



Republic of the Philippines
Securities and Exchange Commission

EDSA, Greenhills, Mandaluyong
Metro-Manila

S.E.C. Reg. No. 77487

CERTIFICATE OF FILING

OF

AMENDED ARTICLES OF INCORPORATION

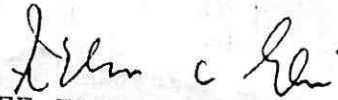
TO ALL TO WHOM THESE PRESENTS MAY COME, GREETINGS:

THIS IS TO CERTIFY that the amended articles of incorporation of the

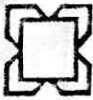
JOLLIBEE FOODS CORPORATION
(Amending Article VII thereof)

copy annexed, adopted on April 12 and May 15, 1996 by a majority vote of the Board of Directors and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, ^{respectively} and certified under oath by the Secretary and a majority of the Board of Directors of the corporation was approved by this Office on the 26th day of July nineteen hundred and ninety-six, pursuant to the provisions of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980, and attached to the other papers pertaining to said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong, Metro-Manila, Philippines, this 26th day of July, in the year of our Lord nineteen hundred and ninety-six


FE ELOISA C. GLORIA
Associate Commissioner





RECEIVED
DEVELOPMENT BANK OF THE PHILIPPINES
Gil Puyat cor. Makati Ave., Makati City
TIN: 000-449-609-000 NON VAT

OFFICIAL RECEIPT

No. 3051637 00

DATE 4/16/201

DEPARTMENT BRANCH	CENIER CODE	ACCOUNT NO.
NAME	ADDRESS	
PARTICULARS		
1702		
P 50,195,168.		
Mr. Dr. - 358 - 771		
RECEIVED THE AMOUNT OF		
(P 50,195,168.00)		
IF BY CHECK <input type="checkbox"/> CASH <input checked="" type="checkbox"/> CHECK		
MACHINE VALIDATION:		
mmr 3001 4/16		

20,000 PADS (50 X 4) SERIAL NO. 3000001-4000000
OCN : 8AU 00000 12774 SER 07, 2000 DB- 11-20 01-04-15 2425 50,195,168.00 DUPL
PRINTER : NEDA-APO Production Unit, Inc.
ADDRESS : NEDA Q.C. Complex, Gov't. Center, EDSA, Diliman, Quezon City

(E & OE SUBJECT TO AUDIT)

DLN:

BCS No.

PSIC:

Republika ng Pilipinas
Kagawaran ng Pananalapi
Kawanihan ng Rentas InternasAnnual Income
Tax Return

BIR Form No.

1702

July 1999 (ENCS)

For Corporations and Partnerships

Fill in all applicable spaces. Mark all appropriate boxes with an "X"

1 For the	<input checked="" type="checkbox"/> Calendar <input type="checkbox"/> Fiscal	3 Amended Return?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4 No. of Sheets attached	5 ATC
2 Year-Ended (MM/YYYY)	1 2 2 0 0 0			1 5	

Part I Background Information

6 TIN	0 0 0 3 8 8 7 7 1 0 0 0	7 RDO Code	1 1 6	8 Line of Business/ Occupation	Fastfood
-------	-------------------------	------------	-------	-----------------------------------	----------

9 Taxpayer's Name

JOLLIBEE FOODS CORPORATION

Registered Address

6th Floor, Jollibee Centre Building, San Miguel Avenue, Pasig City

11 Zip Code

12 Are you availing of tax relief under Special Law/ International Tax Treaty?	12A <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If yes, specify	12B Not Applicable
---	---	-----------------	--------------------

13 Date of Incorporation/Birth (MM/DD/YYYY)	13A 0 1 1 1 1 9 7 8	Date of Registration with BIR (MM/DD/YYYY)	13B 0 1 1 1 1 9 7 8
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Part II Computation of Tax

