

SECURITIES AND EXCHANGE COMMISSION

FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended September 30, 2003
2. Commission identification number
3. BIR Tax Identification No : 040-000-390-189
4. Exact name of registrant as specified in its charter :

PHILIPPINE SEVEN CORPORATION

5. Country of incorporation : **PHILIPPINES**
6. Industry Classification Code: (SEC Use Only)
7. Address of registrant's principal office : 7TH Floor, The Columbia Tower
Ortigas Avenue, Mandaluyong City
1501
8. Telephone number : (632) 705-52-00
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the RSA

	No. of Shares of Common Stock
Shares Outstanding - Common :	237,252,000
Warrants	-0-

11. Are any or all of the securities listed on the Stock Exchange?

Yes [] No []

Stock Exchange:

Class/es of Securities listed

Philippine Stock Exchange

-

Common

12. Indicate by check mark whether the registrant:

- a. has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections

26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [] No []

b. Has been subject of such filing requirements for the past 90 days.

Yes [] No []

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Please refer to the attached

PART II - OTHER INFORMATION

N/A

Pursuant to the requirement of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **PHILIPPINE SEVEN CORPORATION**

Signature and Title: (Sgd.) **YEONG-HSIANG YEH**
President

Date: November 15, 2003

Signature and Title: (Sgd.) **WEN-CHI WU**
Treasurer

Date November 15, 2003

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine Seven Corporation is responsible for all information and representations contained in the consolidated unaudited financial statements for the quarter ended September 30, 2003. The financial statements have been prepared in conformity with generally accepted accounting principles and reflect amounts that are based on the best estimates and informed judgement with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded. Assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

(Sgd.) **VICENTE T. PATERNO**
Chairman of the Board

(Sgd.) **YEONG-HSIANG YEH**
President

(Sgd.) **WEN-CHI WU**
Treasurer

November 15, 2003

SECURITIES AND EXCHANGE COMMISSION

SEC Building
EDSA, Quezon City

Dear Sirs:

In connection with the financial statements of Philippine Seven Corporation as of September 30, 2003, which will be submitted to the Philippine Stock Exchange (PSE), we confirm to the best of our knowledge and belief, the following:

1. We are responsible for the fair presentation of the financial statements in conformity with the generally accepted accounting principles.
2. There have been no:
 - a. Irregularities involving management or employees who have significant roles in the system or internal accounting control.
 - b. Irregularities involving other employees that could have a material effect on financial statements.
 - c. Communication from regulatory agencies concerning non-compliance with or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
3. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
4. The accounting records underlying the financial statements accurately and fairly reflect the transactions of the company.
5. The company has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
6. Provision has been made for any material loss to be sustained.

7. We have complied with all respects of contractual agreements that would have a material effect on the financial statements in the event of con-compliance.

(Sgd.) **WEN-CHI WU**
Treasurer

THIRD QUARTER 2003

Management Discussion and Analysis of Financial Condition and Results of Operations

Philippine Seven Corporation still dominates the C-store business in spite of aggressive store expansion by major competitors. The 3Q 2003 began with 179 stores in operation, inclusive of 6 franchise stores. During the quarter, 8 company-owned stores were opened. At end of the quarter, the number of stores in operation was 187, inclusive of 6 franchise stores, increasing store days by 10.0% compared to same period last year. Stores that are under construction will be operational by 4Q 2003. New strategic sites are already identified for additional company-owned stores. The company fully expects to achieve its projected number of stores by end of the year.

Although year on year the size of average customer purchase of merchandise grew by 5.7% for 3Q 2003, average customer count per store day fell during the quarter. The current economic slump continues to erode the consumer's purchasing power. The growth in average transaction on merchandise could not counter the lower customer count for 3Q 2003. This resulted in the decline of average sales per store day, 2.62% lesser than in the comparable period last year.

The company's modest tri-media advertising campaign sought to stimulate sales, at the same time that efforts were dedicated to improve the assortment of products and to ensure that high-demand products were always available in all stores.

The company continued to expand and improve its fresh food service with aggressive product launches and promotional activities for new food service products such as stuffed pandesal with free coffee, cakes, Lipton's Peel-A-Prize promo, and juice bubblers like Mango Tango. 7-Eleven stores have become a favorite destination for tasty, reasonably priced snacks and value meals as evidenced by satisfactory increases in this category's sales.

The company also capitalized on co-merchandising opportunities with multinational manufacturing companies in introducing products to the public that are first, best and available only at 7-Eleven. During the period, some of the notable products offered first at 7-Eleven were Nescafe Mocha and Java, Royal Tru-Orange Light in can and Real McCoy Chips.

REVENUES AND GROSS MARGINS

Among food retailers, sales volume in the year's first and third quarters are generally lower than in the second quarter due to seasonal economic factors and weather. Total sales for the quarter of ₱811.3 million include a small portion of sales during March to June 2003. The adjusted sales figures are slightly lower than the ₱785.2 million in 2Q 2003 although 6.8% higher than sales in 3Q 2002, due in large part to more store days of operation.

Commissions earned from phone card sales have been inching downward since first quarter of the year. Commissions earned for 3Q 2003 slid only slightly below the same period last year, helped by successful launching of a low denomination prepaid phone card - Globe 100. Low denomination cards have rapidly risen to dominate the mobile phone prepaid cards, another evidence of the consumer's preference for low priced goods and services due to eroded purchasing power.

Increased number of store days overcame the decline in average sales per store day and grew total merchandise sales for the quarter year-on-year. The product categories that moved up were hot foods, juices and dairy products, bottled water and energy drinks, cookies, confectioneries, and cigarettes. The upward trend of merchandise sales was also sustained by items that were first, best and available only at 7-eleven. These new products were emphasized thru mass displays which draw customers' attention to them.

Gross profit margin (GP %) in 3Q 2003 significantly increased, enhancing the superior performance of this key factor in the year to date. This raised total gross profit pesos for 3Q 2003 to P270.66 million, or by 26.3% year-on-year. The component of total gross profit earned from merchandise sales was higher by 28.0% year-on-year while the component of gross profit on commissions earned from phone card sales declined by 5.7%. As a result, total gross profit rate for the quarter is better by 3.8% than in comparable period last year.

EXPENSES AND NET INCOME

The ratio of store operating expenses to net sales unfavorably rose to 15.9% during the 3Q 2003 compared to 13.8% over same period last year. Despite the increase in number of operating stores, tighter labor scheduling yielded negligible increase in manpower-related expenses. Costs of security services were constantly monitored and controlled, bringing down cost of security services by 27.2% per store month. However, these cost decreases may have allowed increased inventory variation, and a balance between reduced costs and decreased control will have to be sought and established.

