



Quarterly Update

For the Year Ending December 31, 2003

2003 UNAUDITED NET INCOME UP 14%

Strong sales volumes in liquid canned, powdered and UHT milk, pushed revenues for the year to P4.340 billion, 9% higher than previous year's revenues. Cost of sales and operating expenses increased 9% to P3.728 billion from P3.424 billion. Higher advertising expenses were incurred to support the recently launched new products. This put operating income for the year at P612 million, 12.5% higher than 2002 operating income of P544 million, with operating margin up at 14.1% of net sales from 13.7%. Higher interest income in addition to revenues from toll operations pushed net income for the year to P499 million or 11.5% of net sales, which was 14% higher than 2002 net income of P439 million or 11.1% of net sales.

Liquid Milk. The Alaska liquid milk classic and value lines' combined sales volumes grew almost 10% in 2003 driven largely by incremental sales of Evaporada and the continued brisk sales of Alaska sweetened condensed filled milk. The aggressive marketing by the new evaporated creamer brands helped grow the market segment. Alaska's market shares in these categories grew slightly from year ago levels.

Powdered Milk. The Alaska powdered milk business also continued to grow albeit at a slower rate, notwithstanding the contraction of the entire powdered milk market. The filled milk segment, however, continued to post growth as consumers continue to favor its affordability versus premium priced full cream milk. Alaska continues to grow market share and maintains the number 2 position in the powdered milk market.

continued on p.2

FINANCIAL HIGHLIGHTS

in million pesos	4Q03	4Q02	% CHANGE	2003	2002	% CHANGE
Net Sales	1,228	1,172	5 %	4,340	3,968	9 %
Operating Income	146	259	-44 %	612	544	12 %
Net Income	112	186	-40 %	499	439	14 %
Total Assets				3,867	3,575	8 %
Total Liabilities				1,194	1,172	2 %
Stockholders' Equity				2,673	2,403	11 %
Ratios:						
Earnings Per Share	P 0.13	P 0.21	- P 0.08	P 0.56	P 0.49	+ P0.07
Operating Margin	11.9 %	22.1%	- 10.2 % pts.	14.1%	13.7%	+ 0.4 % pts.
Return on Sales	9.1 %	15.9%	- 6.8 % pts.	11.5%	11.1%	+ 0.4 % pts.
Current Ratio				2.7 x	2.5 x	+ 0.2 x
Debt to Equity Ratio				0.45 x	0.49 x	- 0.04 x

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UHT Milk. Alaska Fresh & Alaska Slim sales volume posted a little over 10% growth, outpacing the growth of the ready-to-drink milk market during the year. Consumers' appetite for UHT ready-to-drink milk remained strong notwithstanding a series of selling price increases implemented in 2003. In the meantime, sales performance of the UHT-processed Alaska Crema All-Purpose Cream launched last July was significantly higher than initially expected, particularly during the fourth quarter peak season.

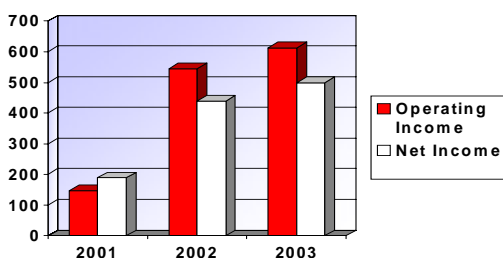
Operating Costs: The average SMP cost for the year barely changed from previous year's levels as the much higher SMP cost in the fourth quarter offset the lower SMP cost during the early part of the year. In the meantime, operating expenses were higher than last year's levels due to increased Advertising expenses in support of the new products (e.g. Alaska Evaporada, Alaska Hi-Cal & Alaska Crema) launched during the year.

Interest Income: Interest income during the year amounted to nearly P90 million from P77 million in 2002. The higher average cash balance of P1.75 billion coupled with a marginally lower average net placement rate pushed interest income higher for the year.

Net Income: Full year unaudited net income reached P499 million or 11.5% of sales, 14% higher than 2002 full year net income of P439 million or 11.1% of net sales. Earnings per share is P0.56, equivalent to 5.5X PE relative to the closing price for the year of P3.10 per share.

CORPORATE TID BITS:

3-YEAR FINANCIAL HIGHLIGHTS:
in PMM



UPDATES & OUTLOOK

Skimmed Milk Powder (SMP) Prices. The world price of SMP remained firm in the last few months of 2003 with prices ranging at US\$1,800-US\$1,900 per metric ton by mid-December. The continued strength of the Australian and New Zealand Dollar vis-a-vis the US dollar have contributed to pushing up prices. While production of SMP reportedly remains strong, inventories are not building up as shipments merely keep pace with SMP deliveries amidst steady demand from importing countries.

Cash Dividend. The fourth tranche of dividend payment is scheduled on March 31, 2004 at the rate of P0.075 per share. This is the last tranche of the P0.30 per share cash dividend declared for 2003, which were paid out to shareholders in July, September and December 2003. Dividend yield continues to be one of the highest among the listed companies in the Phil. Stock Exchange at 9.5% relative to the 2003 closing price of P3.10 per share.

Share Price Performance. AMC share price gained 47% during the year 2003, outpacing the Phisix's 42% gain. The stock closed at P3.10 at year-end from P2.10 per share at the beginning of the year.

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