EXEMPT		Special Rate		TAXABLE	
				Regular Rate	
14 Sales/Revenues/Receipts/Fees (Sch. 1)	14 A	14 B	14 C	14 C	9,869,869,594
15 Less: Cost of Sales/Services (Sch. 2/3)	15 A	15 B	15 C	15 C	8,468,356,670
16 Gross Income from Operation	16 A	16 B	16 C	16 C	1,401,512,924
17 Add: Non-Operating & Other Income (Schedule 4)	17 A	17 B	17 C	17 C	229,175,364
18 Total Gross Income	18 A	18 B	18 C	18 C	1,630,688,308
19 Less: Deductions (Section E)	19 A	19 B	19 C	19 C	1,408,062,003
20 Taxable Income	20 A	20 B	20 C	20 B	222,626,305
21 Tax Rate (except MCIT Rate)	21A	21B	21B	21B	32%
22 Income Tax	22A	22B	22B	22B	71,240,418
23 Minimum Corporate Income Tax (MCIT) (Section B)	23A	23B	23B	23B	32,613,766
24 Tax Due	24A	24B	24B	24B	71,240,418
24A Tax on transactions under Regular Rate (Normal Income Tax or Minimum Corporate Income Tax whichever is higher)	24A	24B	24B	24B	71,240,418
24B Less: Unexpired Excess of Prior Year's MCIT over Normal Income Tax Rate (deductible only if the current year's tax due is the normal rate) (Section C)	24B	24C	24C	24C	
24C Balance (Item 24A less Item 24B)	24C	24D	24D	24D	71,240,418
24D Add: Tax on transactions under Special Rate (From Item 22A)	24D	25	25	25	71,240,418
25 Aggregate Income Tax Due (Sum of Items 24C and 24D)	25	26A	26A	26A	
26 Less: Tax Credits/Payments	26A	26B	26B	26B	2,481,490
26A Prior Year's Excess Credits	26A	26C	26C	26C	10,038,047
26B Tax Payments for the First Three Quarters	26B	26D	26D	26D	8,521,713
26C Creditable Tax Withheld for the First Three Quarters	26C	26E	26E	26E	
26D Creditable Tax Withheld Per BIR Form No. 2307 for the Fourth Quarter	26D	26F	26F	26F	
26E Foreign Tax Credits, if applicable	26E	26G	26G	26G	21,045,250
26F Tax Paid in Return Previously Filed, if this is an Amended Return	26F	27	27	27	50,195,168
26G Total Tax Credits/Payments (Sum of Items 26A to 26F)	26G	28	28	28	
27 Tax Payable/(Overpayment) (Item 25 less Item 26G)	27	29	29	29	50,195,168
28 Improperly Accumulated Earnings Tax (Section D)	28	30A	30A	30A	
29 Total (Sum of Items 27 and 28)	29	30B	30B	30B	
30 Add: Penalties	30A	30C	30C	30C	
30A Surcharge	30A	30D	30D	30D	
30B Interest	30B	31	31	31	
30C Compromise	30C	32	32	32	
30D	30D	33A	33A	33A	
31 Total Amount Payable/(Overpayment) (Sum of Items 29 and 30D)	31	33B	33B	33B	
If overpayment, mark one box only: (once the choice is made, the same is irrevocable)	31	33C	33C	33C	
<input type="checkbox"/> To be refunded	31	33D	33D	33D	
<input type="checkbox"/> To be Issued a Tax Credit Certificate	31	34A	34A	34A	
<input type="checkbox"/> To be carried over as tax credit next year/quarter	31	34B	34B	34B	

Details of Payment

Particulars	Drawee Bank/Agency	Number	Date MM DD YYYY	Amount
32 Cash/Bank Debit Memo				
33 Check	33A	33B	33C	33D
34 Tax Debit Memo	34A	34B	34C	34D
35 Others	35A	35B	35C	35D

Machine Validation/Revenue Official Receipt Details (If not filed with the bank)

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Teller #1

APR 19 2001

Stamp of Receiving
Office and
Date of ReceiptRECEIVED
AFTER CUTOFF TIME

Section A

Gross Income

DIR FORM 172 (Rev. 07)

Schedule 1

Schedule of Sales/Revenues/Receipts/Fees

	Special Rate		Regular Rate	
	Creditable Tax Withheld	Taxable Amount	Creditable Tax Withheld	Taxable Amount
36 Sale of Goods/Properties				
37 Sale of Services				9,869,869,594
38 Lease of Properties				
39 Total				
40 Less: Sales Returns/Discounts				9,869,869,594
41 Net Sales/Revenues/Receipts/Fees (to Item 14)				9,869,8

Schedule 2

Schedule of Cost of Sales (Trading / Manufacturing)

	Amount Under Special Rate	Amount Under Regular Rate
42 Merchandise/Finished Goods Inventory, Beginning		
43 Add: Purchases of Merchandise/Cost of Goods Manufactured		
44 Total Goods Available for Sale		
45 Less: Merchandise/Finished Goods Inventory, End		
46 Cost of Sales (to Item 15)		

NOT APPLICABLE

Schedule 3

Schedule of Cost of Sales (Service)

	Amount Under Special Rate	Amount Under Regular Rate
47 Direct Charges - Salaries, Wages and Benefits		843,225,090
48 Direct Charges - Materials, Supplies, and Facilities		6,188,501,704
49 Direct Charges - Depreciation		343,646,130
50 Direct Charges - Rental		403,575,682
51 Direct Charges - Outside Services		14,298,960
52 Direct Charges - Others		675,109,104
53 Total Cost of Services (Sum of Items 47 to 52) (to Item 15)		8,468,356,670