Operations and Engineering personnel continued to work closely to step up efforts during the quarter to conserve energy usage in stores. These efforts, combined with the higher number of rainy days (and related cooler ambient temperatures) led to 8.2% decrease in average kilowatt-hour per store month compared with third quarter last year. The other big component of selling expense is store rentals. Rental expense for the quarter was held to an 8.1% increase over the previous quarter by reason of significant increase in store months in addition to fixed escalation rates stipulated on the lease contracts. Depreciation/amortization expenses were expected to rise because of more operating stores. The net effect was to bring down the ratio of selling expenses to net sales from 10.46% in 3Q 2002 to 9.32% in 3Q this year.

Interest expenses were lower against first and second quarters of 2003. Cheaper bank loans were tapped to augment working capital and to fund the construction of new stores and the renovation of older stores.

During the third quarter, the company posted a net loss of ₱3.7 million, considerably less than the ₱8.0 million net loss incurred in the same period last year. The improved bottom line was due largely to higher gross profit margin plus effective monitoring and controlling of expenses.

FINANCIAL CONDITION

Net cash provided by operating activities for the last nine-months was ₱42.0 million. Payments for trade purchases and taxes and licenses amounted to ₱106 million.

Net cash used in investing activities was ₱109.7 million as of 3Q 2003, compared to ₱76.8 million for 2002. During the period, payments for capital expenditures were ₱125.0 million against ₱66.2 million last year. Capital expenditures for each of the periods were used for construction of new stores, renovation of older stores, and purchase of store equipment.

Net cash used in financing activities was ₱21.1 million representing prepayment of short-term loan. The company's credit facilities at the end of the 3Q 2003 consisted of ₱180.0 million 360-day revolving credit and ₱80 million long-term credit facility from various banks. ₱100.0 million worth of short-term loans remained outstanding.

Overall, cash and cash equivalents at the end of 3Q 2003 decreased ₱97.2 million from the beginning of the year to ₱139.9 million.

Current assets decreased 24.2% to ₱431.8 million due to substantial decreases in all accounts. The collection of marketing support fund from major suppliers contributed to the material decline of accounts receivable. The improved merchandise procurement and distribution system reduced inventory per store. Current ratio for the quarter stood at 0.88 to 1.0 compared with 0.98 to 1.0 for year 2002.

Stockholders' equity during the quarter accounted for 56.0% of total assets compared to 52.3% at the end of year 2002. Debt-to-equity ratio remained strong at 0.78 to 1.0 last year.

Vicente T. Paterno
Chairman

(only because Pres. Yeh is out of country)

COVER SHEET

PHILIPPINE SEVEN CORPORATION

(Company's Full Name)

**AS OF AND FOR THE PERIOD ENDED
SEPTEMBER 30, 2003 AND DECEMBER 31, 2002**

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET

	SEPTEMBER 30 (UNAUDITED)	DECEMBER 31 (AUDITED)
	2003	2002
<u>ASSETS</u>		
CURRENT ASSETS		
Cash (Note 3)	P 139,919,058	P 237,113,506
Receivables, net (Notes 2 and 4)	29,594,295	48,226,089
Inventories (Notes 2 and 5)	184,823,312	198,759,415
Prepayments and other current assets (Notes 6)	77,461,567	85,691,883
Total current assets	431,798,232	569,790,893
NON-CURRENT ASSETS		
Property and equipment, net (Notes 2, 8 and 10)	554,525,578	503,799,463
Other assets (Notes 2, 7, 9 and 18)	128,701,609	142,872,564
Total non-current assets	683,227,187	646,672,027
Total assets	1,115,025,419	P1,216,462,920
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Loans payable (Note 10)	P100,506,706	P 121,594,334
Trade accounts payable	223,674,767	315,675,092
Accrued expenses	89,498,113	71,456,760
Income tax payable	116,561	14,144,787
Other current liabilities (Note 11)	76,561,465	57,024,914
Total current liabilities	490,357,612	579,895,887
OTHER INTEREST (Note 12)	6,000,000	6,000,000
STOCKHOLDERS' EQUITY (Notes 13 and 15)	618,667,807	630,567,033
Total liabilities and stockholders' equity	P1,115,025,419	P1,216,462,920

(See accompanying notes to consolidated financial statements)

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	SEPTEMBER 30 (UNAUDITED)	SEPTEMBER 30 (UNAUDITED)	DECEMBER 31 (AUDITED)
	2003	2002	2002
CAPITAL STOCK (Notes 13 and 15)	P237,938,250	P237,938,250	P237,938,250
TREASURY STOCK (Notes 2 and 13)	(2,923,246)	(2,923,246)	(2,923,246)
ADDITIONAL PAID-IN CAPITAL, net of excess of cost over issue price of treasury shares (Note 13)	293,525,037	293,525,037	293,525,037
RETAINED EARNINGS (Note 13)			
Beginning	102,026,992	140,873,367	140,873,367
Net loss for the year	(11,899,226)	(50,551,717)	(38,846,375)
End	90,127,766	90,321,650	102,026,992
Balance at December 31	P618,667,807	P618,861,691	P630,567,033

(See accompanying notes to consolidated financial statements)

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)**

	NINE MONTHS ENDED SEPTEMBER 30	
	2003	2002
REVENUE FROM MERCHANDISE SOLD (Note 2)	2,298,861,131	2,186,929,218
COST OF MERCHANDISE SOLD (Notes 2, 18 and 20)	1,587,645,921	1,576,719,098
GROSS PROFIT	711,215,210	610,216,120
OTHER OPERATING INCOME (Notes 2 and 18)		
Commission on services	34,153,459	40,277,342
TOTAL GROSS PROFIT	745,368,669	650,493,462
OPERATING EXPENSES (Notes 2)		
Selling (Notes 8 and 18)	220,045,751	223,370,021
Store operations	370,927,531	331,055,710
General and administrative (Notes 8 and 16)	182,113,257	150,773,255
TOTAL OPERATING EXPENSES	773,086,539	705,198,986
LOSS FROM OPERATIONS	(27,717,870)	(54,705,524)
OTHER INCOME (EXPENSES) (Note 2)		
Interest income	1,140,081	851,620
Interest expense (Note 10)	(8,418,505)	(3,769,662)
Others, net	28,137,759	8,220,317
	20,859,335	5,302,275
LOSS BEFORE INCOME TAX	(6,858,535)	(49,403,249)
NET LOSS CARRY OVER (NOLCO)	4,458,320	
PROVISION FOR INCOME TAX	191,051	1,148,468
NET LOSS	(11,507,906)	(50,551,717)
MINORITY INTEREST	391,320	
NET LOSS	(11,899,226)	(50,551,717)
LOSS PER SHARE (Notes 2 and 14)		
Basic	P	P
Diluted	(0.03)	(0.19)
	(0.03)	(0.19)

