

**THE JFC GROUP OF COMPANIES**  
**NET INCOME RISES BY 42% IN QUARTER 1 OF 2004**

Metro Manila, Philippines, May 14, 2004 – *Jollibee Foods Corporation*  
**(PSE: JFC/JFCW) – Results for the quarter ended March 31, 2004**

The following are the highlights of JFC’s results of operations for the quarter ended March 31, 2004:

<b>Financial Summary (In Million Pesos)</b>			
	<b>Quarter 1 2004</b>	<b>Quarter 1 2003</b>	<b>% Change</b>
<b>System Wide Retail Sales</b>	<b>P 7,843.98</b>	<b>P 6,729.35</b>	<b>16.6%</b>
<b>Revenues</b>	<b>P 5,785.25</b>	<b>P 5,024.40</b>	<b>15.1%</b>
<b>Net Income after Tax</b>	<b>P 382.13</b>	<b>P 269.81</b>	<b>41.6%</b>
<b>Earnings per Common Share – Basic (Peso per share)</b>	<b>P 0.39</b>	<b>P 0.27</b>	<b>41.5%</b>

The Jollibee Foods Corporation (JFC) posted a net income of P382 million in the First Quarter of 2004, rising by 41.6% versus the net income of the same period of 2003, driven by strong sales and margin improvement. Its System Wide Sales grew by 16.6% from P6.7 billion in 2003 to P7.8 billion in 2004 driven by increases in flagship brand Jollibee +10.5%, Greenwich +14.4%, Chowking +43.7% and the balance of business mainly International +7.9%. Net Income as a percent of revenues improved by 120 basis points from 5.4% in the 1<sup>st</sup> quarter of 2003 to 6.6% in the 1st quarter of 2004, while Return on Equity (ROE) rose from 15.8% to 19.3%, respectively.

Mr. Tony Tan Caktiong, Chairman and Chief Executive Officer of Jollibee Foods Corporation stated that sales and profit numbers in the First Quarter of 2004 were very satisfactory, but he considers as far more significant the trends and developments in the First Quarter which have long term implications to JFC’s business. “The first is the growth trend in our core brands: the First Quarter of 2004 is the third consecutive quarter of

improving sales growth rate. This indicates that the fundamentals in our core businesses are working, particularly our product development and new product introductions, which we focused on in the past several months. Second is that we were able to complete by end of March 2004 the acquisition of 85% ownership of Yonghe King in China which has a huge business potential. Third is we started in January 2004 the operation of our largest commissary in Laguna after more than 2 years of construction. These developments signal that we are able to continue to build our existing businesses while we open a new one with very significant long term potential.”

Mr. Tan added that election spending created a short term boost to the business. “The business would have grown well even without the election, but we do not expect the same high growth numbers in the first quarter to be sustained in the 3<sup>rd</sup> and 4<sup>th</sup> quarters”, Mr. Tan stated. “The organization also recognizes that while First Quarter results were impressive, there are still major challenges to address to ensure the long term soundness of the business- - - we have to improve our cost structure particularly in the support groups, we have to sustain positive growth in same store sales and we have to win big in foreign operations if we are to become a truly World Class business”.

Chief Finance Officer, Mr. Ysmael V. Baysa disclosed that the financial results of JFC exclude the operations of Yonghe King business in China since JFC’s acquisition of 85% ownership share of Belmont Enterprises Ventures, Ltd., the holding company of Yonghe King took effect only at the end of the first quarter of 2004. He disclosed, however, that Yonghe King’s sales in the first quarter of 2004 grew by 26.8% from US\$ 5.7 million in the same period of 2003 to US\$ 7.3 million, basically in line with JFC’s expectations. Yonghe King stores grew from 77 as of the beginning of 2004 to 86 as of end of the first quarter.