Schedule 4

Schedule of Taxable Other Income

	Nature of Income	Special Rate		Regular Rate	
		Creditable Tax Withheld	Taxable Amount	Creditable Tax Withheld	Taxable Amount
54 Interest					86,034,809
55 Rental					47,166,850
56 Franchise fees					17,400,000
57 Scrap sales and overages					11,287
58 Royalty fees					6,468,839
59 Service fees					5,575,780
60 Others					55,241,600
61 Total Other Income (to Item 17)					229,175,384

Section B

Computation of Minimum Corporate Income Tax (MCIT) of Current Year

62 Total Gross Income for MCIT purposes	1,630,688,308
63 Tax Rate	2%
64 Minimum Corporate Income Tax (to Item 23)	32,613,766

Section C

Computation of Excess Minimum Corporate Income Tax (MCIT) of Previous Year

Year	Normal Income Tax as adjusted	MCIT	Excess of MCIT over Normal Income Tax as adjusted	Excess MCIT applied this Year	Balance MCIT still allowable as Tax Credit	Expired Portion of Excess MCIT
65						
66						
67						
68						
69						

NOT APPLICABLE

Section D

Computation of Improperly Accumulated Earnings Tax

70 Taxable Income	
71 Add: Income Exempt from Tax	
Income Excluded from Gross Income	
Income Subject to Final Tax	
Net Operating Loss carry-over deducted	
72 Total	
73 Less: Dividends actually or constructively paid	
Income Tax Paid for the taxable year	
74 Improperly Accumulated Taxable Income	
75 Tax Rate	10%
76 Improperly Accumulated Earnings Tax (to Item 28)	

NOT APPLICABLE

Section E

Deductions

Nature of Expense/Deduction	EXEMPT	TAXABLE	
		Special Rate	Regular Rate
77 Salaries and Allowances			336,633,325.
78 Fringe Benefits			10,625,910
79 SSS, GSIS, Medicare, HDMF and Other Contributions			3,858,832
80 Commissions			
81 Outside Services			115,800,207
82 Advertising			403,097,164
83 Rental			25,000,000
84 Insurance			12,862,959
85 Royalties			
86 Repairs and Maintenance			11,212,692
87 Representation & Entertainment			9,002,446
88 Transportation & Travel			24,627,271
89 Fuel and Oil			696,454
90 Communications, Light and Water			56,180,827
91 Supplies			10,521,084
92 Interest			
93 Taxes & Licenses			115,840,088
94 Losses			
95 Bad Debts			
96 Depreciation			80,199,570
97 Amortization of Intangibles			
98 Depletion			
99 Charitable Contribution			
100 Research and Development			
101 Amortization of Pension Trust Contribution			
102 Miscellaneous			191,239,730
103 Total Expenses (Sum of Items 77 to 102) (to Item 19A: B & C)			1,408,062,003

Section F

Reconciliation of Net Income Per Books Against Taxable Income

1 Net Income/(Loss) per books	Special Rate		Regular Rate
			909,668,052
105 Add: Non-deductible Expenses/Other Taxable Income			
Unfunded retirement costs			15,696,690
Equity in net losses of investees			1,799,713
106 Total (Sum of Items 104 & 105)			927,164,455
107 Less: Non-taxable Income and Income subjected to Final Tax			
Royalty fees			922,338,224
Interest			39,313,768
Reversal of provision for contingency			1,146,285
Amortization of past service costs			834,933
108 Special Deductions:			
Provision for income tax - current			(71,240,418)
Final tax on interest income and royalty fees			(192,243,593)
Benefit from deferred income tax			4,388,951
109 Total (Sum of Items 107 & 108)			704,538,150
1 Net Taxable Income/(Net Loss) (Item 106 less Item 109)			222,626,305

We declare, under the penalties of perjury, that this return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct, pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof.

111

FOR

TONY TAN CAKTIONG - President

President/Vice President/Authorized Representative
(Signature over printed Name)

112

ANASTACIA S. MASINCAV - VP Controllershship

Treasurer/Asst. Treasurer/Authorized Representative
(Signature over printed Name)

Community Tax Certificate Number	Place of Issue	Date Issued			Amount
		MM	DD	YYYY	
113 00179407	114 Pasig City	115 01	05	2001	116 10,500

JOLLIBEE FOODS CORPORATION
LIST OF ATTACHMENTS TO ANNUAL INCOME TAX RETURN
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2000

Statements and Schedules

Comparative financial statements accompanied by the auditors' report	<u>X</u>
Others (enumerate):	
Schedule of taxes and licenses	<u>X</u>
Schedule of miscellaneous expenses	<u>X</u>

BIR Forms

BIR Form 2304 - Certificate of Income Payment Not Subject to Withholding Tax	<u>NA</u>
Others (enumerate):	<u>NA</u>

X - Attached

NA - Not Applicable

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079-081
DBP QUEZON AVE. - ELL. RC.
01059-003-4

SGV & Co

Report of Independent Public Accountants To Accompany Income Tax Return

The Stockholders and the Board of Directors
Jollibee Foods Corporation
6th Floor, Jollibee Centre Building
San Miguel Avenue, Pasig City

SyCip Gorres Velayo & Co
A member firm of Arthur Andersen

6760 Ayala Avenue
1226 Makati City
Philippines

Tel 632 891 0307
Fax 632 819 0872

www.sgv.com.ph

We have audited the financial statements of Jollibee Foods Corporation for the year ended December 31, 2000, on which we have rendered the attached report dated March 15, 2001.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid or accrued by the above Company for the year ended December 31, 2000 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

SyCip, Gorres Velayo & Co.