(See accompanying notes to consolidated financial statements)

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)**

	THREE MONTHS ENDED SEPTEMBER 30	
	2003	2002
REVENUE FROM MERCHANDISE SOLD	801,141,968	712,912,011
COST OF MERCHANDISE SOLD	540,640,716	509,441,667
GROSS PROFIT	260,501,252	203,470,344
OTHER OPERATING INCOME		
Commission on services	10,156,937	10,766,400
TOTAL GROSS PROFIT	270,658,189	214,236,744
OPERATING EXPENSES		
Selling	75,575,769	89,847,333
Store operations	128,801,328	85,664,757
General and administrative	67,672,643	50,200,352
TOTAL OPERATING EXPENSES	272,049,740	225,712,472
LOSS FROM OPERATIONS	(1,391,551)	(11,475,728)
OTHER INCOME (EXPENSES)		
Interest income	395,612	316,264
Interest expense	(2,645,806)	(1,711,302)
Others, net	1,986,708	4,506,266
	(263,486)	3,111,228
LOSS BEFORE INCOME TAX	(1,655,037)	(8,364,500)
NET LOSS CARRY OVER (NOLCO)	1,573,177	-
PROVISION FOR INCOME TAX	63,905	486,204
NET LOSS	(3,292,119)	(7,878,296)
MINORITY INTEREST	391,320	152,040
NET LOSS	(3,683,439)	(8,030,336)
LOSS PER SHARE		
Basic	P 0.05	P (0.21)
Diluted	0.05	(0.21)

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS

	NINE MONTHS ENDED SEPTEMBER 30	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(11,899,226)	(52,400,973)
Adjustments for:		
Depreciation and amortization	74,243,314	71,172,854
Interest expense	8,418,505	-
Interest income	(1,140,081)	-
Operating income before working capital changes	69,622,512	18,771,881
Changes in current assets and liabilities:		
(Increase) decrease in current assets:		
Receivables	18,631,794	(5,158,128)
Inventories	13,936,103	50,797,840
Prepayments and other current assets	8,230,316	(21,741,364)
Increase (decrease) in current liabilities:		
Trade accounts payable	(92,000,325)	(94,998,760)
Accrued expenses	18,041,353	-
Other current liabilities	19,536,551	36,498,766
Income taxes payable	(14,028,226)	(17,547,357)
Net cash provided by operating activities	41,970,078	(33,377,122)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(124,969,429)	(44,371,414)
Increase in other assets	14,170,955	(11,494,040)
Interest received	1,140,081	-
Net cash used in investing activities	(109,658,393)	(55,865,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from loans payable	(21,087,628)	78,709,207
Increase (decrease) in minority interest	-	4,075,965
Interest paid	(8,418,505)	-
Net cash provided by (used in) financing activities	(29,506,133)	82,785,172
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,194,448)	(6,457,404)
CASH AND CASH EQUIVALENTS		
January 1	237,113,506	120,558,572
September 30	139,919,058	114,101,168

(See accompanying notes to consolidated financial statements)

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS

	THREE MONTHS ENDED SEPTEMBER 30	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(3,683,439)	(8,030,336)
Adjustments for:		
Depreciation and amortization	24,966,876	23,686,541
Interest expense	2,645,806	-
Interest income	(395,612)	-
Operating income before working capital changes	23,533,631	15,656,205
Changes in current assets and liabilities:		
(Increase) decrease in current assets:		
Receivables	(4,762,770)	(2,807,680)
Inventories	(4,239,883)	20,189,756
Prepayments and other current assets	532,919	(16,863,956)
Increase (decrease) in current liabilities:		
Trade accounts payable	(4,144,426)	(42,459,221)
Accrued expenses	18,041,354	-
Other current liabilities	(16,752,079)	32,924,858
Income taxes payable	116,561	69,736
Net cash provided by operating activities	12,325,307	6,709,698
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(54,967,664)	(15,343,473)
Increase in other assets	16,749,954	(1,206,762)
Interest received	395,612	-
Net cash used in investing activities	(37,822,098)	(16,550,235)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from loans payable	(10,356,800)	39,881,921
Increase (decrease) in minority interest	-	152,040
Interest paid	(3,118,584)	-
Net cash provided by (used in) financing activities	(13,475,384)	40,033,961
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(38,972,175)	30,193,424
CASH AND CASH EQUIVALENTS		
June 30	178,891,233	83,907,744
September 30	139,919,058	114,101,168

**PHILIPPINE SEVEN CORPORATION
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIOD ENDED
SEPTEMBER 30, 2003
(With comparative figures for December 31, 2002)

Note 1 - Organization and operations

Philippine Seven Corporation (the “Parent Company”) was incorporated and registered with the Securities and Exchange Commission (SEC) on November 29, 1982 primarily to engage in, conduct, carry on and deal in the business of retailing, merchandising, buying, selling, marketing, importing, exporting, franchising, acquiring, holding, distributing, warehousing, trading, exchanging or otherwise dealing in all kinds of grocery items, dry goods, food or foodstuffs, beverages, drinks and all kinds of consumer needs or requirements.

The Parent Company is controlled by President Chain Store (Labuan) Holdings, Ltd. (an investment holding company incorporated in Malaysia) which owns 50.40% of its shares. The remaining 49.60% of the shares are widely held. The ultimate parent of the group is President Chain Store Corporation (PCSC), a company incorporated in Taiwan, Republic of China.

The Parent Company has its principal office at 7th Floor, The Columbia Tower, Ortigas Avenue, Mandaluyong City. It has 923 and 1,058 regular employees as of September 30, 2003 and December 31, 2002, respectively.

**Note 2 - Basis of consolidated financial statement preparation;
summary of significant accounting policies**

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the Philippines under the historical cost convention. The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the Philippines requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The significant accounting policies and practices followed by the Parent Company and its subsidiaries are set forth to facilitate the understanding of data presented in the consolidated financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of Philippine Seven Corporation and the following subsidiaries:

	Country of incorporation	Percentage of ownership of common shares
Convenience Distribution Inc. (CDI)	Philippines	100
Store Sites Holding, Inc. (SSHI)	Philippines	100*

* Incorporated and registered with the SEC on November 9, 2000, and started its commercial operations on November 25, 2000.

