

JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2006	2005 (As Restated)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 35)	₱24,834,015,322	₱5,459,046,705
Financial assets at fair value through profit and loss (Notes 5 and 35)	22,012,174,167	29,122,631,609
Available-for-sale investments (Notes 6 and 35)	4,692,336,858	3,929,697,537
Receivables - net (Notes 3, 7 and 35)	14,527,366,686	19,601,683,443
Inventories (Notes 8 and 19)	8,951,292,767	10,335,300,632
Derivative assets (Note 35)	1,520,700,009	341,057,676
Other current assets (Notes 9 and 35)	3,223,800,188	3,801,909,674
	<u>79,761,685,997</u>	<u>72,591,327,276</u>
Assets of disposal group classified as held for sale (Note 37)	2,567,519,761	-
Total Current Assets	<u>82,329,205,758</u>	<u>72,591,327,276</u>
Noncurrent Assets		
Held-to-maturity investments (Notes 3, 10 and 35)	448,513,078	419,243,367
Investment properties - net (Notes 3 and 12)	20,296,526,325	18,627,033,658
Investments in associates and joint ventures - net (Notes 3 and 11)	18,914,005,251	17,106,586,831
Property, plant and equipment - net (Notes 3, 13 and 19)	92,813,616,274	81,417,517,920
Goodwill - net (Notes 3 and 27)	844,548,190	1,619,422,804
Biological assets - bearer (Note 14)	817,003,453	760,642,410
Intangibles - net (Notes 3, 15 and 34)	115,179,292	435,159,287
Other noncurrent assets (Notes 16, 29 and 35)	3,788,337,977	5,539,993,960
Total Noncurrent Assets	<u>138,037,729,840</u>	<u>125,925,600,237</u>
	<u>₱220,366,935,598</u>	<u>₱198,516,927,513</u>

(Forward)



	December 31	
	2006	2005 (As Restated)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 17, 34 and 35)	₱32,102,146,673	₱25,447,493,495
Short-term debt (Notes 19 and 35)	14,643,707,884	19,090,342,893
Current portion of long-term debt (Notes 19 and 35)	5,835,972,474	11,440,032,956
Income tax payable (Note 30)	246,250,995	213,215,289
Derivative liabilities (Note 35)	276,564,489	82,721,989
Other current liabilities (Notes 18 and 35)	4,008,530,972	7,047,556,693
	57,113,173,487	63,321,363,315
Liabilities directly associated with the assets classified as held for sale (Note 37)	569,348,444	—
Total Current Liabilities	57,682,521,931	63,321,363,315
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 19 and 35)	63,908,887,157	55,276,294,956
Cumulative redeemable preferred shares (Note 20)	2,107,818,750	2,107,818,750
Deferred income tax liabilities - net (Notes 3 and 30)	4,216,201,022	2,129,810,582
Other noncurrent liabilities (Notes 21, 29 and 32)	1,960,288,329	4,045,100,404
Total Noncurrent Liabilities	72,193,195,258	63,559,024,692
Total Liabilities	129,875,717,189	126,880,388,007
Equity		
Equity attributable to equity holders of the parent:		
Paid-up capital (Note 22)	12,856,988,094	12,856,988,094
Retained earnings (Notes 2 and 22)	57,136,032,821	50,881,209,448
Other reserves (Note 22)	280,383,302	832,982,028
Treasury shares (Note 22)	(721,848,289)	(721,848,289)
	69,551,555,928	63,849,331,281
Minority interest	20,939,662,481	7,787,208,225
Total Equity	90,491,218,409	71,636,539,506
	₱220,366,935,598	₱198,516,927,513

See accompanying Notes to Consolidated Financial Statements.



JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2006	2005 (As Restated)	2004 (As Restated)
CONTINUING OPERATIONS			
Revenue			
Sale of goods and services:			
Food	₱35,183,814,854	₱31,199,275,746	₱27,357,877,956
Air transportation	9,716,893,805	7,810,796,488	7,405,394,545
Telecommunication	7,633,563,382	8,295,824,443	7,404,162,265
Real estate and hotels (Note 12)	6,635,596,145	5,112,267,374	4,698,423,563
Petrochemicals	5,303,742,986	5,046,903,912	6,366,490,610
Gain on sale of investments (Note 23)	6,284,208,812	–	–
Interest income	4,914,220,132	4,366,460,924	3,902,542,762
Gain on dilution of equity interest (Note 23)	2,765,911,144	–	–
Equity in net income of associates and joint ventures (Note 11)	1,080,041,888	1,048,510,788	1,015,029,821
Others (Note 24)	6,544,473,633	4,990,806,161	5,586,686,746
	86,062,466,781	67,870,845,836	63,736,608,268
Expenses			
Cost of sales and services (Notes 12, 13 and 25)	42,762,711,784	37,445,853,321	35,065,767,840
General and administrative expenses (Notes 12, 13, 26 and 29)	18,235,361,878	17,081,600,440	14,693,211,519
Impairment losses and others (Note 27)	5,928,135,524	687,021,726	2,438,182,336
Financing costs and other charges (Note 28)	7,507,179,745	7,177,989,220	5,855,955,778
	74,433,388,931	62,392,464,707	58,053,117,473
Income Before Income Tax	11,629,077,850	5,478,381,129	5,683,490,795
Provision for Income Tax (Note 30)	2,812,494,523	1,846,697,923	722,428,526
INCOME AFTER INCOME TAX FROM CONTINUING OPERATIONS	8,816,583,327	3,631,683,206	4,961,062,269
INCOME (LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS (Note 37)	(119,747,298)	37,122,336	208,053,392
NET INCOME	₱8,696,836,029	₱3,668,805,542	₱5,169,115,661

(Forward)



	Years Ended December 31		
	2006	2005	2004
		(As Restated)	(As Restated)
ATTRIBUTABLE TO			
Equity holders of the parent	₱6,458,739,129	₱4,177,464,077	₱6,111,026,422
Minority interest	2,238,096,900	(508,658,535)	(941,910,761)
	₱8,696,836,029	₱3,668,805,542	₱5,169,115,661
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Basic/diluted earnings per share (Note 31)	₱0.95	₱0.61	₱0.90
Basic/diluted earnings per share from continuing operations (Notes 31 and 37)	₱0.97	₱0.61	₱0.87

See accompanying Notes to Consolidated Financial Statements.



JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2006													
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT													
	Paid-up Capital (Note 22)			Retained Earnings (Note 22)			Other Reserves			Treasury Shares (Note 22)	ATTRIBUT- ABLE TO MINORITY INTEREST	TOTAL EQUITY	
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Cumulative Translation Adjustments	Net Unrealized Gain on Available- for-Sale Investments	Total Other Reserves	Total			
Balances as of December 31, 2005, as previously reported	₱6,895,273,657	₱5,961,714,437	₱12,856,988,094	₱43,118,018,360	₱8,000,000,000	₱51,118,018,360	₱781,355,122	₱51,626,906	₱832,982,028	(₱721,848,289)	₱64,086,140,193	₱7,787,208,225	₱71,873,348,418
Prior period adjustments (Note 22)	–	–	–	(236,808,912)	–	(236,808,912)	–	–	–	–	(236,808,912)	–	(236,808,912)
Balances as of December 31, 2005, as restated	6,895,273,657	5,961,714,437	12,856,988,094	42,881,209,448	8,000,000,000	50,881,209,448	781,355,122	51,626,906	832,982,028	(721,848,289)	63,849,331,281	7,787,208,225	71,636,539,506
Adjustments to foreign currency translation	–	–	–	–	–	–	(761,681,538)	–	(761,681,538)	–	(761,681,538)	–	(761,681,538)
Changes in fair value of available-for- sale investments	–	–	–	–	–	–	–	209,082,812	209,082,812	–	209,082,812	–	209,082,812
Income (loss) recognized directly in equity	–	–	–	–	–	–	(761,681,538)	209,082,812	(552,598,726)	–	(552,598,726)	–	(552,598,726)
Net income for the year	–	–	–	6,458,739,129	–	6,458,739,129	–	–	–	–	6,458,739,129	2,238,096,900	8,696,836,029
Total income for the year	–	–	–	6,458,739,129	–	6,458,739,129	(761,681,538)	209,082,812	(552,598,726)	–	5,906,140,403	2,238,096,900	8,144,237,303
Cash dividends (Note 22)	–	–	–	(203,915,756)	–	(203,915,756)	–	–	–	–	(203,915,756)	–	(203,915,756)
Increase in minority interest (Note 23)	–	–	–	–	–	–	–	–	–	–	–	10,914,357,356	10,914,357,356
Balances as of December 31, 2006	₱6,895,273,657	₱5,961,714,437	₱12,856,988,094	₱49,136,032,821	₱8,000,000,000	₱57,136,032,821	₱19,673,584	₱260,709,718	₱280,383,302	(₱721,848,289)	₱69,551,555,928	₱20,939,662,481	₱90,491,218,409



