

THE JFC GROUP OF COMPANIES
REPORTS 2003 2ND QUARTER AND 1ST HALF RESULTS

Metro Manila, Philippines, August 14, 2003 - ***Jollibee Foods Corporation***
(PSE: JFC/JFCW) – Results for the quarter and six months ended June 30, 2003

The following are the highlights of JFC’s results of operation for the quarter and six months ended June 30, 2003:

Financial Summary	Quarter 2 - 2003		First Half – 2003	
	Amount	Change	Amount	Change
System Wide Retail Sales	P 7.1 B	4.2%	P 13.9 B	6.8%
Income from operations	P 444 M	2.6%	P 797 M	9.8%
Net Income after Tax	P 342 M	11.2%	P 612 M	19.6%
Earnings per Common Share – Basic	P 0.3482	8.5%	P 0.6221	16.5%

(Note: All references versus same period last year.)

JFC Chairman and CEO Tony Tan Caktiong stated; “We achieved a credible sales growth in the 2nd Quarter but our performance was below our internal target. We were affected by the decrease in consumer traffic during the height of the SARS scare and by the early start of the rainy season. There are also some executional areas where we could have done better and on this, we are now making adjustments. On the other hand, the broadening of our business portfolio is proving its strategic benefits. In particular, our Chowking business (which now accounts for 20% of our business) continued its robust growth with an 18.8% increase in System Wide Sales compared to the same quarter last year propelling our System Wide Group Sales growth of 4.2%. I am also highly encouraged by the continuous improvement in our operating margins and by our ability to generate strong cash flows resulting in a net income of P343 million, the highest quarter performance for at least the last 3 years and translating to a Return on Equity of 19.3% annualized, and a free cash flow of almost a billion. We are facing many challenges including more vigorous competition but we believe that if we continue to be faithful to our strategy and our core competencies, we will continue to do well, both in the short term and the long term.”

In the first half of 2003, the Jollibee Foods Corporation Group opened 33 stores (16 Chowking, 9 Jollibee, 7 Greenwich, 1 Delifrance) bringing the total retail network to 926.

The Jollibee Business, which accounts for 65.6% of the JFC Group System Wide Sales, registered a 1.8% growth in the 2nd quarter of 2003 compared to the same period last year. Same store performance was -2.3% versus last year. “This is a big challenge for us,” Mr. Tony Tan Caktiong commented. “However, we had experienced declines in Jollibee’s same store sales in the past, for example with -3.9% in Q4 1999 and -6.4% in Q1 2000. But by persistently trying to figure out the cause of the decline and its possible solution, we eventually were able to restore the business growth with +4% in Q2 2000 and +6.3% in Q3 of the same year followed by four quarters of impressive growth. We just have to keep going back to understanding our consumer and eventually, they show us how to recover their loyalty to the brand. and to restore our business growth even though the recovery may not be immediate.”

The Chowking Business growth of 18.8% versus the 2nd quarter of last year is attributed to new product offerings and to opening of 16 stores, bringing Chowking network to 231 stores. Same store sales grew by 4.9% in the 2nd quarter versus the same period last year.

Greenwich System Wide Sales, which accounts for 10% of the JFC Group business decreased by 3.1% compared to the same quarter last year. Same store sales was -8.4% lower than the 2nd quarter of the previous year, the first decline after eight consecutive quarters of significant growth. “We believe our reversal in business momentum in Greenwich is temporary,” said Mr. Tan Caktiong. “We have an array of new product offerings, and new store openings. In fact, we just opened our 200th store in T.M. Kalaw in Manila. Greenwich is the market leader in the pizza/pasta segment and we expect that it will further strengthen its leadership position in the future.” Greenwich was recently recognized by the Consumers’ Union as the Outstanding Pizza Fast Food Chain during its 14th Annual National Consumers’ Award (ANCA).

The JFC Group operates the largest fast food chains in the country with a total of 897 stores consisting of 442 Jollibee, 197 Greenwich, 231 Chowking and 27 Delifrance. It also maintains 29 restaurants overseas.