Investment in SSHI was accounted for in the 2000 consolidated financial statements using the equity method. In view of the existence of the Parent Company's power to govern the financial and operating policies of SSHI through interlocking directorships so as to obtain benefits from its activities, the financial position, results of operations and cash flows of SSHI were consolidated on a line by line basis. This resulted in the restatement of the 2000 consolidated financial statements. Condensed financial information of SSHI, excluding intercompany eliminations, follows:

	2001	2000
Current assets	P 3,672,735	P 2,916,808
Land	39,866,864	39,886,864
Preoperating expenses	-	113,083
Current liabilities	45,422	80,539
Net income for the year	677,961	74,352

All intercompany accounts and transactions have been eliminated.

Cash equivalents in 2003 represent short-term highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value. These are investments with original maturities of three months or less from the date of acquisition.

Receivables are carried at anticipated realizable value. A provision is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off against related provision during the year in which they are identified.

Inventories are stated at the lower of cost or net realizable value. The Parent Company is using the retail method in measuring its store merchandise inventory. Cost of store merchandise is determined using the average method, while first-in, first-out method is used in determining the cost of warehouse merchandise.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial reporting bases of assets and liabilities and their related income tax bases. Deferred income taxes are measured using the income tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or realized. A valuation allowance is provided for deferred income tax assets which are determined to be not recoverable in the future. Deferred income tax expense or credit is recognized for the change during the year in the deferred income tax assets and liabilities and the related valuation allowance.

Property and equipment, except land which is carried at cost, are carried at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives (in years) of the related assets as follows:

Leasehold improvements	2 to 10
Store furniture and equipment	5 to 10
Land, buildings and improvements	10 to 12
Office furniture and equipment	3 to 5
Transportation equipment	3 to 5

Leasehold improvements are amortized over their estimated useful lives or the term of the lease, whichever is shorter.

Major additions or significant renewals are capitalized while minor repairs and maintenance are charged to operations as incurred. When assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations.

Starting January 1, 2002, the carrying amounts of property and equipment are reviewed for possible impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. For this purpose, assets are grouped based on separately identifiable and largely independent cash flows where impairment is indicated, and the carrying amounts of assets are written down immediately to their recoverable amounts.

Borrowing costs are generally charged to operations when incurred. However, interest on loans used to finance construction of stores is capitalized as part of the acquisition cost of the related assets.

Software and program costs, also shown as part of other assets, are carried at cost less accumulated amortization. Amortization is computed using the straight-line method over a period of three (3) years.

Revenue from merchandise sold is recognized at the time the goods are delivered to and accepted by the customers. Commission on services is recognized upon the sale of consigned goods. Rental income on subleased spaces is recognized on an accrual basis in accordance with the substance of the relevant agreement. Other income is recorded when earned.

Costs and expenses are charged to operations when incurred. Payments made under operating leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are charged to current operations on a straight-line basis over the period of the lease.

Pension costs are actuarially determined using the “projected unit credit method” and are funded as accrued. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees’ projected salaries. The unrecognized experience adjustments and past service costs are amortized over the expected average remaining working lives of the covered employees.

Basic earnings (loss) per share is calculated by dividing the net income or loss for the year attributable to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing the net income or loss attributable to common shareholders by the weighted average number of shares outstanding adjusted for the effects of all dilutive potential common shares. In both cases, the effect of stock dividends, if any, is retroactively accounted for.

Treasury stock is stated at acquisition cost.

Revised Statements of Financial Accounting Standards (SFAS) applicable to the Parent Company and its subsidiaries were adopted effective January 1, 2002. These are SFAS 16/IAS16, "Property, Plant and Equipment", SFAS 24/IAS 24, "Related Party Disclosures"; SFAS 27/IAS 27 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" and SFAS 36/IAS 36, "Impairment of Assets".

While adoption of the new standards in 2002 did not result in restatements of prior years' financial statements, additional disclosures were included, where applicable.

Note 3 - Cash

Cash consist of the following:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Cash		
On hand	P 10,332,545	P 4,046,090
In banks	124,586,513	233,067,416
Temporary Time Deposits	5,000,000	-
	P139,919,058	P237,113,506

Note 4 - Receivables

This account consist of the following:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Receivable from suppliers	P 15,262,760	P 30,447,479
Redemption control	69,409	8,042,008
Receivable from the Bureau of Internal Revenue	7,872,659	4,767,242
Employee related	4,550,302	3,827,880
Interest receivable	3,468,472	3,400,000
Receivables on subleased spaces	2,633,501	1,954,494
Insurance	445,211	1,434,855
Others	4,113,914	3,174,064
	38,416,228	57,048,022
Less - allowance for doubtful accounts	8,821,933	8,821,933
	P 29,594,295	P 48,226,089

Note 5 - Inventories

Inventories consist of the following:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Store merchandise	P 106,162,654	P128,967,196
Warehouse merchandise	77,820,642	67,886,274
Stamps and other items	840,016	985,324
In-transit	-	920,621
	P 184,823,312	P198,759,415

Note 6 - Prepayments and other current assets

Prepayments and other current assets consist of the following:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Minimum corporate income tax (MCIT) (Note 7)	P 57,631,836	P 53,583,642
Rent	9,736,767	10,885,598
Tools and equipment	-	5,745,455
Supplies	2,152,837	2,784,587
Insurance	647,763	25,999
Other	7,292,364	12,666,602
	P77,461,567	P 85,691,883

The Parent Company is entitled to carry forward its NOLCO amounting to P37,676,181, P45,092,848 and P18,032,137 for the years ended December 31, 2002, 2001 and 2000, respectively, as a reduction from its gross income up to years 2005, 2004 and 2003, respectively. Realization of the future tax benefit related to the deferred income tax assets is dependent on many factors, including the Parent Company's ability to generate taxable income within the next three years from the time the operating loss was incurred.

The company started to provide for the NOLCO portion that will expire in year 2003. This was the year 2000 NOLCO, amortized in year 2003 over 12 months period.

Income tax payable of the Parent Company as of December 31, 2002 and 2001 were based on the application of minimum corporate income tax (MCIT) since the latter was higher than the amount determined by applying the statutory income tax rate on the 2002 and 2001 taxable income. MCIT as of December 31, 2002 and 2001 amounted to P17,992,660 and P17,785,656, respectively, is included in "Prepayments and other current assets" account in the consolidated balance sheet.