Mr. Baysa also disclosed that the JFC Group of Companies excluding Yonghe King, opened a total of 21 new stores during the quarter but closed down 13, of which 7 were in foreign operations. All 3 Chowking stores in Dubai, 1 Jollibee store in the US and all 3 Tomi’s Teriyaki stores in the US were closed down effectively shelving the Tomi’s Teriyaki business. “Tomi’s Teriyaki business did not grow according to expectations. Its basic concept is sound but there is still much work to be done to turn it into a strong brand. We are keeping the brand trademark and the recipes for

possible future use. In the meantime, management is placing its priority on brand development on Yonghe King in China”, Mr. Baysa stated. He added that new Jollibee stores in the US will open soon and that including the 86 Yonghe King stores in China, the total stores of the JFC Group had grown to 1,082 worldwide as of end of March 2004.

The Jollibee Group of Companies operates the Philippines’ largest fast food network. As of end of March 2004, it had a total of 970 local stores: 471 Jollibee, 253 Chowking, 217 Greenwich, and 29 Delifrance. On a worldwide basis, it had 1,082 stores with 112 stores in foreign operations: 20 Jollibee, 6 Chowking, and 86 Yonghe King.

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# JOLLIBEE FOODS CORPORATION

## Consolidated Statement of Income

For the 1st Quarter 2004

(Unaudited)

Peso Amounts in Thousands

	Qtr. 1 - 2004		Qtr. 1 - 2003		Change 2003-2004
	Pesos	Pct.	Pesos	Pct.	
<b>REVENUES</b>					
Sales	5,331,864	92.2%	4,629,175	92.1%	15.2%
Royalties, franchise fees and others	453,384	7.8%	395,229	7.9%	14.7%
	<b>5,785,248</b>	<b>100.0%</b>	<b>5,024,403</b>	<b>100.0%</b>	<b>15.1%</b>
<b>COST OF SALES</b>	<b>3,008,147</b>	<b>52.0%</b>	<b>2,621,121</b>	<b>52.2%</b>	<b>14.8%</b>
<b>GROSS PROFIT</b>	<b>2,777,101</b>	<b>48.0%</b>	<b>2,403,282</b>	<b>47.8%</b>	<b>15.6%</b>
<b>OPERATING EXPENSES</b>	<b>2,280,727</b>	<b>39.4%</b>	<b>2,045,498</b>	<b>40.7%</b>	<b>11.5%</b>
Income from Operations	496,374	8.6%	357,784	7.1%	38.7%
<b>FINANCE INCOME (CHARGES)</b>					
Interest income	18,967	0.3%	20,996	0.4%	(9.7%)
Interest expense	(11,075)	(0.2%)	(16,476)	(0.3%)	32.8%
<b>EQUITY IN NET LOSS OF A JOINT VENTURE</b>	<b>(4,267)</b>	<b>(0.1%)</b>	<b>(5,134)</b>	<b>(0.1%)</b>	<b>16.9%</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>499,999</b>	<b>8.6%</b>	<b>357,170</b>	<b>7.1%</b>	<b>40.0%</b>
<b>PROVISION FOR INCOME TAX</b>	<b>113,888</b>	<b>2.0%</b>	<b>87,781</b>	<b>1.7%</b>	<b>29.7%</b>
<b>PROFIT BEFORE MINORITY INTEREST</b>	<b>386,111</b>	<b>6.7%</b>	<b>269,389</b>	<b>5.4%</b>	<b>43.3%</b>
<b>MINORITY INTEREST</b>	<b>3,983</b>	<b>0.1%</b>	<b>(420)</b>	<b>(0.0%)</b>	<b>1,049.1%</b>
<b>NET INCOME</b>	<b>382,128</b>	<b>6.6%</b>	<b>269,809</b>	<b>5.4%</b>	<b>41.6%</b>
Non-recurring Gain (Loss) after tax	-	-	-	-	-
<b>Net Income after Non-recurring Items</b>	<b>382,128</b>	<b>6.6%</b>	<b>269,809</b>	<b>5.4%</b>	<b>41.6%</b>
<b>Earnings per Share</b>					
Basic	0.3877		0.2740		41.5%
Diluted	0.3871		0.2733		41.6%
<b>Average Number of Common Shares-Basic (000)</b>	<b>985,598</b>		<b>984,746</b>		
<b>Average Number of Common Shares-Diluted (000)</b>	<b>987,249</b>		<b>987,220</b>		

