P168,136</b>	P953,161	<b>P4,049,459</b>	P1,703,581
Minority interest	<b>(379,070)</b>	(200,596)	<b>22,055</b>	(392,043)
	<b>(P210,934)</b>	P752,565	<b>P4,071,514</b>	P1,311,538
<b>BASIC EARNINGS PER SHARE ( Note 4)</b>	<b>P0.02</b>	P0.14	<b>P0.60</b>	P0.25

See accompanying Notes to Unaudited Consolidated Financial Statements.

Certain accounts on June 30, 2005 Unaudited Consolidated Financials Statements were restated to conform with the June 30, 2006 Unaudited Consolidated Financial Statements.

**JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES**  
**IN STOCKHOLDERS' EQUITY**  
(In Thousands)

	<b>Six Months Ended June 30</b>	
	<b>2006</b>	2005 (As restated)
<b>Capital stock</b> - P1 par value		
Authorized:		
Common - 12,850,800,000 shares		
Preferred - 2,000,000,000 shares		
Issued:		
Common - 6,895,273,657 shares	<b>P6,895,274</b>	P6,895,274
<b>Additional paid-in capital</b>	<b>5,961,714</b>	5,961,714
<b>Accumulated translation adjustment</b>	<b>610,639</b>	1,272,248
<b>Retained earnings</b>		
Beginning	<b>51,118,018</b>	50,440,412
Effect of changes in accounting policies	-	(189,300)
As restated	<b>51,118,018</b>	50,251,112
Cumulative effect of change in accounting policy for financial instruments as of January 1, 2005	-	46,153
As adjusted	<b>51,118,018</b>	50,297,265
Net income	<b>4,049,459</b>	1,703,581
End	<b>55,167,477</b>	52,000,846
<b>Treasury stock -at cost</b>	<b>(721,848)</b>	(721,848)
	<b>P67,913,256</b>	P65,408,234

See accompanying Notes to Unaudited Consolidated Financial Statements.

**JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands)

	<b>Six Months Ended June 30</b>	
	<b>2006</b>	2005 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>P4,832,707</b>	P1,872,325
Adjustments for:		
Depreciation and amortization	<b>3,999,445</b>	3,510,090
Interest expense	<b>3,825,862</b>	3,428,056
Interest income	<b>(2,541,195)</b>	(2,026,482)
Equity in net earnings of associates and joint ventures	<b>(499,840)</b>	(525,012)
Provisions for impairment losses on trade and other receivables	<b>84,830</b>	151,951
Operating income before changes in operating accounts	<b>9,701,809</b>	6,410,928
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	<b>(3,678,163)</b>	(1,800,106)
Inventories	<b>(159,806)</b>	(1,688,275)
Other current assets	<b>(423,671)</b>	(309,732)
Increase (decrease) in:		
Accounts payable and accrued expenses	<b>(634,906)</b>	2,060,137
Other current liabilities	<b>225,339</b>	1,516,813
Net cash generated from (used in) operations	<b>5,030,602</b>	6,189,765
Interest received	<b>2,565,071</b>	1,839,407
Interest paid	<b>(3,451,135)</b>	(2,887,166)
Income taxes paid	<b>(365,418)</b>	(394,991)
Net cash provided by operating activities	<b>3,779,120</b>	4,747,015
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net decrease (increase) in:		
Financial assets at fair value through profit and loss	<b>5,914,558</b>	-
Available-for-sale investments	<b>8,528</b>	-
Held-to-maturity investments	<b>(121,928)</b>	-
Temporary investments	<b>-</b>	(6,700,352)
Other noncurrent assets	<b>53,071</b>	(616,855)
Investments in associates and joint ventures	<b>(1,386,733)</b>	(45,380)
Property, plant and equipment - net	<b>(9,711,974)</b>	(4,184,961)
Investment properties - net	<b>(1,896,607)</b>	(1,165,463)
Net cash used in investing activities	<b>(7,141,085)</b>	(12,713,011)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in:		
Short-term debt	<b>(5,927,703)</b>	891,345
Long-term debt	<b>6,457,389</b>	10,360,041
Other noncurrent liabilities	<b>627,685</b>	256,966
Minority interest in consolidated subsidiaries	<b>9,044,958</b>	(32,558)
Net cash provided by financing activities	<b>10,202,329</b>	11,475,794
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>6,840,364</b>	3,509,798
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>5,459,047</b>	8,015,823
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>P12,299,411</b>	P11,525,621

See accompanying Notes to Unaudited Consolidated Financial Statements.

# JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES

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## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The accompanying consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the Philippines (Philippine GAAP), as set forth in Philippine Financial Reporting Standards (PFRS). The consolidated financial statements are presented in Philippine Peso and have been prepared under the historical cost convention method, except for financial assets at fair value through profit and loss (FVPL), available for sale (AFS) investments and certain derivative financial instruments which are measured at fair value, and hog market stocks which are measured at fair value less cost to sell.

The preparation of financial statements in accordance with Philippine GAAP requires the Group to make estimates and assumptions that affect the reported amounts on income, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Management believes that actual results will not be materially different from those estimates.

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. The Group adopted the following new or revised accounting standards in 2005:

- PFRS 1, First-time Adoption of PFRS
- PFRS 2, Share-Based Payment
- PFRS 3, Business Combination
- PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations
- PAS 16, Property, Plant and Equipment
- PAS 19, Employment Benefits
- PAS 21, The Effects of Changes in Foreign Exchange Rates
- PAS 30, Disclosures in the Financial Statements of Banks and Similar Financial Institutions
- PAS 32, Financial Instruments: Disclosures and Presentation
- PAS 38, Intangible Assets
- PAS 39, Financial Instruments: Recognition and Measurement
- PAS 40, Investment Property
- PAS 41, Agriculture

The comparative figures in 2005 were restated to reflect the adjustments resulting from the adoption of the abovementioned accounting standards.

#### Principles of Consolidation

The unaudited consolidated financial statements as of and for the quarter ended June 30, 2006 and 2005 represent the consolidation of the financial statements of JG Summit Holdings, Inc. (the Parent Company) and the following subsidiaries directly and indirectly owned by the Parent Company:

<b>Companies</b>	<b>Effective Percentage of Ownership</b>	
	<b>2006</b>	<b>2005</b>
<u>Foods</u>		
Universal Robina Corporation and Subsidiaries	<b>59.17</b>	86.12
<u>Textiles</u>		
Litton Mills, Inc.	<b>100.00</b>	100.00
Westpoint Industrial Mills Corporation	<b>100.00</b>	100.00
<u>Real estate and Hotels</u>		
Robinsons Land Corporation and Subsidiaries	<b>85.00</b>	90.11
Adia Development and Management Corporation	<b>100.00</b>	100.00

Companies	Effective Percentage of Ownership	
	2006	2005
<u>Telecommunications</u>		
Digital Telecommunications Philippines, Inc. and Subsidiaries	49.80	49.90
<u>International Capital and Financial Services</u>		
JG Summit (Cayman), Ltd.	100.00	100.00
JG Summit Philippines Ltd. and Subsidiaries	100.00	100.00
JG Summit Limited	100.00	100.00
JG Summit Capital Services Corporation and Subsidiaries	100.00	100.00
Express Holdings, Inc. and a Subsidiary	100.00	100.00
Multinational Finance Group Ltd.	100.00	100.00
<u>Petrochemicals</u>		
JG Summit Petrochemical Corporation	82.28	82.28
<u>Air Transportation</u>		
Cebu Air, Inc.	100.00	100.00
CP Air Holdings, Inc.	100.00	100.00
<u>Supplementary Businesses</u>		
Premiere Printing Company, Inc.	100.00	100.00
Terai Industrial Corporation	100.00	100.00
Unicon Insurance Brokers Corporation	100.00	100.00
Hello Snack Foods Corporation	100.00	100.00
JG Cement Corporation	100.00	100.00
Cebu Pacific Manufacturing Corporation	100.00	100.00
Savannah Industrial Corporation	100.00	100.00

Under Philippine GAAP, it is acceptable to use, for consolidation purposes, financial statements of subsidiaries for fiscal periods differing from that of the Company if the difference is not more than three months. Subsidiaries in the following businesses have a financial year-end of September 30: foods, textiles, real estate and hotels, petrochemicals, and substantially all subsidiaries in supplementary businesses.

