



ALASKA MILK CORPORATION

Quarterly Update

For the Quarter Ending September 30, 2003

YTD SEPTEMBER NET INCOME UP 53% Y-O-Y

Higher sales volumes across all product lines, supplemented by 5% selling price increases pushed revenues in the first nine months of 2003 to P3.11 billion, 11% higher than revenues in the same period last year of P2.79 billion. Cost of sales and operating expenses grew nearly 5% year-on-year to P2.65 billion from P2.51 billion. This put YTD September operating income at P466 million, a 64% increase from the same period last year of P285 million. The operating margin expanded to 14.9% from 10.2% primarily as a result of higher revenues and lower SMP costs. Interest and other income, net of other expenses, amounted to P68 million, pushing YTD September 2003 net income 53% higher to P387 million or 12.4% of sales from P253 million or 9.0% of sales in the same period last year.

Liquid Milk. The liquid milk classic and value lines combined sales volume grew over 10% in the first nine months of the year compared to the same period last year, in line with market growth. The renewed consumer interest in the category was driven by the introduction of a lower-priced evaporated creamer by the major players in the market. The introduction of Alaska Evaporada has generated incremental sales for the entire liquid milk business, with market shares in the evaporated and condensed milk category expanding from first quarter levels to about 45%.

Powdered Milk. The powdered milk business continued to gain ground as sales volume grew over 5% year-on-year and market share hit close to the 20% level. The entire powdered milk category, however, shrank marginally during the period. The contraction of the category was primarily due to the decline of the full cream milk segment, which fell by nearly 20%.

continued on p.2

FINANCIAL HIGHLIGHTS

in P' mm	3Q03	3Q02	% CHANGE	2003	2002	% CHANGE
Net Sales	950	862	10 %	3,112	2,796	11 %
Operating Income	84	106	- 20 %	466	285	64 %
Net Income	81	103	- 21 %	387	253	53 %
Total Assets				3,399	3,157	8 %
Total Liabilities				841	940	- 10 %
Stockholders' Equity				2,558	2,217	15 %
Ratios:						
Earnings Per Share	0.09	0.11	- P 0.02	P 0.43	P 0.28	+ P0.15
Operating Margin	8.9 %	12.3%	- 3.4 % pts.	14.9%	10.2%	+ 4.7 % pts.
Return on Sales	8.6 %	11.9%	- 3.3 % pts.	12.4%	9.0%	+ 3.4 % pts.
Current Ratio				3.4 x	2.7 x	+ 0.7 x
Debt to Equity Ratio				0.33 x	0.42 x	- 0.09 x

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The filled milk segment, however steadily grew by 5% during the period.

UHT Milk. Alaska Fresh & Alaska Slim likewise posted nearly a 20% growth during the period notwithstanding a series of selling price increases during the year.

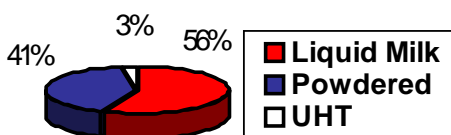
Operating Costs: SMP costs stayed at lower levels in the first nine months of the year compared to the same period last year, notwithstanding higher foreign exchange costs. However, SMP costs are noted to be trending higher compared to the average cost in the first half of the year. In the meantime, operating expenses were generally higher than last year, particularly Advertising expenses, following the launch of two new products this year, Alaska Hi-Cal & Alaska Crema.

Interest Income: YTD September interest income rose to P75 million from P58 million a year ago. The slightly higher average cash balance of P1.7 billion and marginally higher average net placement rate of 5.8% combined pushed interest income higher during the period.

Net Income: YTD September net income reached P387 million or 12.4% of sales, 53% higher than same period last year of P253 million or 9.1% of net sales. Earnings per share based on first nine months' net income is equivalent to P0.43, from EPS of P0.28. This puts AMC share price at a price earnings ratio of 7x based on first nine months' earnings and latest close of P3.15 per share.

CORPORATE TID BITS:

YTD SEPT 2003 REVENUE MIX



UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Prices. The continued strength of the AUD vis-a-vis the US dollar as well as increased demand from major importing countries have pushed SMP prices in the international market higher and is currently hovering within the US\$1,700 - US\$1,800 level.

Cash Dividend. The first and second tranches of the P0.30 per share cash dividend were paid out to shareholders last July and September each at the rate of P0.075 per share. The third tranche of dividend payment is scheduled on December 31, 2003 at the rate of P0.075 per share. Dividend yield continues to be one of the highest at 9.5% at latest closing price of P3.15 per share.

Share Price Performance. AMC share price continues to outperform the Phisix, with share price appreciating by as much as 50% since the beginning of the year from P2.10 per share as of January 2003 to P3.15 per share as of October 31, 2003.

HISTORICAL SHARE PRICE PERFORMANCE VS. PHISIX (1995 - 2003)