# JOLLIBEE FOODS CORPORATION

## Consolidated Balance Sheet

As of March 31, 2004

(Unaudited)

Peso Amounts in Thousands

	March 2004	December 2003	Change
Cash and Cash Items	1,892,603	2,788,514	(895,911)
Accounts Receivables	882,841	879,547	3,294
Inventories	975,060	880,985	94,075
Prepaid Items & Other Current Assets	1,003,853	823,537	180,316
<b>Total Current Assets</b>	<b>4,754,358</b>	<b>5,372,583</b>	<b>(618,226)</b>
Property & Equipment	9,707,646	9,746,817	(39,171)
Accumulated Depreciation	(4,033,007)	(3,964,606)	(68,401)
<b>Net Fixed Assets</b>	<b>5,674,639</b>	<b>5,782,211</b>	<b>(107,572)</b>
<b>Other Assets</b>	<b>2,218,350</b>	<b>1,496,464</b>	<b>721,887</b>
<b>Total Assets</b>	<b>12,647,347</b>	<b>12,651,258</b>	<b>(3,911)</b>
Accounts Payable	1,395,683	1,701,210	(305,527)
Accrued Expenses	2,032,652	1,964,880	67,772
Other liabilities	356,404	433,437	(77,032)
Current portion of provisions	17,000	17,000	
Current portion of long-term debt	170,000	226,667	(56,667)
<b>Total Current Liabilities</b>	<b>3,971,740</b>	<b>4,343,194</b>	<b>(371,454)</b>
Long-term debt - net of current portion	<b>283,333</b>	<b>283,333</b>	-
Provisions - net of current portion	<b>90,433</b>	<b>90,433</b>	-
Other non-current liabilities	<b>57,827</b>	<b>57,827</b>	(0)
<b>Total Non-current Liabilities</b>	<b>431,593</b>	<b>431,593</b>	<b>(0)</b>
<b>Minority Interest</b>	<b>157,302</b>	<b>187,487</b>	<b>(30,185)</b>
Paid-up Capital	1,033,540	1,032,928	611
Excess on Par	1,842,183	1,833,142	9,041
Subscription Receivables	(70,243)	(72,351)	2,108
Translation Adjustments	207,737	207,737	0
Retained Earnings			
Appropriated for future expansion	1,200,000	1,200,000	-
Unappropriated	4,098,508	4,098,508	0
Pnl-to-Date	382,129	-	382,129
Less: Warrants and treasury shares	(607,141)	(610,980)	3,839
<b>Total Equity</b>	<b>8,086,712</b>	<b>7,688,984</b>	<b>397,728</b>
<b>Total Liabilities &amp; Equity</b>	<b>12,647,347</b>	<b>12,651,258</b>	<b>(3,911)</b>

**JOLLIBEE FOODS CORPORATION**  
**Consolidated Statements of Cash Flows**

As of March 31, 2004

(Unaudited)