## 2. INVENTORIES

This account consists of inventories held:	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
At cost:		
Raw materials	P2,703,803	P3,037,364
Finished goods	2,659,696	2,412,095
	<b>5,363,499</b>	5,449,459
At NRV:		
Spare parts, packaging materials and other supplies	2,675,871	2,426,719
Work-in-process	411,101	458,036
Subdivision land and condominium and residential units held for sale	1,058,810	647,977
By-products	11,789	7,217
	<b>4,157,571</b>	3,539,949
At fair value less cost to sell:		
Poultry and hog market stock	909,121	848,543
Materials in-transit	1,008,562	1,257,992
	<b>P11,438,753</b>	P11,095,943

Under the terms of the agreements covering liabilities under trust receipts, certain raw materials have been released to the Company in trust for the Banks. The Company is accountable to the banks for the value of the trusted inventories or their sales proceeds.

### 3. LONG-TERM DEBT

Long-term debt is summarized as follows:

	June 30, 2006 (Unaudited)	December 31, 2005 (Audited)
<b>Parent Company:</b>		
<b>Foreign Currency:</b>		
Bayerische HypoVereinsbank AG (HypoVereinsbank) loan	P5,489,798	P6,067,727
<b>Philippine Peso:</b>		
Loan from a local bank	625,000	750,000
	<b>6,114,798</b>	<b>6,817,727</b>
<b>Subsidiaries</b>		
<b>Foreign currencies:</b>		
Supplier's credit agreements with maturities up to 2007 at interest rates of 1.5% to 2% over 180-day LIBOR	49,660	60,336
US\$100 million 9.25% Notes Due 2006	-	4,970,930
US\$102.3 million Guaranteed Floating Rate Notes and Term Loan Facility, Due 2006	652,039	2,613,170
US\$100 million 8 3/8% Notes Due 2006	2,673,092	2,902,668
US\$300 million 8.25% Notes Due 2008	15,346,775	15,320,137
US\$125 million 9% Notes Due 2008	5,565,481	6,954,603
US\$200 million 8.25% Notes Due 2012	10,097,896	11,055,229
US\$300 million 8% Notes Due 2013	14,161,545	-
Zero Coupon 12% Convertible Bonds Due 2013	11,767	10,421
Various borrowings from HypoVereinsbank, interest rates ranging from 1.12% to LIBOR + 0.75%	461,426	684,527
Various term loan facilities, interest rates ranging from LIBOR + 0.75% to 2.70%	4,669,204	4,265,731
Finance lease obligations	8,107,634	5,477,173
Minimum purchase agreement	318,660	345,085
	<b>62,115,179</b>	<b>54,660,010</b>
<b>Philippine Pesos:</b>		
Capital lease obligation	2,475,540	2,475,540
Borrowing from a local bank	600,000	700,000
P1,000 Million Loan	1,000,000	1,000,000
P1,000 Million Bonds	850,000	1,000,000
Philippine Sugar Corporation, restructured loan payable in twenty five equal annual amortizations	57,895	63,051
	<b>4,983,435</b>	<b>5,238,591</b>
	<b>73,213,412</b>	<b>66,716,328</b>
Less current portion	<b>7,087,972</b>	<b>11,440,033</b>
	<b>P66,125,440</b>	<b>P55,276,295</b>

The exchange rate used to restate the foreign currency denominated long-term borrowings as of June 30, 2006 was P53.110:US\$1, except for the foreign currency denominated borrowings of certain subsidiaries with fiscal year ending September 30 where such borrowings were restated at the rate of P51.125:US\$1.

