

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 (Jollibee Foods Corporation) adopted the same accounting policies, standards and methods of computations applied in year-end 2004 Audited Consolidated Financial Statements.

Update on the adoption of the new International Financial Reporting Standards (IFRS):

> The Company is currently working on its conversion to the new IFRS. It engaged the services of its external auditors to assist in its conversion process. Changes in accounting policies and the resulting adjustments in the financial statements for the current and comparative years will be presented in the Company's year-end 2005 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. The Company restated its 2004 Financial Statements to effect the change in accounting policy under SFAS 17/ IAS 17 "Leases" resulting in a P23.0 million and a P69.0 increase in Operating Expenses in Quarter 3 and in the first nine months of 2004, respectively.

5. Segment Information

The Company'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 Company's independent franchisees.

The Company 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 and expense information and certain asset and liability information regarding the different business segments for the periods ended September 30, 2005 and 2004:

	As of September 30, 2005				
	Food Service	Franchising	Real Estate	Eliminations	Total
	<i>(In Thousands)</i>				
<b>Results of Operations</b>					
Revenues from external customers	19,204,070	1,435,791	162,639		20,802,501
Inter-segment revenues	2,855,941	104,695	10,400	(2,971,036)	-
Segment revenue	22,060,012	1,540,486	173,039	(2,971,036)	20,802,501
Segment expense	(19,103,322)	(6,774)	(154,676)		(19,264,772)
	383				-
Other segment income		-			-
Segment result	2,956,690	1,533,712	18,363	(2,971,036)	1,537,728
Interest expense					(17,263)
Interest income					75,064
Equity in net loss of joint venture	(12,681)				(12,681)
Income before income tax and minority interest					1,582,849
Income tax expense					(398,273)
Minority interest					(16,764)
Net income					1,167,811
<b>Assets and liabilities</b>					

Segment assets	19,588,696	158,104	384,569	(4,075,354)	16,056,015
Interest in and advances to a joint venture	41,572				41,572
<b>Total assets</b>					<b>16,097,587</b>
Segment liabilities	7,324,263	-	638,572	(1,482,107)	6,480,727
Long-term debt					56,667
<b>Total liabilities</b>					<b>6,537,394</b>
<b>Other segment information</b>					
Capital expenditures	792,323	-	-	-	792,323
Depreciation and amortization	772,960	-	9,920	-	782,880

	As of and for the Quarter Ended September 30, 2004				
	Food Service	Franchising	Real Estate	Eliminations	Total
	<i>(In Thousands)</i>				
<b>Results of Operations</b>					
Revenues from external customers	17,750,021	1,234,667	167,143		19,151,831
Inter-segment revenues	2,640,279	84,169	12,390	(2,736,837)	-
Segment revenue	20,390,299	1,318,836	179,533	(2,736,837)	19,151,831
Segment expense	(17,505,266)	(7,419)	(155,480)		(17,668,164)
Segment result	2,885,034	1,311,418	24,053	(2,736,837)	1,483,666
Interest expense					(32,256)
Interest income					67,250
Equity in net loss of joint venture	(3,889)				(12,257)
Income before income tax and minority interest					1,506,404
Income tax expense					(383,236)
Minority interest					(21,500)
Net income					<b>1,101,668</b>
<b>Assets and liabilities</b>					
Segment assets	16,779,177	154,556	195,156	(3,517,418)	13,611,471
Interest in and advances to a joint venture	61,675				61,675
<b>Total assets</b>					<b>13,673,146</b>
Segment liabilities	5,153,958	-	414,897	(1,063,866)	4,504,989
Long-term debt					283,333
<b>Total liabilities</b>					<b>4,788,322</b>
<b>Other segment information</b>					
Capital expenditures	1,025,706	-	-	-	1,025,706
Depreciation and amortization	827,730	-	12,877	-	840,607

### Geographical Segments

The Company operates in the domestic and international markets. Revenues from operations within the Philippines account for 90.7% and 92.2% of the Company's total revenues for the period ended September 30, 2005 and 2004, respectively.

- On April 4, 2005, the Company submitted to the SEC the amendments to the JFC's Senior Management Stock Option Plan (MSOP) Rules, which were originally filed and approved by the Securities and Exchange Commission (SEC) on November 28, 2002. Under the said Senior MSOP, 101,500,000 JFC shares have been exempted from registration under Section 10.2 of Securities Regulation Code with the SEC on December 17, 2002 and approved for listing by the Philippine Stock Exchange (PSE) on the same date to cover the issuances under the said plan. A total of 795,017 shares are estimated to be issued and listed during the year 2005. These shares have been included in the calculation of the Diluted Earnings per Share.
- On October 27, 2005, the Company completed its acquisition of all of the issued and outstanding shares of Red Ribbon Holdings, Inc. ("Red Ribbon"), owner of the Red Ribbon Bakeshop chains in the Philippines and in the United States. The Company acquired 100% of the issued and outstanding shares of Red Ribbon for Pesos 1.8

billion. Of this amount, Pesos 1.3 billion was paid on the date of closing and the balance of Pesos 0.5 billion to be paid in three equal installments over the next three years following the date of closing.

The results of operations and financial condition of Red Ribbon will be included with those of the JFC Group starting November 2005.

8. There are no other material events subsequent to the end of the interim period that are reasonably expected to have a material impact on the Company's net income from continuing operations.