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JOLLIBEE FOODS CORPORATION

Consolidated Statement of Income

For the 2nd Quarter 2003

(Unaudited)

Peso Amounts in Thousands

	Qtr. 2 - 2003		Qtr. 2 - 2002		Change 2002 to 2003
	Pesos	Pct.	Pesos	Pct.	
REVENUES					
Sales	4,913,554	92.3%	4,862,728	92.4%	1.0%
Royalties, franchise fees and others	412,678	7.7%	398,112	7.6%	3.7%
	5,326,233	100.0%	5,260,840	100.0%	1.2%
COST OF SALES	2,714,019	51.0%	2,737,338	52.0%	(0.9%)
GROSS PROFIT	2,612,214	49.0%	2,523,502	48.0%	3.5%
OPERATING EXPENSES	2,167,750	40.7%	2,090,307	39.7%	3.7%
Income from Operations	444,464	8.3%	433,195	8.2%	2.6%
OTHER INCOME (CHARGES)	13,920	0.3%	(22,633)	(0.4%)	(161.5%)
PROFIT BEFORE INCOME TAX	458,384	8.6%	410,562	7.8%	11.6%
PROVISION FOR INCOME TAX	117,100	2.2%	98,487	1.9%	18.9%
PROFIT BEFORE MINORITY INTEREST	341,284	6.4%	312,075	5.9%	9.4%
MINORITY INTEREST	(1,268)	(0.0%)	4,141	0.1%	(130.6%)
NET INCOME	342,551	6.4%	307,935	5.9%	11.2%
Earnings per Share					
Basic	0.3482		0.3209		8.5%
Diluted	0.3436		0.3178		8.1%
Average Number of Common Shares-Basic (000)	983,822		959,492		
Average Number of Common Shares-Diluted (000)	996,818		968,893		

JOLLIBEE FOODS CORPORATION

Consolidated Statement of Income

For the Period Ended June 2003

(Unaudited)

Peso Amounts in Thousands

	June 2003		June 2002		Change 2002 to 2003
	Pesos	Pct.	Pesos	Pct.	
REVENUES					
Sales	9,542,729	92.2%	9,174,541	92.6%	4.0%
Royalties, franchise fees and others	802,773	7.8%	736,436	7.4%	9.0%
	10,345,502	100.0%	9,910,977	100.0%	4.4%
COST OF SALES	5,335,140	51.6%	5,278,091	53.3%	1.1%
GROSS PROFIT	5,010,362	48.4%	4,632,886	46.7%	8.1%
OPERATING EXPENSES	4,213,248	40.7%	3,906,760	39.4%	7.8%
Income from Operations	797,114	7.7%	726,126	7.3%	9.8%
OTHER INCOME (CHARGES)	18,440	0.2%	(39,667)	(0.4%)	(146.5%)
PROFIT BEFORE INCOME TAX	815,554	7.9%	686,459	6.9%	18.8%
PROVISION FOR INCOME TAX	204,881	2.0%	172,614	1.7%	18.7%
PROFIT BEFORE MINORITY INTEREST	610,673	5.9%	513,846	5.2%	18.8%
MINORITY INTEREST	(1,687)	(0.0%)	1,861	0.0%	(190.7%)
NET INCOME	612,360	5.9%	511,985	5.2%	19.6%
Earnings per Share					
Basic	0.6221		0.5339		16.5%
Diluted	0.6141		0.5289		16.1%
Average Number of Common Shares-Basic (000)	984,283		959,026		
Average Number of Common Shares-Diluted (000)	997,109		967,983		

JOLLIBEE FOODS CORPORATION
Consolidated Balance Sheet

As of June 30, 2003

(Unaudited)