The reconciliation of the provision for income tax for the years ended December 31 computed at the statutory tax rate to actual provision shown in the consolidated statement of income follows:

	2002	2001	2000
Loss at statutory income tax rates	P(17,713,476)	P(17,570,880)	P (6,264,220)
Addition (reductions) in income taxes resulting from:			
Income already subjected to final tax at a lower rate	(489,278)	(1,734,989)	(1,501,903)
Others	1,694,516	1,423,387	109,152
Benefit from income tax per consolidated statement of income	P(16,508,238)	P(17,882,482)	P (7,656,971)

Note 7 - Property and equipment

Details of property and equipment at September 30 consist of:

	Land	Leasehold improvements	Store and Office equipment	Buildings and improvements	Store and Office furniture and Fixtures	Transportation equipment	Computer & IT Related Equipment	Construction in progress	Total
Estimated useful life (in years)	-	2 to 10	5 to 10	10 to 12	3 to 5	3 to 5			
Cost									
December 1, 2002	P39,866,864	252,840,666	330,611,069	89,058,469	32,460,534	8,818,335	-	2,019,491	P 755,675,428
Additions	-	41,876,034	28,004,052	-	10,203,526	2,318,182	14,494,955	6,761,845	103,658,594
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
Reclassification	-	(11,187,260)	(65,554,488)	20,905,190	46,926,493	-	30,220,900	-	21,310,835
September 30, 2003	39,866,864	283,529,440	293,060,633	109,963,659	89,590,553	11,136,517	44,715,855	8,781,336	880,644,857
Accumulated depreciation									
December 31, 2002	-	17,038,150	187,806,047	25,271,575	16,375,032	5,385,161	-	-	251,875,965
Depreciation	-	30,551,729	22,140,538	3,868,104	7,089,314	1,680,722	4,805,544	-	70,135,951
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
Reclassification	-	(58,980)	(48,067,666)	16,971	38,512,127	-	13,704,911	-	4,107,363
September 30, 2003	-	47,530,899	161,878,919	29,156,650	61,976,473	7,065,883	18,510,454	-	326,119,279
Net book values at									
December 31, 2002	P39,866,864	235,802,516	142,805,022	63,786,894	16,085,502	3,433,174	-	2,019,491	P 503,799,463
September 30, 2003	39,866,864	235,998,542	131,181,714	80,807,009	27,614,080	4,070,634	26,205,400	8,781,336	554,525,578

Depreciation and amortization charged to operations for the period ended September 30 follow:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Selling	P 60,891,343	P 67,989,817
General and administrative	13,351,971	23,456,039
	P 74,243,314	P91,445,856

Note 8 - Other assets

Other assets as of March 31 consist of:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Deposits		
Refundable deposits (Note 18)	P 62,481,086	P 58,998,717
Utilities	15,659,180	15,526,339
Deposits to suppliers	3,138,564	3,472,714
Miscellaneous	1,267,307	478,885
Software and program cost, net	9,064,396	14,060,562
Site rental costs, net	-	9,217,930
Deferred income tax (note 9)	26,193,529	30,478,119
Investments, telephone rights and other assets	10,897,547	10,639,298
	<u>P 128,701,609</u>	<u>P142,872,564</u>

**Note 9 - Deferred income tax assets and liabilities;
provision for income tax**

The components of deferred income tax assets and liabilities at September 30 consist of the tax effects of the following:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Current		
Accrued pension cost	P 7,869,840	P 7,869,840
Allowance for doubtful accounts	2,823,018	2,823,018
Advance rental	108,848	108,848
Unamortized past service cost	360,225	360,225
Unrealized foreign exchange (gain) loss	(2,471)	(2,471)
Unamortized capitalized interest	(706,442)	(532,714)
	<u>10,453,018</u>	<u>10,626,746</u>
Non-current		
Net operating loss carryover (NOLCO),net	27,971,783	32,256,373
Unamortized past service cost	1,954,952	1,954,952
Unamortized capitalized interest	(3,733,206)	(3,733,206)
	<u>26,193,529</u>	<u>30,478,119</u>
	<u>P36,646,547</u>	<u>P41,104,865</u>

Note 10 - Loans payable

This account represents short-term loans obtained by the Parent Company from local banks payable in lump sum at various dates in 2003 at prevailing annual interest rates. Loans are unsecured and obtained for working capital purposes. Fifty (P50) millions of which are guaranteed by the Parent Company's ultimate parent company.

Note 11 - Other current liabilities

Other current liabilities at September 30 consist of:

	SEPTEMBER 30 (UNAUDITED) 2003	DECEMBER 31 (AUDITED) 2002
Non-trade accounts payable	P 26,684,108	P 27,214,977
Deposits payable	9,613,879	7,632,334
Withholding taxes payable	7,138,475	6,648,550
Output value-added taxes	10,238,428	4,512,546
Royalty payable (Note 18)	3,319,915	2,528,909
Retention payable	1,947,434	1,213,037
Lease payable	476,643	340,150
Dividends Payable	391,320	
Others	16,751,263	6,934,411
	P 76,561,465	P 57,024,914

Note 12 - Other interest

Other interest represents the share of Philippine Seven Corporation - Employees Retirement Plan (PSC - ERP) through its trustee, BPI-Asset Management and Trust Group in SSHI's net assets pertaining to preferred shares. PSC - ERP is entitled to an annual "Guaranteed Preferred Dividend" in the earnings of SSHI which are declared out of the earnings from April 5, 2002, the date when the 25% of the subscriptions have been paid, in accordance with the Corporation Code.

Note 13 - Capital stock; additional paid-in capital; retained earnings

Details of the Parent Company's capital stock at September 30, 2003 and December 31, 2002 consists of:

	No. of shares	Amount
Capital stock - P1 par value		
Authorized	400,000,000	P400,000,000
Issued and outstanding	237,938,250	237,938,250

The retained earnings is restricted for dividend declaration in the amount of P2,932,246, representing the cost of shares held in treasury (Note 15).

On January 9, 1998, the SEC approved the registration by the Parent Company of the following:

- a. The 237,938,250 common shares which consist of:

	No. of shares
Outstanding common shares	135,835,750
Initial public offering	47,000,000
Private placement	24,382,000
Underlying shares for the 122,882 warrant units [see (b) below] consisting of 12,288,200 shares held in treasury and 18,432,300 common shares	30,720,500
	237,938,250

- b. The 122,882 units 5-year warrants with attached 4% perpetual income bonds.

On February 4, 1998, the Parent Company offered for sale 71,382,000 common shares, consisting of 47,000,000 shares for public offering and 24,382,000 shares for private placement both at an offer price of P4.40 per share. Net proceeds generated from the offering amounted to about P288.3 million. The excess of cost of common shares over the net proceeds amounting to P216.9 million was credited to "Additional paid-in capital".