For the Year Ended December 31, 2005													
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT													
	Paid-up Capital (Note 22)			Retained Earnings (Note 22)			Other Reserves			Treasury Shares (Note 22)	Total	ATTRIBUTABLE TO MINORITY INTEREST	TOTAL EQUITY
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Cumulative Translation Adjustments	Net Unrealized Gain (Loss) on Available-for-Sale Investments	Total Other Reserves				
Balances as of December 31, 2004, as previously reported	₱7,322,173,657	₱7,642,633,187	₱14,964,806,844	₱39,334,453,958	₱8,000,000,000	₱47,334,453,958	₱1,298,097,116	(₱10,773,462)	₱1,287,323,654	(₱721,848,289)	₱62,864,736,167	₱8,622,906,867	₱71,487,643,034
Prior period adjustments (Note 22)	-	-	-	(162,334,964)	-	(162,334,964)	-	-	-	-	(162,334,964)	-	(162,334,964)
Balances as of December 31, 2004, as restated	7,322,173,657	7,642,633,187	14,964,806,844	39,172,118,994	8,000,000,000	47,172,118,994	1,298,097,116	(10,773,462)	1,287,323,654	(721,848,289)	62,702,401,203	8,622,906,867	71,325,308,070
Cumulative effect of change in accounting policy for financial instruments as of January 1, 2005	(426,900,000)	(1,680,918,750)	(2,107,818,750)	(264,457,873)	-	(264,457,873)	-	-	-	-	(2,372,276,623)	(327,040,107)	(2,699,316,730)
Balances as of January 1, 2005, as adjusted	6,895,273,657	5,961,714,437	12,856,988,094	38,907,661,121	8,000,000,000	46,907,661,121	1,298,097,116	(10,773,462)	1,287,323,654	(721,848,289)	60,330,124,580	8,295,866,760	68,625,991,340
Adjustments to foreign currency translation	-	-	-	-	-	-	(516,741,994)	-	(516,741,994)	-	(516,741,994)	-	(516,741,994)
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	62,400,368	62,400,368	-	62,400,368	-	62,400,368
Income (loss) recognized directly in equity	-	-	-	-	-	-	(516,741,994)	62,400,368	(454,341,626)	-	(454,341,626)	-	(454,341,626)
Net income for the year	-	-	-	4,177,464,077	-	4,177,464,077	-	-	-	-	4,177,464,077	(508,658,535)	3,668,805,542
Total income for the year	-	-	-	4,177,464,077	-	4,177,464,077	(516,741,994)	62,400,368	(454,341,626)	-	3,723,122,451	(508,658,535)	3,214,463,916
Cash dividends (Note 22)	-	-	-	(203,915,750)	-	(203,915,750)	-	-	-	-	(203,915,750)	-	(203,915,750)
Balances as of December 31, 2005	₱6,895,273,657	₱5,961,714,437	₱12,856,988,094	₱42,881,209,448	₱8,000,000,000	₱50,881,209,448	₱781,355,122	₱51,626,906	₱832,982,028	(₱721,848,289)	₱63,849,331,281	₱7,787,208,225	₱71,636,539,506