M. G. MANTO
Partner
CPA Certificate No. 26497
PTR NO. 7738116
January 6, 2001
Makati City

March 15, 2001

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01059-003-4



SGV & Co

Report of Independent Public Accountants

SyCip Gorres Velayo & Co
A member firm of Arthur Andersen

6760 Ayala Avenue
1226 Makati City
Philippines

Tel 632 891 0307
Fax 632 819 0872

www.sgv.com.ph

The Stockholders and the Board of Directors
Jollibee Foods Corporation
6th Floor, Jollibee Centre Building
San Miguel Avenue, Pasig City

We have audited the accompanying parent company balance sheets of Jollibee Foods Corporation as of December 31, 2000 and 1999, and the related parent company statements of income and unappropriated retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the 1999 financial statements of Antares Holdings, Inc., a company acquired during 2000 in a transaction accounted for in a manner similar to a pooling of interests, as discussed in Note 1. Such statements are included in the parent company financial statements of Jollibee Foods Corporation and reflect total assets and total revenue of less than one percent of the related consolidated totals. These statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to amounts included for Antares Holdings, Inc., is based solely upon the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the parent company financial statements referred to above present fairly, in all material respects, the financial position of Jollibee Foods Corporation as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Philippines.

SyCip Gorres Velayo & Co.

M. G. MANTO
Partner
CPA Certificate No. 26497
PTR No. 7738116
January 6, 2001
Makati City

March 15, 2001

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JOLLIBEE FOODS CORPORATION
PARENT COMPANY BALANCE SHEETS

	December 31	
	2000	1999 (As restated - Note 1)
ASSETS		
Current Assets		
Cash and cash equivalents	₱733,652,283	₱1,419,672,637
Accounts receivable:		
Trade (net of allowance for doubtful accounts of ₱4,726,337)	565,054,816	585,685,351
Affiliates (Note 14)	1,713,693,790	1,377,190,413
Inventories (Notes 3 and 14)	681,510,575	522,252,650
Prepaid items and other current assets (Notes 4 and 12)	442,399,356	369,173,354
Total Current Assets	4,136,310,820	4,273,974,405
Investments and Advances (Note 5)	834,725,994	558,749,112
Property and Equipment - net (Note 6)	2,059,879,562	1,827,632,249
Other Assets - net (Notes 7 and 12)	761,940,288	705,420,030
	₱7,792,856,664	₱7,365,775,796
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	₱742,435,853	₱890,272,948
Accrued expenses (Note 13)	890,885,782	766,471,729
Other current liabilities (Note 8)	280,933,604	266,731,134
Total Current Liabilities	1,914,255,239	1,923,475,811
Stockholders' Equity		
Capital stock - ₱1 par value (Notes 1 and 9)	1,014,394,851	1,011,336,237
Additional paid-in capital (Notes 1 and 9)	1,640,025,313	1,597,703,153
Share in translation adjustments of investees (Note 5)	(26,022,885)	2,872,082
Retained earnings (Note 10):		
Appropriated for future expansion	1,200,000,000	1,200,000,000
Unappropriated	2,340,823,753	1,630,388,513
	3,540,823,753	2,830,388,513
Less cost of 16,906,100 warrants and 8,597,587 shares of stock held in treasury (Note 9)	6,169,221,032	5,442,299,985
	290,619,607	-
	5,878,601,425	5,442,299,985
	₱7,792,856,664	₱7,365,775,796

See accompanying Notes to Parent Company Financial Statements.



JOLLIBEE FOODS CORPORATION
PARENT COMPANY STATEMENTS OF INCOME
AND UNAPPROPRIATED RETAINED EARNINGS

Years Ended December 31

1999

(As restated -

Note 1)

2000

REVENUES

Net sales (Note 14)	P9,869,869,594	P8,987,731,980
Royalty, franchise fees and others - net (Notes 5 and 11)	1,063,679,087	894,762,304
	10,933,548,681	9,882,494,284

COST AND EXPENSES (Notes 13, 14 and 16)

Cost of sales:

Raw materials and packaging	6,188,501,705	5,581,732,868
Others	2,279,854,965	1,891,594,851
Operating expenses	1,421,777,476	1,627,159,582
	9,890,134,146	9,100,487,301