On June 13, 2000, the Board of Directors approved a resolution authorizing the issuance of the Parent Company's shares ("Optional Shares") for the exercise of the 122,882 warrants with attached 4% perpetual income bonds consisting of 18,432,300 common shares to be taken from unissued portion of the authorized capital stock and 12,288,200 treasury shares or a total of 30,720,500 shares pursuant to their registration with the SEC. Moreover, upon

the actual exercise of the warrants and purchase of the Optional Shares, the Parent Company was authorized to list the 30,720,500 shares with the Philippine Stock Exchange (PSE).

During the period of September 15 to 25, 2000, all of the Parent Company's warrants were exercised and the corresponding shares of 30,720,500 were issued. Consequently, on September 28, 2000, the Parent Company listed the 30,720,500 common shares with the PSE and delisted the corresponding 122,882 warrants.

On November 16, 2000, a total of 162,520,072 shares were tendered by the Parent Company's shareholders to PCSC of which 119,575,008 shares were purchased by its assignee, President Chain Store (Labuan) Holdings, Ltd., a wholly-owned investment holding company incorporated in Malaysia, at the price of P8.30 per share.

Note 14 - Loss per share

Loss per share is computed as follows:

	Period ended September 30, 2003		
	Loss	Shares	Per share
Basic and diluted loss			
Net loss available to common shares	P(11,899,226)	237,252,000	P(0.05)

	Period ended September 30, 2002		
	Loss	Shares	Per share
Basic and diluted loss			
Net loss available to common shares	P(50,551,717)	237,252,000	P(0.21)

Note 15 - Employee stock purchase plan

The Parent Company has an Employee Stock Purchase Plan (ESPP) which allows all full-time and regular employees, who have rendered at least two years of service to the Parent Company as of December 31, 1996, to purchase the Parent Company's shares in the offering at a purchase price of P4.40 per share. Each eligible employee can purchase a minimum of 1,000 shares and a maximum number of shares with a purchase price equivalent to 1½ months basic salary or, in the case of a manager, up to 3 months basic salary.

On the stock purchase date, the Parent Company granted interest-free loans to the participants equivalent to the purchase price of the stock. The loans are collectible over a period of 24 months and are secured by the purchased shares pledged in favor of the Parent Company.

Under the provisions of the ESPP, the Parent Company has the right to vote the pledged shares until full payment of the loan and the participants have the right to receive all cash dividends, but stock dividends shall be held in escrow until full payment of the loan.

In 1998, 997,000 shares were subscribed by employees under the ESPP and the unsold shares were taken by the lead underwriter as part of the offering to the public.

In 2001, 686,250 shares were withdrawn by employees and returned to the Parent Company and accounted for as treasury stocks.

Note 16 - Retirement plan

The Parent Company maintains a trustee, non-contributory retirement plan covering all its regular and full-time employees. Under the plan, the normal retirement age is 60 years old. Normal retirement benefit is equivalent to 15 times the final daily salary, cash equivalent of 5 days and 1/12 of 13th month pay per year of credited service paid in lump-sum. Employee who has reached the age of 50 and has at least 5 years of credited service may retire with the Parent Company's approval and be entitled to reduced benefits in accordance with the provisions of the plan.

The latest actuarial valuation as of January 1, 2003 was obtained from an independent actuary using the "projected unit credit" (PUC) method. Under the PUC cost method, the annual normal cost for an individual member is determined as the amount necessary to provide for the portion of the retirement benefit accruing during the year. The principal actuarial assumptions used to determine retirement benefits were a salary increase rate of 10% and a return on plan assets of 10%. Valuation is made every three years to update the plan costs and adjust the amounts of contributions.

Based on the latest actuarial valuation as of January 1, 2003, the actuarial value of plan assets amounted to P18,215,000 while the estimated actuarial accrued liability was P38,606,500.

Note 17 - Related party transactions

In the normal course of business, the Parent Company transacts with companies which are considered related parties under SFAS No. 24/IAS 24 "Related Party Disclosures."

In 2002, amounts paid to directors of the Parent Company and subsidiaries amounted to P4.35 million (2001 - P4.34 million).

Transactions with related parties are consummated at competitive market rates as though the parties are unrelated.

Settlement of outstanding related party receivables and payables is generally made within 20 days from date of each transaction.

Note 18 - Agreements

The Parent Company and its subsidiaries is a party to the following agreements:

- a) Parent Company's licensing agreement with Seven Eleven Inc. (SEI), an affiliated company organized in Texas, U.S.A., which grants the Parent Company the exclusive right to use the 7-Eleven System in the Philippines. In accordance with the agreement, the Parent Company pays, among others, royalty fee to SEI based on a certain percentage of monthly gross sales (Note 20).
- b) Parent Company's various store franchise agreements with third parties for the operation of certain stores including lease of the store and equipment operated in a manner which will enhance the 7-Eleven Image and pursuant to the 7-Eleven System provided for in item (a) above. In consideration thereof, a franchise fee shall be paid to the Parent Company.
- c) Parent Company's agreement with its phonecards suppliers effective January 1, 2000. Under the arrangement, the Parent Company earns a commission as the consignee of the suppliers.
- d) Parent Company's various lease agreements with third parties relating to its store operations. Certain agreements provide for the payment of rental expense based on various schemes such as an agreed percentage of net sales for the month, fixed monthly rate, or unless otherwise agreed upon.

CDI leases the warehouse premises it presently occupies for a period of five years commencing on December 1, 2000 and expiring on November 30, 2005.

Under the terms of the covering lease agreements, the Parent Company and CDI are required to make advance deposits which are shown as part of “other assets” in the consolidated balance sheet.

Rental expense for the years ended December 31, 2002, 2001 and 2000 under the above leases amounted to P161,618,102, P152,387,842 and P138,885,718, respectively.

The minimum annual rental commitments on these leases for the next five years are shown below:

Year	Amount
2003	P167,544,150
2004	176,226,854
2005	182,808,565
2006	159,986,574
2007	123,904,583

- e) Rental of post-mix machines from PCSC in 2002 whereby the Parent Company pays the latter 1% of sales (as defined in the agreement) from the said machines in 2002 and 5% thereafter from January 1, 2003. Payments shall be made once every quarter or before the 20th day of January, April, July and October.

The Parent Company has agreed not to propose the termination of the agreement before November 30, 2003 and not before the aggregate amount of payment exceeds NT\$4,019,800 subject to certain conditions specifically provided for in the agreement.

- f) Parent company’s various store management agreement with third parties for the operation of certain stores pursuant to the 7-eleven System provided for in item (a) above. In consideration thereof, a Management Fee shall be paid by the Parent Company computed as a percentage of the store’s gross profit and after deducting those expenses pre-agreed to be charged to store operator. This type of agreement was entered effective year 2003.