For the Year Ended December 31, 2004

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT												ATTRIBUT- ABLE TO MINORITY INTEREST	TOTAL EQUITY
	Paid-up Capital (Note 22)			Retained Earnings (Note 22)			Other Reserves			Treasury Shares (Note 22)	Total			
	Capital Stock	Additional Paid-in Capital	Total Paid-up Capital	Unrestricted Retained Earnings	Restricted Retained Earnings	Total Retained Earnings	Cumulative Translation Adjustments	Net Unrealized Gain (Loss) on Available- for-Sale Investments	Total Other Reserves					
Balances as of December 31, 2003, as previously reported	₱6,895,273,657	₱5,961,714,437	₱12,856,988,094	₱33,486,011,615	₱8,000,000,000	₱41,486,011,615	₱1,209,763,123	₱695,178	₱1,210,458,301	(₱721,848,289)	₱54,831,609,721	₱9,351,890,875	₱64,183,500,596	
Prior period adjustments (Note 22)	-	-	-	(116,151,262)	-	(116,151,262)	-	-	-	-	(116,151,262)	-	(116,151,262)	
Balances as of December 31, 2003, as restated	6,895,273,657	5,961,714,437	12,856,988,094	33,369,860,353	8,000,000,000	41,369,860,353	1,209,763,123	695,178	1,210,458,301	(721,848,289)	54,715,458,459	9,351,890,875	64,067,349,334	
Adjustments to foreign currency translation	-	-	-	-	-	-	88,333,993	-	88,333,993	-	88,333,993	-	88,333,993	
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	-	(11,468,640)	(11,468,640)	-	(11,468,640)	-	(11,468,640)	
Income (loss) recognized directly in equity	-	-	-	-	-	-	88,333,993	(11,468,640)	76,865,353	-	76,865,353	-	76,865,353	
Net income for the year	-	-	-	6,111,026,422	-	6,111,026,422	-	-	-	-	6,111,026,422	(941,910,761)	5,169,115,661	
Total income for the year	-	-	-	6,111,026,422	-	6,111,026,422	88,333,993	(11,468,640)	76,865,353	-	6,187,891,775	(941,910,761)	5,245,981,014	
Issue of preferred shares of stock	426,900,000	1,680,918,750	2,107,818,750	-	-	-	-	-	-	-	2,107,818,750	-	2,107,818,750	
Cash dividends (Note 22)	-	-	-	(308,767,781)	-	(308,767,781)	-	-	-	-	(308,767,781)	-	(308,767,781)	
Increase in minority interest	-	-	-	-	-	-	-	-	-	-	-	212,926,753	212,926,753	
Balances as of December 31, 2004	₱7,322,173,657	₱7,642,633,187	₱14,964,806,844	₱39,172,118,994	₱8,000,000,000	₱47,172,118,994	₱1,298,097,116	(₱10,773,462)	₱1,287,323,654	(₱721,848,289)	₱62,702,401,203	₱8,622,906,867	₱71,325,308,070	

See accompanying Notes to Consolidated Financial Statements.



JG SUMMIT HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2006	2005 (As Restated)	2004 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax from continuing operations	₱11,629,077,850	₱5,478,381,129	₱5,683,490,795
Income (loss) before income tax from discontinued operations (Note 37)	(146,639,652)	18,397,395	213,437,931
Adjustments for:			
Interest expense (Note 28)	7,122,358,576	6,801,945,159	5,743,536,032
Depreciation and amortization of property, plant and equipment (Notes 13 and 27)	6,654,144,524	5,908,900,985	5,922,088,853
Gain on sale of investment (Note 23)	(6,284,208,812)	–	–
Interest income	(4,914,220,132)	(4,366,460,924)	(3,902,542,762)
Provision for impairment losses on property, plant and equipment (Note 27)	3,516,538,157	–	1,600,339,344
Foreign exchange gain - net (Note 24)	(3,381,895,231)	(2,423,376,916)	(257,328,735)
Gain on dilution of equity interest (Note 23)	(2,765,911,144)	–	–
Provision for impairment losses on trade and other receivables (Notes 7 and 27)	1,671,921,590	474,038,617	684,302,746
Depreciation and amortization of investment properties (Note 12)	1,187,787,564	1,196,792,727	970,109,824
Market valuation gain on derivative instruments (Note 35)	(1,134,762,076)	(258,335,686)	(27,980,410)
Equity in net earnings of associates and joint ventures (Note 11)	(1,080,041,888)	(1,048,510,788)	(1,015,029,821)
Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks	(244,709,188)	(340,923,379)	(124,677,393)
Provision for impairment losses on intangibles, goodwill and other noncurrent assets (Note 27)	632,688,682	–	–
Amortization of deferred commissions and subsidies (Note 16)	431,447,743	551,274,464	509,789,209
Inventory obsolescence and market decline (Note 27)	106,987,095	64,028,603	53,040,246
Amortization of debt issuance costs	83,696,293	111,797,433	98,321,784
Accretion of asset retirement obligation (Note 28)	83,140,436	67,858,481	43,780,855
Amortization of intangibles (Note 15)	46,102,054	36,656,749	50,728,481
Loss (gain) on sale of financial assets at fair value through profit and loss (Note 24)	(35,686,213)	(309,691,509)	156,637,410
Income from early debt extinguishment (Note 24)	–	(177,195,885)	(4,748,233,086)
Provision for impairment losses on investment in a joint venture (Notes 11 and 27)	–	148,954,506	100,500,000