Peso Amounts in Thousands

	June 2003	December 2002	Change
Cash and Cash Items	2,255,106	2,297,888	(42,782)
Accounts Receivables	816,384	897,453	(81,069)
Inventories	726,894	837,747	(110,853)
Prepaid Items & Other Current Assets	981,531	1,095,109	(113,578)
Total Current Assets	4,779,914	5,128,198	(348,283)
Property & Equipment	8,937,638	8,063,769	873,869
Accumulated Depreciation	(3,518,507)	(3,156,231)	(362,276)
Net Fixed Assets	5,419,132	4,907,538	511,594
Other Assets	1,252,536	1,243,047	9,489
Total Assets	11,451,582	11,278,783	172,799
Accounts Payable	1,226,547	1,510,982	(284,435)
Accrued Expenses	1,808,561	1,608,049	200,512
Other liabilities	457,223	498,197	(40,974)
Current portion of long-term debt	113,333	226,667	(113,334)
Total Current Liabilities	3,605,665	3,843,895	(238,230)
Long-term debt - net of current portion	510,000	510,000	-
Other non-current liabilities	-	20,604	(20,604)
Total Non-current Liabilities	510,000	530,604	(20,604)
Minority Interest	151,883	179,647	(27,764)
Paid-up Capital	1,032,569	1,030,082	2,486
Excess on Par	1,828,136	1,788,890	39,246
Subscription Receivables	(98,514)	(97,304)	(1,210)
Translation Adjustments	190,493	190,493	0
Retained Earnings			
Appropriated for future expansion	1,200,000	1,200,000	0
Unappropriated	3,039,220	3,186,731	(147,511)
Pnl-to-Date	612,360	-	612,360
Less: Warrants and treasury shares	(620,230)	(574,255)	(45,975)
Total Equity	7,184,034	6,724,637	459,397
Total Liabilities & Equity	11,451,582	11,278,783	172,799

JOLLIBEE FOODS CORPORATION
Consolidated Statements of Cash Flows

As of June 30, 2003

(Unaudited)

Peso Amounts in Thousands

	June 2003	June 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax and minority interest	815,554	686,459
Adjustments for:		
Depreciation and amortization	362,276	368,340
Interest expense	31,883	53,552
Interest income	(50,323)	(13,885)
Equity in net losses (earnings of unconsolidated subsidiary)	9,091	4,413
Operating income before working capital changes	1,168,481	1,098,878
Changes in assets and liabilities:		
Decrease (increase) in:		
Trade receivables	81,069	184,248
Inventories	110,853	109,559
Prepaid items and other current assets	113,578	(7,504)
Increase (decrease) in:		
Accounts payable	(284,435)	(89,259)
Accrued expenses	167,958	227,929
Other liabilities	(40,974)	(56,413)
Cash generated from operations	1,316,531	1,467,439
Income taxes paid	(172,325)	(160,919)
Net cash provided by operating activities	1,144,206	1,306,520
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(873,869)	(618,820)
(Increase) Decrease in other noncurrent assets	(18,580)	800
Interest received	50,323	13,885
Decrease in noncurrent liabilities	(20,604)	(19,127)
Net cash provided by (used in) investing activities	(862,731)	(623,261)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Warrants and treasury shares	(133,982)	
Cash dividends	(147,511)	(126,244)
Bank loans	(113,334)	
Proceeds from:		
Issuance of Treasury Stocks	88,007	28,364
Issuance of and subscriptions to capital stock	40,522	11,053
Interest paid	(31,883)	(53,552)
Increase (decrease) in minority interest	(26,077)	58,796
Net cash provided by (used in) financing activities	(324,258)	(81,583)
Net Increase (Decrease) in Cash and Cash Equivalents	(42,782)	601,676
Cash and Cash Equivalents, Beginning	2,297,888	1,157,713
Cash and Cash Equivalents, End	2,255,106	1,759,389

JOLLIBEE FOODS CORPORATION
Consolidated Statements of Changes in Stockholders' Equity
As of June 30, 2003
(Unaudited)
Peso Amounts in Thousands