Note 19 - Noncash investing and financing activities

Noncash investing and financing activities for the years ended December 31, 2001 and 2000 follow:

	2001	2000
Conversion of receivable from a subsidiary to capital stock	P5,580,000	P -
Exercise of warrants attached to bonds payable	-	46,996,000
Investment in shares of stock through exchange of land	-	39,866,864

Note 20

Philippine Seven Corporation

Receivables from Suppliers

As of September 30, 2003

PAYEE	SEPTEMBER BALANCE	1 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL
31.9 F. AIRCONDITIONING	668			668		668
4NM ENTERPRISES	-			-		-
A TUNG CHINGCO	-			-		-
ADROIT MARKETING	2,179			2,179		2,179
ADVANTAGE PRODUCTS CORP.	2,416,855			2,416,855		2,416,855
ALL OVER CORPORATION	1,000			1,000		1,000
AMERICAN GROCERS CORPORATION	3,131			3,131		3,131
ARLEES BREAD HOUSE	12,300	8,400		3,900		12,300
ARMIS CAKES & PASTRIES	19,618			19,618		19,618
ASIA BREWERY INC., BUDWEISER	118,480			118,480		118,480
ASIAN IMEX ENTERPRISES	1,500			1,500		1,500
AVRAM PUBLICATIONS & DISTRIBUTION, INC.	29,705			29,705		29,705
AZITSOROG	88,973			88,973		88,973
BASIC DISTRIBUTORS, INC.	71,309			71,309		71,309
BEEHIVE GENERAL MERCHANDISE	1,933			1,933		1,933
BELMAN LABORATORIES	16,600			16,600		16,600
BENBY ENTERPRISES	-			-		-
BESUTO FOOD CORPORATION	3,274			3,274		3,274
BIG "E" FOOD PRODUCTS	65,146			65,146		65,146
BONHEUR MARKETING CORPORATION	1,893,270			1,893,270		1,893,270
BON'S VARIETY PRODUCTS	5,200			5,200		5,200
BOON ENTERPRISES CO.	533			533		533
BREAD CONNECTION, INC.	58,197			58,197		58,197
BREWMASTER INT'L	-			-		-
British American Tobacco	-			-		-
BUSINESS PEOPLE, INC.	51,881			51,881		51,881
CALIFORNIA MFG.	-			-		-
CARLO PUBLISHING HOUSE INC.	65			65		65
CENTENNIAL GAMING CORP.	217,026			217,026		217,026
CENTRAL DISTRIBUTION SERVICES INC.	469,385	463,225	6,160			469,385
CHAMIAN COMMERCIAL	1,283			1,283		1,283
CHERRY HILL	-			-		-
CLASSIC UMBRELLA INDUSTRIES INC.	3,000		3,000			3,000
C-LITE TRADING AND MFG.	11,057			11,057		11,057
COCA-COLA	5,349,326			5,349,326		5,349,326
COLGATE PALMOLIVE	(7,830)			(7,830)		(7,830)
COLUMBUS FOODS INC.	2,393			2,393		2,393
COSMOS BOTTLING CORPORATION	169,382			169,382		169,382
CPR MARKETING, INC.	168			168		168
CREATIVE SOURCE, INC.	22,471			22,471		22,471
CROLEY FOOD MFG.	5,208			5,208		5,208
DEL MONTE	-			-		-
DKT INTERNATIONAL, INC.	5,239			5,239		5,239
DOLE FRESH FOODS CO.	761			761		761
DPL MERCHANDISING	26,333			26,333		26,333
DSS TRADING	-			-		-
EAC MARKETING SERVICES	606			606		606
EASTERN TELECOM PHILS.	24,678			24,678		24,678
ED-LUS GEN MERCHANDISE	42,703			42,703		42,703
EMERALD HEADWAY DISTRIBUTORS, INC.	12,580			12,580		12,580
EPOCH TROPICAL FRUITS CORP.	80,203			80,203		80,203
EVEREADY BATTERY CO. PHILS., INC.	4,597			4,597		4,597

FILIA FOODS INC.,	4,017		4,017	4,017
FIRST CHOICE	-		-	-
FIRST SHERIDAN CORP.	210		210	210
FITRITE INCORPORATED	114	114		114
FIVE BEARS CORP.	2,000		2,000	2,000
FOODSPHERE	-		-	-
FOODWORLD MFG. CORP.	9,217		9,217	9,217
FRAMARON (H. RAMOS)	-		-	-
GALLERY MARKETING CORPORATION	3,456		3,456	3,456
GATE DISTRIBUTION, INC.	-		-	-
GDM INTERNAT'L & GOLDEN RICH	108,913		108,913	108,913
GENIE FOOD CORP.	13,313		13,313	13,313
GLOBE TELECOM	247,500		247,500	247,500
GMAT CREDIT COOPERATIVE	208		208	208
GNP TRADING	(0)		(0)	(0)
GOLD FISH RESOURCES INC.	326		326	326
GOLDEN LOAF INC.	4,962		4,962	4,962
GOMICO TRADING	6,330		6,330	6,330
GOODWAY INTERNATIONAL TRADING CORP.	57,307		57,307	57,307
GRAND CLASSIC	-		-	-
GRAND CLASSIC CORPORATION	1,000	1,000		1,000
GYMBOREE MARKETING INT'L, INC.	6,255		6,255	6,255
H & Y MKTG. PHIL. INC.	69,370		69,370	69,370
HAITSAN COMMERCIAL	30,042		30,042	30,042
HEARTY PLUS ENTERPRISES	310,443		310,443	310,443
HIDDEN SPRING	-		-	-
HONAI FOODS	167,199		167,199	167,199
HOPE SUPER STATIONERY	60,185		60,185	60,185
IMGAME	31,798		31,798	31,798
INTERTRADE REALTY & DEV. CORP.	1,968		1,968	1,968
JACKPOT PUBLICATION	3,746		3,746	3,746
JAID ENTERPRISES	334,812		334,812	334,812
JAKA DIST. INC.	0		0	0
JOLLYANT	6,780		6,780	6,780
JO-NAS INT'L PHIL.	35,406		35,406	35,406
JPLIM DESIGN AND CRAFTS	98,898		98,898	98,898
KAT TRADING CORPORATION	338		338	338
KEANSBURG MARKETING	14,362		14,362	14,362
KIMBERLY CLARK PHILS.	26,489		26,489	26,489
KING'S DIMSUM	17,663		17,663	17,663
KISLAP PUBLISHING INC.	5,000		5,000	5,000
LA PACITA BAKERY	16,023		16,023	16,023
LA TONDENA DISTILLERS INC.	4,805		4,805	4,805
LABATT ASIA INCORPORATED	11,411		11,411	11,411
LE-DA BAKESHOP	186		186	186
LEO LITE MARKETING INTERNATIONAL, INC.	1,864		1,864	1,864
LINK IMPORT EXPORT ENT., INC	20,984		20,984	20,984
M & M (THIS IS NOT THE SUPPLIER NAME)	-		-	-
M. V. FOODS INDUSTRIES	1,007		1,007	1,007
M.Y. SAN BISCUITS INC.	3,334		3,334	3,334
MARBY FOOD VENTURES	5,348		5,348	5,348
MARTA MARKETING CORPORATION	958		958	958
MASTER FOODS (M & M = Items)	-		-	-
MELY'S PURE CHOCOLATE	2,153		2,153	2,153
METRO TRADE, INCORPORATED	3,981		3,981	3,981
METROLAB INDUSTRIES, INC.	22,583		22,583	22,583
MICROSEP	4,200		4,200	4,200
MISTER FOOD PRODUCTS	1,185		1,185	1,185
MONDE NISSIN	-		-	-
MULTI-LINK IMPORT EXPORT	1,837		1,837	1,837
NEETON TRADING	-		-	-