INCOME FROM OPERATIONS **1,043,414,535** 782,006,983

INTEREST - Net (Note 14) **125,348,577** 109,565,889

INCOME BEFORE INCOME TAX **1,168,763,112** 891,572,872

PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 12)

Current	263,484,011	274,358,743
Deferred	(4,388,951)	(28,825,286)
	259,095,060	245,533,457

NET INCOME **909,668,052** 646,039,415

UNAPPROPRIATED RETAINED EARNINGS AT BEGINNING

OF YEAR (Note 1)

Cash dividends - P0.20 a share	1,630,388,513	2,377,166,411
Appropriation for future expansion	(199,232,812)	(192,817,313)
	-	(1,200,000,000)

UNAPPROPRIATED RETAINED EARNINGS AT END OF
YEAR (Note 10)

P2,340,823,753 P1,630,388,513

Earnings Per Share (Note 15)

Basic	P0.9032	P0.6357
Diluted	0.9031	0.6314

See accompanying Notes to Parent Company Financial Statements

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DDP QUEZON AVE. - D.D. INC.

01059-003-4



JOLLIBEE FOODS CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2000	1999 (As restated - Note 1)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	P909,668,052	P646,039,415
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	423,845,700	349,679,135
Dividends received from investees	95,387,900	30,000,000
Amortization of preoperating expenses	35,399,007	33,312,444
Equity in net losses of investees	1,799,713	189,867,594
Provision for (benefit from):		
Deferred income tax	(4,388,951)	(28,825,286)
Doubtful accounts	-	400,000
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(315,872,842)	(214,312,989)
Inventories	(159,257,925)	(75,752,103)
Prepaid items and other current assets	(73,090,519)	101,971,577
Increase (decrease) in:		
Accounts payable	(147,837,095)	156,838,775
Accrued expenses	124,414,053	151,207,537
Other current liabilities	(6,795,518)	22,763,903
Net cash provided by operating activities	883,271,575	1,363,190,002
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment - net	(656,093,013)	(462,118,029)
Increase in:		
Investments and advances	(402,059,462)	(11,400,780)
Other assets	(87,665,797)	(34,136,305)
Cash used in investing activities	(1,145,818,272)	(507,655,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of warrants and treasury shares	(290,619,607)	-
Payments of cash dividends	(178,234,824)	(182,543,383)
Proceeds from issuance of and subscriptions to capital stock	45,380,774	37,649,049
Net cash used in financing activities	(423,473,657)	(144,894,334)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(686,020,354)	710,640,554
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,419,672,637	709,032,083
CASH AND CASH EQUIVALENTS AT END OF YEAR	P733,652,283	P1,419,672,637
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for income tax	P249,303,703	P332,023,004

See accompanying Notes to Parent Company Financial Statements.

079-081
 DCP QUEZON AVE. - 1st Fl.
 01059-CC3-4



JOLLIBEE FOODS CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Merger

On February 28, 2000, the stockholders of Jollibee Foods Corporation (the Company) approved the merger between the Company and Antares Holdings, Inc. (Antares), the holding company of Chowking Food Corporation, with the Company as the surviving entity.

The Securities and Exchange Commission (SEC) approved the merger on May 23, 2000. Pursuant to the Plan of Merger, the Company issued a total of 52,171,930 of its common shares at ₱1 par value in exchange for 30,001,114 common shares of Antares at ₱1 par value.

The merger between the Company and Antares was accounted for in a manner similar to a pooling of interests as the transaction was merely a reorganization of entities under common control. Under the pooling of interests method, the assets and liabilities of Antares transferred to the Company were accounted for at their net book value. The excess of the net book value of the net assets of Antares transferred over the par value of the Company's shares issued for the merger was credited to "Additional paid-in capital" account. Accordingly, the 1999 parent company financial statements have been restated to include the account balances and results of operations of Antares.

The net revenues, net income (loss) and earnings per share as combined for the year preceding the acquisition follow:

	Net Revenues	Net Income (Loss)	Earnings Per Share	
			Basic	Diluted
The Company	₱9,882,256,393	₱304,512,630	₱0.8345	₱0.8285
Antares	237,891	(158,473,215)	-	-
Combined	₱9,882,494,284	₱646,039,415	₱0.6357	₱0.6314

The unappropriated retained earnings at beginning of year as combined follow:

	2000	1999
The Company	₱1,675,604,266	₱2,263,908,949
Antares	(45,215,753)	113,257,462
Combined	₱1,630,388,513	₱2,377,166,411

The beginning balances of capital stock and additional paid-in capital stock, as previously reported, agree with the restated amounts, as shown in Note 9.

2. Summary of Significant Accounting Policies

Cash Equivalents

All highly liquid debt instruments purchased with original maturities of three months or less from date of acquisition are considered as cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the moving-average method.