	June 2003	June 2002
Capital Stock - P1 par value		
Issued		
Balance, beginning	1,017,260	1,017,239
Issuances	476	3
Balance, end	1,017,736	1,017,242
Additional Paid-in Capital		
Balance, beginning	1,788,890	1,656,968
Issuances	5,045	2,001
Premium on new subscriptions	34,201	98,614
Balance, end	1,828,136	1,757,583
Subscribed Capital Stock		
Balance, beginning	12,822	-
New subscriptions	2,109	12,822
Issuances	(99)	
Balance, end	14,833	12,822
Subscription Receivable		
Balance, beginning	(97,304)	-
Receivables on new subscriptions	(25,308)	(128,220)
Collections	24,098	25,833
Balance, end	(98,514)	(102,387)
Share in Translation Adjustments of Investees		
Balance, beginning of year	190,493	85,196
Share in translation adjustments during the year	0	-
Balance, end	190,493	85,196
Retained Earnings		
Appropriated for future expansion	1,200,000	1,200,000
Unappropriated		
Balance, beginning	3,186,731	2,420,244
Cash dividends	(147,511)	(126,244)
Net income	612,360	511,985
Balance, end	3,651,580	2,805,985
	4,851,580	4,005,985
Warrants and Treasury Shares		
Balance, beginning	(574,255)	(703,963)
Acquisitions of stocks and warrants	(133,982)	-
Issuances	88,007	28,364
	(620,230)	(675,599)
	7,184,034	6,100,842

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 2002 audited consolidated financial statements.
3. The 2nd Quarter 2002 Income Statement has been restated to include adjustments resulting from the adoption of SFAS 38/ IAS 38, which requires that start up and pre-operating expenses be expensed as incurred. The change in accounting for pre-operating expenses increased net income for Q2 2002 by P11.5 million and 1H 2002 by P17.9 million.
4. The average number of common shares - diluted for Q2 2002 and 1H 2002 were adjusted to include the effect of additional subscriptions for tranches 1 and 2 of the Employees' Stock Purchase & Option Plan - Part 2. Shares issued to resigned employees and to the employees' retirement fund, which totalled 2.1 million were also deducted from the number of option rights used in the calculation of average number of common shares - diluted.
5. Segment Information

The Group's operating businesses are organized and managed separately according to the nature of the products & 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 June 30, 2003 & 2002:

	For the Period Ended June 30, 2003				
	Food Service	Franchising	Real Estate	Eliminations	
	<i>In Thousands</i>				
Results of Operations					
Revenues from external customers	9,538,041	729,683	77,778		10,345,502
Inter-segment revenues	559,464	70,569	-	(630,033)	-
Segment revenue	10,097,505	800,252	77,778	(630,033)	10,345,502
Segment expense	(9,692,467)	(510,023)	(85,059)	619,473	(9,668,075)
Other segment income	120,325	10	-	10,560	130,895
Segment result	525,362	290,239	(7,280)	-	808,321
Interest expense					(31,883)
Interest income					48,206
Equity in net loss of joint venture					(9,091)
Income tax expense					(204,881)
Minority interest					1,687
Net income					<u>612,360</u>
Assets and liabilities					
Segment assets	18,622,809	3,686	892,854	(8,436,371)	11,082,978
Income tax assets					329,330
Interest in joint venture					39,274
Total assets					<u>11,451,582</u>
Segment liabilities	9,913,861	18,087	422,577	(6,955,304)	3,399,221
Long-term debt					623,333
Income tax liabilities					93,111
Total liabilities					<u>4,115,665</u>
Other segment information					
Capital expenditures	870,359	-	3,511	-	873,869
Other non-cash expenses	-	-	-	-	-
Cash flows provided by (used in):					
Operating activities	1,124,948	14,275	4,983	-	1,144,206
Investing activities	(867,969)	-	5,238	-	(862,731)
Financing activities	(314,281)	-	(9,977)	-	(324,258)

For the Period Ended June 30, 2003
Food Service Franchising Real Estate Eliminations
In Thousands