Peso Amounts in Thousands

	Mar-04	Mar-03
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax and minority interest	499,999	357,170
Adjustments for:		
Depreciation and amortization	223,975	161,217
Loss on disposals and retirement of property and equipment	-	-
Interest income	(18,967)	(20,996)
Interest expense	11,075	16,476
Equity in net loss of a joint venture	4,267	5,134
Loss on write-off of nonoperating assets	-	-
Operating income before working capital changes	720,350	519,001
Changes in assets and liabilities:		
Decrease (increase) in:		
Trade receivables	(3,294)	40,064
Inventories	(94,075)	136,209
Prepaid items and other current assets	(180,316)	7,073
Increase (decrease) in:		
Accounts payable	(305,527)	(363,217)
Accrued expenses	18,642	152,417
Provisions	-	(25,500)
Other liabilities	(77,032)	(213,279)
Cash generated from operations	78,747	252,768
Income taxes paid	(64,758)	(79,912)
Net cash provided by operating activities	13,989	172,856
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property and equipment	(234,317)	(320,879)
(Increase) Decrease in other noncurrent assets	(608,499)	(984)
Interest received	18,967	20,996
Proceeds from disposal of property and equipment	259	2,577
Net cash provided by (used in) investing activities	(823,590)	(298,290)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Warrants and treasury shares	-	(32,024)
Bank loans	(56,667)	(56,667)
Proceeds from:		
Issuance of Treasury Stocks	3,839	46,406
Issuance of and subscriptions to capital stock	11,760	16,542
Interest paid	(11,075)	(16,476)
Increase (Decrease) in noncurrent liabilities	(0)	(20,604)
Increase (decrease) in minority interest	(34,168)	(29,327)
Net cash provided by (used in) financing activities	(86,311)	(92,149)
Net Increase (Decrease) in Cash and Cash Equivalents	(895,911)	(217,582)
Cash and Cash Equivalents, Beginning	2,788,514	2,297,888
Cash and Cash Equivalents, End	1,892,603	2,080,306

**JOLLIBEE FOODS CORPORATION**  
**Consolidated Statements of Changes in Stockholders' Equity**  
As of March 31, 2004  
(Unaudited)  
Peso Amounts in Thousands

	Mar-04	Mar-03
<b>Capital Stock - P1 par value</b>		
Issued		
Balance, beginning	1,018,340	1,017,260
Issuances	121	1
Balance, end	1,018,461	1,017,261
<b>Additional Paid-in Capital</b>		
Balance, beginning	1,833,142	1,788,890
Issuances	1,133	9
Premium on new subscriptions	7,908	27,354
Balance, end	1,842,183	1,816,253
<b>Subscribed Capital Stock</b>		
Balance, beginning	14,588	12,822
New subscriptions	611	2,109
Issuances	(121)	(1)
Balance, end	15,079	14,930
<b>Subscription Receivable</b>		
Balance, beginning	(72,351)	(97,304)
Receivables on new subscriptions	(25,308)	(25,308)
Collections	27,416	12,378
Balance, end	(70,243)	(110,234)
<b>Share in Translation Adjustments of Investees</b>		
Balance, beginning of year	207,737	190,493
Share in translation adjustments during the year	-	(0)
Balance, end	207,737	190,493
<b>Retained Earnings</b>		
Appropriated for future expansion	1,200,000	1,200,000
Unappropriated		
Balance, beginning	4,098,508	3,186,731
Cash dividends	0	-
Net income	382,129	269,809
Balance, end	4,480,637	3,456,540
	5,680,637	4,656,540
<b>Warrants and Treasury Shares</b>		
Balance, beginning	(610,980)	(574,255)
Acquisitions of stocks and warrants		(32,024)
Issuances	3,839	46,406
	(607,141)	(559,873)
	<b>8,086,712</b>	<b>7,025,371</b>

## **Jollibee Foods Corporation**

### **Notes and Other Disclosures**

1. The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines under the historical cost basis.
2. The Company adopted the same accounting policies, standards and methods of computations applied in the 2003 audited consolidated financial statements.
3. Food service operations have both peak and lean seasons. The material financial impact of this seasonality has been considered in the financial forecast.
4. All assets and liabilities of Superior FSC Corporation and FSC Foods Corporation were transferred to the new US Holding Company, Honeybee Foods Corporation effective January 1, 2004.

#### 5. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

- > The food service segment is involved in the operation of QSRs and the manufacture of food products to be sold to company-owned and franchised QSR outlets.
- > The franchising segment is involved in the franchising of the Group's QSR store concepts.
- > The real estate segment leases store sites mainly to the Group's independent franchisees.

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties in current market prices.