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Investments

Investments in shares of stock of the following more than 20%-owned companies are accounted for under the equity method:

	Percentage of Ownership
Local:	
Baker Fresh Foods Philippines, Inc.	100
Chowking Food Corporation*	100
Donut Magic Phils., Inc.**	100
Freemont Foods Corporation	100
Grandworth Resources Corporation	100
Ice Cream Copenhagen Phils., Inc.**	100
Mary's Foods Corporation**	100
Superior FSC Corporation and subsidiary	100
Vismin Foods Corporation	100
Greenwich Pizza Corporation	80
Delifrance Philippines, Inc.	50
Foreign:	
Jollibee International Company Limited	100
Jollibee International (BVI) Ltd. and subsidiaries	100

* Acquired through a merger with Antares in 2000 (see Note 1).

** In liquidation

Under the equity method, the cost of the investment is increased or decreased by the Company's equity in net earnings or losses of the investee from date of acquisition and for dividends received. The equity in net earnings or losses is being adjusted for the straight-line amortization, over a 5-year period, of the difference between the Company's cost of such investment and its proportionate share in the underlying net assets of the investee at the date of acquisition.

For purposes of applying the equity method, the financial statements of Jollibee International Company Limited and Jollibee International (BVI) Ltd., foreign subsidiaries, and a subsidiary's operations in the United States have been translated into Philippine pesos using the current rate method. Under the current rate method, assets and liabilities are translated at the closing exchange rate and income statement items at the average exchange rate for the year; the resulting share in translation adjustments is shown under the "Stockholders' Equity" section of the parent company balance sheets.

Other investments in shares of stock are carried at cost. An allowance is set up for any substantial and presumably permanent decline in the carrying value of the investments.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from two to ten years. Leasehold rights and improvements are amortized using the straight-line method based on the periods covered by the lease contracts or the estimated useful lives of the assets, whichever is shorter.

The cost of repairs and maintenance is charged to income as incurred; significant renewals and improvements are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is credited or charged to current operations.

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Preoperating Expenses

Expenses incurred prior to the start of commercial operations of newly-opened Company-owned outlets have been capitalized (shown under "Other assets" account in the parent company balance sheets) and are being amortized over a period of five years.

Revenue Recognition

Sales is recognized upon delivery of goods to customers.

Royalty and franchise fees are recognized under the accrual basis in accordance with the terms of the franchise agreements.

Income Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial reporting bases of assets and liabilities and their related tax bases. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Retirement Plan

The Company's retirement expense is determined using the projected unit credit method. This method reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Past service costs are amortized over the expected working lives of employees.

Foreign Currency-Denominated Transactions

Gains or losses arising from foreign currency-denominated transactions are credited or charged directly to current operations.

Earnings Per Share

Basic earnings per share is computed based on the weighted average of issued and outstanding shares of stock during the year, after considering the retroactive effect of stock dividend declaration.

Diluted earnings per share is computed as if the stock options were exercised as of the beginning of the year and as if the funds obtained from the exercise were used to purchase common shares at the average market price during the year.

3. Inventories

This account consists of:

	2000	1999 (As restated - see Note 1)
Food supplies	P425,002,993	P336,040,902
Novelty items	223,177,882	156,582,078
Packaging, store and other supplies	33,329,700	29,629,679
	<u>P681,510,575</u>	<u>P522,252,659</u>

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4. Prepaid Items and Other Current Assets

This account consists of:

	2000	1999 (As restated - see Note 1)
Deposits to suppliers	P146,728,861	P89,274,252
Prepaid expenses	124,382,512	109,671,553
Deferred tax assets (see Note 12)	55,510,719	55,375,236
Advances and others	115,777,264	114,852,313
	P442,399,356	P369,173,354

5. Investments and Advances

This account consists of:

	2000	1999 (As restated - see Note 1)
Investments in shares of stock:		
More than 20%-owned companies:		
Acquisition costs	P635,855,279	P235,855,279
Accumulated equity in net earnings (losses):		
Balance, beginning of year	(90,209,920)	129,657,674
Equity in net losses of investees	(1,799,713)	(189,867,594)
Dividends received from investees	(95,387,900)	(30,000,000)
Balance, end of year	(187,397,533)	(90,209,920)
Share in translation adjustments	(26,022,885)	2,872,082
	422,434,861	148,517,441
Other investments	3,350,616	3,264,842
	425,785,477	151,782,283
Advances for real estate acquisition	408,940,517	406,966,829
	P834,725,994	P558,749,112

6. Property and Equipment

This account consists of:

	2000	1999 (As restated - see Note 1)
For Company use:		
Land	P181,785,299	P181,785,299
Buildings, commercial condominium units and improvements	440,768,065	397,550,710
Office, store and food processing equipment	605,998,847	1,384,496,457
Leasehold rights and improvements	928,482,052	804,454,501
Furniture and fixtures	163,268,336	148,970,910
Transportation equipment	119,796,154	94,643,769
	3,621,302,326	3,011,901,646
Less accumulated depreciation and amortization	1,615,194,370	1,258,618,140
Total (Carried Forward)	2,006,107,956	1,753,283,506