Results of Operations

Revenues from external customers	9,180,044	653,324	77,609		9,910,977
Inter-segment revenues	498,222	65,540	-	(563,762)	-
Segment revenue	9,678,266	718,864	77,609	(563,762)	9,910,977
Segment expense	(9,266,200)	(478,902)	(91,088)	551,576	(9,284,615)
Other segment income	95,833	-	-	12,186	108,019
Segment result	507,899	239,962	(13,479)	-	734,382
Interest expense					(53,552)
Interest income					3,866
Equity in net loss of joint venture					(4,413)
Income tax expense					(172,614)
Minority interest					4,315
Net income					<u>511,985</u>

Assets and liabilities

Segment assets	16,461,212	6,618	914,120	(7,425,053)	9,956,896
Income tax assets					304,709
Interest in joint venture					49,994
Total assets					<u>10,311,599</u>
Segment liabilities	8,033,018	26,186	1,211,012	(6,085,690)	3,184,526
Long-term debt					850,000
Income tax liabilities					16,566
Total liabilities					<u>4,051,092</u>

Other segment information

Capital expenditures	618,803	-	18	-	618,820
Depreciation and amortization	340,429	-	27,911	-	368,340
Cash flows provided by (used in):					
Operating activities	1,270,658	39,490	(3,628)	-	1,306,520
Investing activities	(629,054)	-	5,793	-	(623,261)
Financing activities	(61,864)	-	(19,719)	-	(81,583)

The Company operates in the domestic and international markets. Revenues from operations outside the Philippines account for 4% of the Company's total revenues for the 1st semester of 2003 and 2002.

6. Food service operations have both peak and lean seasons. The material financial impact of this seasonality has been considered in the financial forecast.

7. The Company declares cash dividend on a semi-annual basis.

On May 2, 2003, the Company declared a cash dividend of P0.15 per common share payable to all stockholders of record as of May 19, 2003 and payable on May 28, 2003. This represents a 15% increase versus the payout during the first semester last year.

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

JOLLIBEE FOODS CORPORATION

	Dec-02 Stores	Opened YTD	Closed YTD	Ownership Change	Jun-03 Stores
NUMBER OF STORES					
JFC-Philippines					
Co-owned	188	4	2	-3	187
Franchised	248	5	1	3	255
Total	436	9	3	0	442
Greenwich					
Co-owned	110	1	1	-2	108
Franchised	81	6	0	2	89
Total	191	7	1	0	197
Delifrance					
Co-owned	23	1	2	-1	21
Franchised	5	0	0	1	6
Total	28	1	2	0	27
Chowking-Phils					
Co-owned	69	4	0		73
Franchised	147	12	1		158
Total	216	16	1	0	231
Total Local Stores	871	33	7	0	897
International:					
Jollibee:					
Hongkong	4	0	1		3
US	8	0	1		7
Others	9	0	0		9
Total	21	0	2	0	19
Chowking:					
US	5	0	0		5
Dubai	3	0	0		3
Total	8	0	0		8
Tomi's Teriyaki	2	0	0		2
Total International Stores	31	0	2		29
Grand Total	902	33	9	0	926
NUMBER OF SHARES (in '000)					
Issued and Subscribed (Net of treasury shares)	982,119				983,643
Weighted Average - Basic	974,100				984,283
SYSTEMWIDE SALES (in '000 Pesos)					
	2002	2003	Growth		
Quarter 2	6,845,449	7,130,875	4.2%		
1st Half	12,983,046	13,860,223	6.8%		

STORES GEOGRAPHICAL LOCATION

As of June 30, 2003

Jollibee - Philippines	Jun-03	Dec-02	Changes
Metro Manila	205	204	1
Central Luzon	38	38	0
Northern Luzon	26	25	1
Southern Luzon	96	96	0
Visayas	47	44	3
Mindanao	30	29	1
Total	442	436	6
Greenwich Pizza			
Metro Manila	93	93	0
Central Luzon	16	14	2
Northern Luzon	19	17	2
Southern Luzon	32	32	0
Visayas	24	22	2
Mindanao	13	13	0
Total	197	191	6
Chowking			
Metro Manila	126	119	7
Central Luzon	28	26	2
Northern Luzon	13	12	1
Southern Luzon	32	30	2
Visayas	20	17	3
Mindanao	12	12	0
Total	231	216	15