#### > Business Segments

The following tables present revenues & expense information and certain asset & liability information regarding the different business segments for the periods ended March 31, 2004 & 2003:

**As of and for the Quarter Ended March 31, 2004**

	Food Service	Franchising	Real Estate	Eliminations	Total
	<i>(In Thousands)</i>				
<b>Results of Operations</b>					
Revenues from external customers	5,307,174	422,477	55,597		5,785,248
Inter-segment revenues	836,020	35,678	3,390	(875,088)	-
Segment revenue	6,143,194	458,155	58,987	(875,088)	5,785,248
Segment expense	(5,235,743)	(2,414)	(50,717)		(5,288,874)
	383				-
Other segment income		-			-
Segment result	907,452	455,741	8,270	(875,088)	496,374
Interest expense					(11,075)
Interest income					18,967
Equity in net loss of joint venture					(4,267)
Income before income tax and minority interest					499,999
Income tax expense					(113,888)
Minority interest					(3,983)
Net income					382,128
<b>Assets and liabilities</b>					
Segment assets	18,746,996	135,390	171,920	(6,481,794)	12,572,511
Deferred tax assets					-
Interest in and advances to a joint venture	74,835				74,835
Total assets					12,647,347
Segment liabilities	8,088,190	-	423,381	(4,391,571)	4,120,000
Long-term debt					283,333
Total liabilities					4,403,333
<b>Other segment information</b>					
Capital expenditures	234,317	-		-	234,317
Depreciation and amortization	219,170	-	4,806	-	223,975
Impairment losses	-	-	-	-	-
Other non-cash expenses	-	-	-	-	-

**As of and for the Quarter Ended March 31, 2003**

	Food Service	Franchising	Real Estate	Eliminations	Total
	<i>(In Thousands)</i>				
<b>Results of Operations</b>					
Revenues from external customers	4,631,444	355,987	36,972		5,024,403
Inter-segment revenues	288,523	27,121	4,345	(315,644)	-
Segment revenue	4,919,968	383,108	41,317	(315,644)	5,024,403
Segment expense	(4,624,372)	(2,832)	(39,415)		(4,666,619)
Impairment losses					-
Other segment income		-			-
<b>Segment result</b>	<b>295,596</b>	<b>380,276</b>	<b>1,902</b>	<b>(315,644)</b>	<b>357,784</b>
Interest expense					(16,476)
Interest income					20,996
Equity in net loss of joint venture					(5,134)
Income before income tax and minority interest					357,170
Income tax expense					(87,781)
Minority interest					420
Net income					<u>269,809</u>
<b>Assets and liabilities</b>					
Segment assets	16,071,626	127,574	171,662	(5,477,891)	10,892,971
Deferred tax assets					-
Interest in and advances to a joint venture	65,801				65,801
<b>Total assets</b>					<u>10,958,772</u>
Segment liabilities	6,898,713	-	426,265	(4,051,477)	3,273,501
Long-term debt					510,000
<b>Total liabilities</b>					<u>3,783,501</u>
<b>Other segment information</b>					
Capital expenditures	320,879	-		-	320,879
Depreciation and amortization	155,918	-	5,298	-	161,217
Impairment losses	-	-	-	-	-
Other non-cash expenses	-	-	-	-	-

The Company operates in the domestic and international markets. Revenues from operations outside the Philippines account for 4% of the Company's total revenues in the 1st Quarter 2004 and 2003.

8. The acquisition of the 85% of the issued share capital of Belmont Enterprises Ventures, Ltd. (Belmont), the holding company of the Yonghe Group of Companies was completed on March 25, 2004 and the payment of the initial price of US\$11.5 million was made on the same date. As a result, Jollibee International (BVI) Ltd., a wholly owned subsidiary of Jollibee Foods Corporation effectively owns 85% of the shares of Belmont.

Results of operations for Belmont will be included with those of the JFC Group starting Quarter 2 of 2004.