#### 4. EARNINGS PER SHARE

The following table presents information necessary to calculate EPS as of June 30, 2006 and 2005:

	Quarters Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Net income	<b>P168,135</b>	P953,161	<b>P4,049,459</b>	P1,703,580
Weighted average number of common shares	<b>6,797,191,657</b>	6,797,191,657	<b>6,797,191,657</b>	6,797,191,657
Basic earnings per share	<b>P0.02</b>	P0.14	<b>P0.60</b>	P0.25

#### 5. BUSINESS SEGMENT INFORMATION

The industry segments where the Group operates are as follows:

- Food, agro-industrial and commodities businesses
- Property development and hotel management
- Telecommunications
- Textiles
- Petrochemicals
- International capital and financial services
- Air transportation
- Other supplementary businesses

	REVENUES		EXPENSES	
	2006	2005	2006	2005
Foods	<b>P18,044,997</b>	P15,370,529	<b>P17,209,749</b>	P14,311,426
Telecommunications	<b>3,971,543</b>	4,238,314	<b>4,690,183</b>	4,780,850
Petrochemicals	<b>2,909,322</b>	1,716,903	<b>2,983,714</b>	1,907,101
Air transportation	<b>4,326,102</b>	4,015,780	<b>4,292,337</b>	3,985,055
Real estate and hotels	<b>3,343,496</b>	2,524,849	<b>2,637,791</b>	1,913,262
Textiles	<b>1,206,603</b>	1,362,269	<b>1,241,956</b>	1,368,182
Other supplementary businesses	<b>45,884</b>	65,129	<b>59,486</b>	87,976
Parent/International capital & financial services	<b>6,463,506</b>	3,351,362	<b>3,146,778</b>	2,587,702
	<b>P40,311,453</b>	P32,645,135	<b>P36,261,994</b>	P30,941,554

	NET INCOME		TOTAL ASSETS	
	2006	2005	2006	2005
Foods	<b>P835,248</b>	P1,059,103	<b>P56,806,305</b>	P54,704,246
Telecommunications	<b>(718,640)</b>	(542,536)	<b>55,856,018</b>	54,031,133
Petrochemicals	<b>(74,392)</b>	(190,198)	<b>7,919,237</b>	10,189,688
Air transportation	<b>33,765</b>	30,725	<b>16,045,886</b>	6,680,604
Real estate and hotels	<b>705,705</b>	611,587	<b>30,571,556</b>	24,578,756
Textiles	<b>(35,353)</b>	(5,913)	<b>3,062,619</b>	3,698,116
Other supplementary businesses	<b>(13,602)</b>	(22,847)	<b>480,839</b>	580,371
Parent/International capital & financial services	<b>3,316,728</b>	763,660	<b>45,121,383</b>	39,241,072
	<b>P4,049,459</b>	P1,703,581	<b>P215,863,843</b>	P193,703,986



	LIABILITIES		NET ASSETS (EQUITY + MI)	
	2006	2005	2006	2005
Foods	<b>P25,997,331</b>	P30,258,883	<b>P30,808,974</b>	P24,445,363
Telecom	<b>54,744,532</b>	47,231,359	<b>1,111,486</b>	6,799,774
Petrochemicals	<b>5,258,242</b>	5,571,239	<b>2,660,995</b>	4,618,449
Air transportation	<b>15,118,864</b>	5,996,728	<b>927,022</b>	683,876
Real estate & hotels	<b>16,138,374</b>	11,179,535	<b>14,433,182</b>	13,399,221
Textiles	<b>758,494</b>	1,410,791	<b>2,304,125</b>	2,287,325
Other supplementary businesses	<b>413,173</b>	524,675	<b>67,666</b>	55,696
Parent/International, capital & financial services	<b>12,667,355</b>	16,037,100	<b>32,454,028</b>	23,203,972
	<b>P131,096,365</b>	P118,210,310	<b>P84,767,478</b>	P75,493,676

**JG SUMMIT HOLDINGS, INC. & SUBSIDIARIES**  
**AGING OF RECEIVABLES**  
**June 30, 2006**

	TOTAL	UP TO SIX MONTHS	OVER SIX MONTHS TO ONE YEAR
TRADE RECEIVABLES	12,792,833	9,066,018	3,726,815
Less allowance for impairment loss	(3,007,215)	-	(3,007,215)
Net trade receivables	9,785,618	9,066,018	719,600
NON-TRADE RECEIVABLES			
Finance receivables	4,133,447	4,133,447	-
Others	12,245,756	9,568,571	2,677,185
	16,379,203	13,702,018	2,677,185
	26,164,821	22,768,036	3,396,785