	2000	1999 (As restated - see Note 1)
Total (Brought Forward)	P2,006,107,956	P1,753,283,506
Construction in progress	20,751,030	35,287,831
	2,026,858,986	1,788,571,337
On lease to franchisees:		
Land	1,431,332	1,431,332
Building, commercial condominium units and improvements	17,112,826	17,112,826
Leasehold rights and improvements	18,513,378	18,496,954
Office, store and food processing equipment	21,516,264	20,825,585
	58,573,800	57,866,697
Less accumulated depreciation and amortization	25,553,224	18,805,785
	33,020,576	39,060,912
	P2,059,879,562	P1,827,632,249

7. Other Assets

This account consists of:

	2000	1999 (As restated - see Note 1)
Prepaid lease	P350,897,703	P339,052,026
Refundable deposits	198,364,459	182,832,746
Preoperating expenses - net	161,671,145	146,797,240
Deferred tax assets (see Note 12)	10,945,555	6,692,087
Others	40,061,426	30,045,931
	P761,940,288	P705,420,030

8. Other Current Liabilities

This account consists of:

	2000	1999 (As restated - see Note 1)
Dividends payable	P69,228,662	P48,230,674
Income tax payable	50,195,168	36,014,860
Others	161,509,774	182,485,600
	P280,933,604	P266,731,134

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9. Capital Stock/Additional Paid-in Capital

The details of the Company's capital stock are shown below:

	2000		1999	
	Number of Shares	Amount	Number of Shares	Amount
Authorized	1,450,000,000	P1,450,000,000	1,450,000,000	P1,450,000,000
Issued:				
Balance, beginning of year (as previously reported)	954,168,665	P954,168,665	954,000,000	P954,000,000
Add shares issued for the merger with Antares (see Note 1)	52,171,930	52,171,930	52,171,930	52,171,930
Balance, beginning of year (as restated)	1,006,340,595	1,006,340,595	1,006,171,930	1,006,171,930
Issuances	481,985	481,985	168,665	168,665
Balance, end of year	1,006,822,580	1,006,822,580	1,006,340,595	1,006,340,595
Subscribed (subscriptions receivable on which amounts to P19,941,349 in 2000 and P59,074,471 in 1999)	10,394,871	7,572,271	9,917,899	4,995,642
	1,017,217,451	P1,014,394,851	1,016,258,494	P1,011,336,237

The details of the Company's additional paid-in capital are shown below:

	2000	1999
Balance, beginning of year (as previously reported)	P1,537,775,083	P1,503,127,573
Net adjustment on merger with Antares (see Note 1)	59,928,070	59,928,070
Balance, beginning of year (as restated)	1,597,703,153	1,563,055,643
Issuances	42,322,160	34,647,510
Balance, end of year	P1,640,025,313	P1,597,703,153

On July 29, 1997, the SEC approved the Company's adoption of Tandem Stock Purchase and Option Plan (Plan) for all qualified employees, officers and executives of the Company and its subsidiaries to the extent of five percent of the Company's issued and outstanding shares. Under the Plan, the number of shares an eligible participant can purchase shall be based on the particular tranche to which such eligible participant belongs, to be determined in accordance with the formula provided for in the Plan. The purchase price per share shall not be less than 50% to 75% of fair market value at the time of the commencement of the tranche, as computed by the Committee. In addition, an eligible participant has the option to purchase a maximum of two shares for every fully paid share under an accepted Purchase Offer.

On October 5, 1998, the SEC approved the amendments to certain provisions of the Plan, primarily relating to eligible participants and dividends.

The number of shares available under the Plan, as approved by the SEC, totals 26,423,437 shares. The number of shares subscribed totals 10,876,856 shares as of December 31, 2000 (of which 481,985 shares have been issued during the year) and 10,086,564 shares as of December 31, 1999 (of which 168,665 shares have been issued during the year). The subscriptions receivable on such shares amounted to P19,941,349 in 2000 and P59,074,471 in 1999.

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In 2000, the Company acquired 16,906,100 warrants (including 6,000 bonus warrants) of Queenbee Resources Corporation and 8,597,587 shares of its own common stock. The warrants are backed by a corresponding number of common shares of the Company at the rate of one share for every warrant held. The total cost of the unexercised warrants and the shares of stock held in treasury was shown as a deduction in the "Stockholders' equity" section of the parent company balance sheet in 2000.

10. Retained Earnings

The "Unappropriated retained earnings" account as of December 31, 2000 and 1999 is net of the accumulated equity in net losses of investees of ₱187,397,533 and ₱90,209,920, respectively (see Note 5).