(Forward)



	Years Ended December 31		
	2006	2005 (As Restated)	2004 (As Restated)
Operating income before changes in operating accounts	₱13,177,816,228	₱11,934,531,161	₱11,754,311,303
Decrease (increase) in:			
Receivables	2,207,349,260	(1,062,115,018)	(1,346,783,218)
Inventories	176,934,116	(1,668,733,683)	(944,442,205)
Other current assets	363,095,140	(431,843,997)	(548,613,849)
Increase (decrease) in:			
Accounts payable and accrued expenses	4,935,315,550	3,220,691,881	2,888,145,289
Other current liabilities	(2,786,606,717)	338,902,287	860,049,499
Net cash generated from operations	18,073,903,577	12,331,432,631	12,662,666,819
Interest paid	(7,135,712,345)	(5,782,838,124)	(5,743,536,032)
Interest received	5,529,964,062	4,310,021,248	3,902,542,762
Income taxes paid	(788,804,941)	(548,793,409)	(419,431,810)
Net cash provided by operating activities	15,679,350,353	10,309,822,346	10,402,241,739
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of:			
Property, plant and equipment (Note 13)	(22,195,573,099)	(22,139,389,089)	(11,229,331,680)
Investment properties (Note 12)	(2,857,280,231)	(1,354,570,567)	(1,041,848,746)
Net proceeds from sale of equity investment	18,643,682,983	-	-
Decrease (increase) in:			
Financial assets at fair value through profit and loss	7,146,143,655	(8,093,574,625)	-
Other noncurrent assets	1,649,054,824	778,094,996	(4,834,864,122)
Investments in associates and joint ventures	(1,483,891,014)	(2,398,230,357)	(349,951,960)
Available-for-sale investments	(793,007,512)	(2,046,196,701)	-
Biological assets	180,609,264	(210,165,177)	85,418,293
Held-to-maturity investments	(29,269,711)	(419,243,367)	-
Temporary investments	-	-	6,269,490,934
Net cash provided by (used in) investing activities	260,469,159	(35,883,274,887)	(11,101,087,281)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term debt	19,705,950,853	18,433,684,299	4,282,554,449
Short-term debt	9,517,898,515	10,864,151,030	6,613,130,489
Repayments of:			
Long-term debt	(10,903,680,244)	(5,038,659,682)	(13,122,160,482)
Short-term debt	(13,964,533,524)	(3,390,555,795)	(5,953,907,547)
Increase (decrease) in:			
Other noncurrent liabilities	(2,037,365,068)	2,679,011,841	4,852,486,836
Minority interests	1,320,794,329	(327,040,107)	212,926,753
Dividends paid	(203,915,756)	(203,915,750)	(308,767,781)
Proceeds from issue of preferred shares of stock	-	-	2,107,818,750
Net cash provided by (used in) financing activities	3,435,149,105	23,016,675,836	(1,315,918,533)

(Forward)



	Years Ended December 31		
	2006	2005 (As Restated)	2004 (As Restated)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	₱19,374,968,617	(₱2,556,776,705)	(₱2,014,764,075)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,459,046,705	8,015,823,410	10,030,587,485
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱24,834,015,322	₱5,459,046,705	₱8,015,823,410

See accompanying Notes to Consolidated Financial Statements.