*Background Information:*

*In February 2004, JIBL entered into an agreement for the purchase of 85% of the issued share capital of Belmont Enterprises Ventures, Ltd. (Belmont), the holding company of the Yonghe Group of Companies. The Sale and Purchase Agreement was signed in Hong Kong on February 6, 2004. The acquisition, to be accounted for under the purchase method, included a cash payment of US\$11.5 million and, based on certain profit after tax level, a future contingent payment for the next three years not to exceed US\$11 million. The maximum purchase price for the 85% interest is US\$22.5 million.*

*As a result of the purchase, the Parent Company, through JIBL, will own and operate stores of Yonghe King (Yonghe), a fast food business in the People's Republic of China. At December 31, 2003, Yonghe had approximately 2,900 employees and 78 stores located in key cities of China.*

# JOLLIBEE FOODS CORPORATION

	Dec-03 Stores	Opened YTD	Closed YTD	Ownership Change	Mar-04 Stores
<b>NUMBER OF STORES</b>					
<b>JFC-Philippines</b>					
Co-owned	196	2	0	-6	192
Franchised	271	2	0	6	279
<b>Total</b>	<b>467</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>471</b>
<b>Greenwich</b>					
Co-owned	113	2	3	-1	111
Franchised	100	6	1	1	106
<b>Total</b>	<b>213</b>	<b>8</b>	<b>4</b>	<b>0</b>	<b>217</b>
<b>Delifrance</b>					
Co-owned	25	0	2	0	23
Franchised	5	1	0	0	6
<b>Total</b>	<b>30</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>29</b>
<b>Chowking-Phils</b>					
Co-owned	73	3	0	1	77
Franchised	172	5	0	-1	176
<b>Total</b>	<b>245</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>253</b>
<b>Total Local Stores</b>	<b>955</b>	<b>21</b>	<b>6</b>	<b>0</b>	<b>970</b>
<b>International:</b>					
<b>Jollibee:</b>					
Hongkong	3	0	0	0	3
US	10	0	1	0	9
Others	8	0	0	0	8
<b>Total</b>	<b>21</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>20</b>
<b>Chowking:</b>					
US	6	0	0	0	6
Dubai	3	0	3	0	0
<b>Total</b>	<b>9</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>6</b>
<b>Yonghe King</b>					
C Co-owned	73	8	0	0	81
F Franchised	4	1	0	0	5
<b>Total</b>	<b>77</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>86</b>
Tomi's Teriyaki	3	0	3	0	0
<b>Total International Stores</b>	<b>110</b>	<b>9</b>	<b>7</b>	<b>0</b>	<b>112</b>
<b>Grand Total</b>	<b>1065</b>	<b>30</b>	<b>13</b>	<b>0</b>	<b>1082</b>
<b>NUMBER OF SHARES (in '000)</b>					
Issued & Subscribed (Net of treasury shares)					985,578
Weighted Average - Basic					985,598
<b>SYSTEMWIDE SALES (in '000 Pesos)</b>					
	<b>2003</b>	<b>2004</b>	<b>Growth</b>		
<b>Quarter 1</b>	<b>6,729,348</b>	<b>7,843,975</b>	<b>16.6%</b>		

## STORES GEOGRAPHICAL LOCATION

As of March 31, 2004

<b>Jollibee - Philippines</b>	<b>Mar-04</b>	<b>Dec-03</b>	<b>Changes</b>
Metro Manila	215	213	2
Central Luzon	38	38	0
Northern Luzon	36	35	1
Southern Luzon	102	102	0
Visayas	47	47	0
Mindanao	33	32	1
<b>Total</b>	<b>471</b>	<b>467</b>	<b>4</b>
<b>Greenwich Pizza</b>			
Metro Manila	104	104	0
Central Luzon	12	12	0
Northern Luzon	24	23	1
Southern Luzon	38	37	1
Visayas	20	19	1
Mindanao	19	18	1
<b>Total</b>	<b>217</b>	<b>213</b>	<b>4</b>
<b>Chowking</b>			
Metro Manila	128	126	2
Central Luzon	34	32	2
Northern Luzon	16	16	0
Southern Luzon	38	36	2
Visayas	20	20	0
Mindanao	17	15	2
<b>Total</b>	<b>253</b>	<b>245</b>	<b>8</b>