



Quarterly Update

For the Quarter Ending March 31, 2004

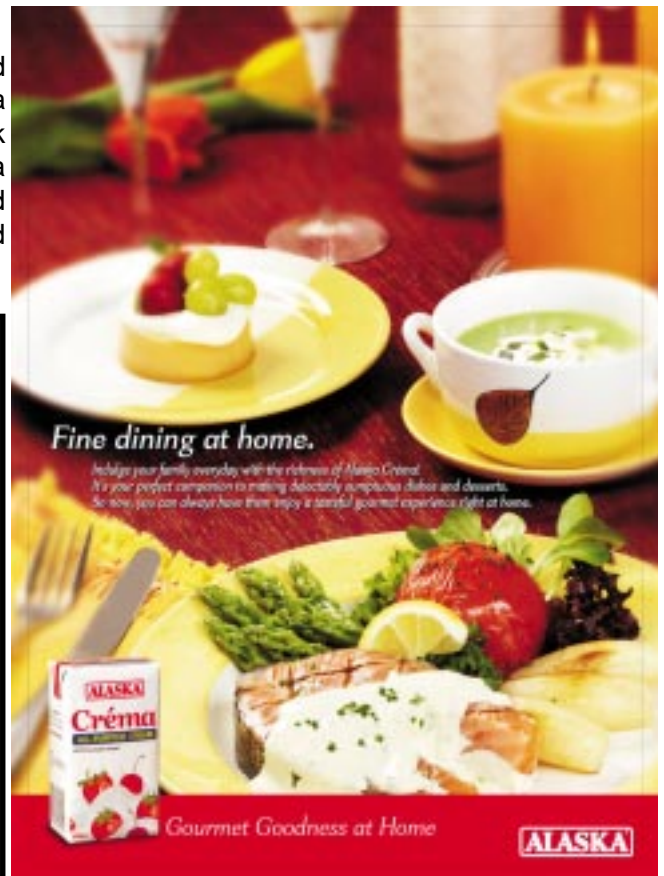
FIRST QUARTER NET INCOME UP AT P154M

Sales in the first quarter of the year reached P1.324 billion, 36% higher than sales in the first quarter of 2003 of P976 million. The strong revenue growth was primarily driven by brisk sales across all product lines. Selling prices of all milk products were raised by 8% in March to cope with the rising cost of raw materials. Cost of sales and operating expenses during the quarter amounted to P1.126 billion, 43% higher than cost of sales and operating expenses in 1Q03 of P790 million. Substantially higher skimmed milk powder (SMP) and foreign exchange costs as well as higher selling and administrative expenses pushed costs higher. This put operating income at P198 million or 15.0% of net sales, a 6% increase from operating income in 1Q03 of P186 million or 19.1% of net sales. Interest income of P23 million during the quarter boosted net income to P154 million or 11.6% of net sales, 5.5% higher than net income in the same period last year of P146 million or 15.0% of net sales.

Liquid Milk. The Alaska liquid milk classic and value lines' combined sales volume grew 28% during the quarter versus the same period last year, driven by strong sales of the Evaporada, while the classic line also posted substantial double digit growth year-on-year. With this, Alaska maintains brand leadership in both the evaporated and sweetened condensed milk categories. The evaporated and condensed milk markets combined grew 19% during the first quarter versus the first quarter of 2003.

Powdered Milk. The Alaska powdered milk also posted strong sales with volume up 26% year-on-year. Alaska continues to be the number 2 brand in the powdered milk market with market share consistently up versus its level a year ago. The powdered milk market grew 5% in 1Q04, fuelled by the filled milk segment as the full cream segment continued to decline. *continued on p.2*

FINANCIAL HIGHLIGHTS			
in Million Pesos	1Q04	1Q03	% Change
Net Sales	1,324	976	36 %
Operating Income	198	186	6 %
Net Income	154	146	5 %
Total Assets	3,922	3,418	15 %
Total Liabilities	1,100	868	27 %
Stockholders' Equity	2,822	2,550	11 %
Ratios:			
Earnings Per Share	P 0.17	P 0.16	+P 0.01
Operating Margin	15.0 %	19.1%	- 4.1 % pts.
Return on Sales	11.6 %	15.0%	- 3.4 % pts.
Current Ratio	3.0X	3.3X	- 0.3X
Debt to Equity Ratio	0.4X	0.3X	+ 0.1X



Alaska's latest product offering--Alaska Crema UHT-Processed All Purpose Cream, bringing "Gourmet Goodness at Home".

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UHT Milk. Alaska Fresh & Alaska Slim combined sales volume declined nearly 10% in the first quarter as competition intensified with the presence of new imported brands in the market. In addition, demand for UHT ready-to-drink milk has been significantly affected by the recent selling price increase. In the meantime, Alaska Choco sales grew double digit versus the same period last year.

Alaska Crema performed strongly in the first quarter as continuous efforts to build brand awareness among consumers are undertaken.

Cost of Sales & Operating Expenses: Cost of Sales & Operating expenses increased 43% year-on-year. This was due to substantially higher average SMP cost coupled with a weaker peso. Moreover, higher selling and administrative costs pushed also up operating expenses slightly versus the same period last year. This put operating income at P198 million or an operating margin of 15.0% of net sales versus P186 million or 19.1% of net sales in 1Q03.

Interest Income: Interest income during the quarter amounted to P23 million, 25% higher than interest income earned in the first quarter of 2003. The higher average cash balance of P1.9 billion coupled with higher net placement rate boosted interest income during the period.

Net Income: Net income for 1Q04 reached P154 million or 11.6% of net sales. This was 5.5% higher than net income in 1Q03 of P146 million or 15.0% of net sales, equivalent to an earnings per share of P0.17.

UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Prices. Prices in the world market ranged from US\$1,700-US\$1,800/MT during the quarter. The slight decline in EU export prices, however, was more than offset by firm prices in Australia & New Zealand as the Australian & New Zealand currencies continued to strengthen vs. the US dollar. Moreover, tight SMP supply is keeping prices at high levels. Prices have subsequently increased beyond the US\$2,000/MT level.

Hershey's Licensing Agreement. AMC signed a licensing agreement with Hershey Foods Corporation for the exclusive license to manufacture and sell Hershey's Chocolate Milk Drink in the Philippines. The chocolate milk drink will be available in 236ml and 185ml Tetra Briks. This move is in line with AMC's long term vision to develop a portfolio of strong brands. The alliance combines AMC's expertise in milk and Hershey's heritage in chocolate confectionery products. The total ready-to-drink milk market was estimated at P2.6 billion in 2003.



(Top Right): AMC & Hershey Foods representatives during the signing of the Licensing Agreement. Seated L-R: Belen Fernando, AMC VP Marketing; Wilfred Steven Uytengsu, Jr., AMC President & COO; Olivier Basset, Hershey International Marketing & Licensing Director; Geraldo Santiago, Hershey Regional General Manager for Asia South. Standing L-R: Delfin Dator, AMC VP Sales; Santiago Polido, AMC Director for Corporate Affairs; Marites Blanco, Hershey Philippines Operations Manager; Arnold Abad, AMC VP Accounting; Cathy Dacanay, Hershey Financial Analyst for Asia South; Joselito Sarmiento, AMC VP for Finance & Treasurer; Rich Grande, AMC Brand Assistant; Erik Ampil, Hershey Philippines Group Product Manager.