11. Royalty and Franchise Fees

The Company has various agreements with its subsidiaries and other franchised outlets to operate Jollibee stores. In consideration thereof, the franchisees agree to pay franchise fees and royalties equivalent to certain percentages of the franchisees' gross sales. Royalty income from the subsidiaries amounted to ₱72 million in 2000 and ₱57 million in 1999.

12. Income Tax

The Company's current deferred tax assets of ₱55,510,719 and ₱55,375,236 as of December 31, 2000 and 1999, respectively, included under "Prepaid items and other current assets" account in the parent company balance sheets, represent the tax effects of accruals for various expenses, allowance for doubtful accounts and unfunded retirement costs. The noncurrent deferred tax assets of ₱10,945,555 and ₱6,692,087 in 2000 and 1999, respectively, included under "Other assets" account in the parent company balance sheets, represent the tax effects of unamortized past service cost contributions to the Company's retirement plan.

The reconciliation of provision for income tax computed at the statutory tax rate with the provision for income tax as shown in the parent company statements of income and unappropriated retained earnings follows:

	2000	1999 (As restated - see Note 1)
Provision for income tax at statutory income tax rate	₱374,004,196	₱294,219,048
Income tax effects of reconciling items substantially consisting of royalty and interest income subjected to final tax at a lower rate and nondeductible equity in net losses of investees	(114,909,136)	(49,316,852)
Adjustment due to change in applicable income tax rates for temporary differences in the expected years of recovery		631,261
	₱259,095,060	₱245,533,457

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13. Retirement Plan

The Company has a funded, independently administered noncontributory retirement plan covering all qualified employees. Retirement costs are determined using the projected unit credit method. As of October 31, 1999, the date of the latest actuarial valuation, the present value of retirement benefits and unfunded actuarial liability amounted to ₱210.4 million and ₱172.6 million, respectively, while the fair value of the plan assets amounted to ₱37.8 million.

The principal actuarial assumptions used in determining the cost of retirement benefits are annual interest rate of 10% and annual salary increase rate of 10%.

Retirement costs charged to operations amounted to ₱24.8 million in 2000 and ₱22.1 million in 1999.

14. Related Party Transactions

Transactions with related parties mainly represent noninterest and interest-bearing cash advances and sale of inventories.

15. Earnings Per Share Computation

	2000	1999 (As restated - see Note 1)
(a) Net income	₱909,668,052	₱646,039,415
(b) Weighted average shares - basic	1,007,182,040	1,016,207,908
Weighted average number of shares under option	1,593,330	22,109,056
Weighted average number of shares that would have been issued at fair market value	(1,459,987)	(15,098,286)
(c) Adjusted weighted average shares - diluted	1,007,315,383	1,023,218,678
Earnings per share:		
Basic (a/b)	₱0.9032	₱0.6357
Diluted (a/c)	0.9031	0.6314

16. Others

- a. The Company leases some outlets on a year-to-year basis and others on longer periods. Under the terms of the lease agreements, the Company is committed to pay the following minimum annual rentals for the next five years:

Year	Amount
2001	₱75,209,000
2002	82,349,000
2003	86,988,000
2004	96,461,000
2005	105,817,000

The lease contracts on certain sales outlets provide for the payment of additional rental based on certain percentage of sales of the outlets.

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- b. As of December 31, 2000 and 1999, the Company has a standing agreement with a local supplier for the purchase and delivery of certain store and food processing equipment.
- c. The Company is involved in litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and result of operations of the Company. Consequently, no provision for possible losses was taken up in the accounts.

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JOLLIBEE FOODS CORPORATION
SCHEDULE OF TAXES AND LICENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2000

Kind of Tax	Official Receipt Number	Date Paid	Amount
Local business taxes	Various	Various	P 94,997,102
Real property taxes	-do-	-do-	12,216,161
Fire inspection permit/fee	-do-	-do-	5,999,245
Machinery taxes	-do-	-do-	1,390,948
Registration fees	-do-	-do-	224,305
Others	-do-	-do-	1,012,327
Total			P 115,840,088

Total [To Item 93, Section E of Annual Income Tax Return]

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JOLLIBEE FOODS CORPORATION
SCHEDULE OF MISCELLANEOUS EXPENSES
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2000

Amortization of preoperating expenses	P	35,399,007
Trainings and seminars		17,969,529
Others		<u>137,871,194</u>
Total <i>[To Item 102, Section E of Annual Income Tax Return]</i>	P	<u><u>191,239,730</u></u>

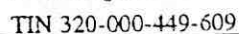
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OFFICIAL RECEIPT

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ACCOUNT NO.

NAME _____

ADDRESS:

PARTICULARS

TOTAL

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93,726,699

RECEIVED THE AMOUNT OF:

TELLER'S SIGNATURE

(P 93,726,699)

IF BY CHECK

☐ CASH

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Drawee Bank

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Date _____

MACHINE VALIDATION:

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