NESTLE-PHILS	1,270		1,270	1,270
NEW ZEALAND MILK PHILS.	(48,870)		(48,870)	(48,870)
NEWBORN FOOD PRODUCTS, INC.	909		909	909
NG MERCHANDISE	-		-	-
NUGGET FOOD CORP.	154		154	154
NUTRITIVE SNACK FOOD INC. (NSF)	500		500	500
OMF LITERATURE	1,263		1,263	1,263
PALMAFIL	0		0	0
PAPER LINE AND GRAPHICS	9,002		9,002	9,002
PEPSI COLA	-		-	-
PHIL. BEVERAGE PARTNERS	-		-	-
PHILIP MORRIS	147,240		147,240	147,240
PHILIPPINE DAIRY PRODUCTS, CORP.	1,950		1,950	1,950
PLDT	255	255		255
PHILUSA	(5,000)	(5,000)		(5,000)
PRECIOUS PAGES CORP.	100,800		100,800	100,800
PREMIER WINES & SPIRITS INC.	-		-	-
PRESTIGE UMBRELLA	26		26	26
PRIME ALLIANCE MARKETING CORP.	45,357		45,357	45,357
PROCTOR GAMBLE/COLGATE PALMOLIVE	2,000		2,000	2,000
PROJUICE SYSTEMS DISTRIBUTION	200,000		200,000	200,000
QUANTUM FOODS	16,600		16,600	16,600
RFM CORPORATION	3,312		3,312	3,312
RICHMARSH INDUSTRIAL TRADE CORP	399,708		399,708	399,708
RODMAC ENTERPRISES	1,200		1,200	1,200
ROGEMSON	-		-	-
RS LYRIC SALES CORPORATION	445		445	445
S POINT PRODUCTS, INC.	131,326		131,326	131,326
SAN MIGUEL CORPORATION	(61,417)	(2,820)	(58,597)	(61,417)
SANCANCO CANNING CORP.	2,015		2,015	2,015
SCANASIA OVERSEAS, INC.	159		159	159
S-CHILD MARKETING	440,617		440,617	440,617
SELECTA WALLS	77		77	77
SERGS PRODUCTS, INC.	1,547		1,547	1,547
SHANG LI PLASTIC CORPORATION	56,465		56,465	56,465
SMACKERS BAKESHOP	31,245		31,245	31,245
SOCIETY PUBLISHING INCORPORATED	770		770	770
SOUTH ASIA FOOD INC.	3,495		3,495	3,495
ST. ESSENCE MFG.,CO. INC.,	45		45	45
STARCREST ASIA CORPORATION	1,500		1,500	1,500
STATELINE	1,733		1,733	1,733
STERLING PAPER PRODUCTS	131,975		131,975	131,975
STERLING TRANSTRIDE CORP.	1,688		1,688	1,688
STORE SITES HOLDING INC.	76,269	76,269		76,269
STYLES & CLASSICS PHIL., INC.	503		503	503
SUGARLAND	2,000		2,000	2,000
SUMMIT PUBLISHING CO. INC.	56,488	56,488		56,488
SYSU	-		-	-
TEOPE COMMERCIAL	19,734		19,734	19,734
THE BAMBOO OVEN	-		-	-
THE FOOD PEOPLE, INC.	2,196		2,196	2,196
TOBI MARKETING, INC.	645		645	645
TVP DENTAL BRUSH CORP.	-		-	-
UNILEVER	-		-	-
UNITED LABORATORIES INC.	814		814	814
UNIVERSAL ROBINA	13,518		13,518	13,518
VAYAO WAX MANUFACTURING, INC.	59,572		59,572	59,572
VARIDEL SALES CORP.	-		-	-
VIRGINIA FOOD INC.	33,673		33,673	33,673
VLADIMIR CHICHARON & SNACKS	674		674	674
WATERS UNLIMITED	1,861		1,861	1,861

WELLA PHILIPPINES. INC.	405			405		405
WELUP TRADE	23,986			23,986		23,986
WELLTUNED ENGINEERING SERVICES	3,379	3,379				3,379
WHISTLES INCORPORATED	8,814			8,814		8,814
WILMINGTON IMEX, INC.	43,654			43,654		43,654
WILMINGTON IMX INC.	13,365			13,365		13,365
WORLDWIDE FOODS & WINES, INC.	130,833			130,833		130,833
YOUNGSTROT TRADING	13,225			13,225		13,225
YS COMMERCIAL ENTERPRISES, INC.	7,472			7,472		7,472
MAINTENANCE TECHNOLOGIES	818	818				818
ABENSON SALES CORPORATION	5,139	5,139				5,139
WATSON WYATT PHIL., INC.	27,273	27,273				27,273
PHILIPPINE LONG DISTANCE TELEPHONE	14,260	14,260				14,260
ADJUSTMENT	6,650	6,650				6,650
KIMSON METAL INDUSTRIES	(9,689)	(9,689)				(9,689)
						-
GRAND TOTAL	15,262,760	644,647	10,273	14,607,840	-	15,262,760
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS				(8,821,933)		(8,821,933)
NET RECEIVABLE FROM SUPPLIERS		644,647	10,273	5,785,907	-	6,440,827

PHILIPPINE SEVEN CORPORATION
SCHEDULE A: PROPERTY AND EQUIPMENT - COST
SEPTEMBER 30, 2003

PARTICULARS	Balance		Disposals	Other Charges	Balances
	December 31, 2002 (Audited)	Additions		Additions / (Deductions)	September 30, 2003 (Unaudited)
Land	39,866,864	-	-	-	39,866,864
Leasehold Improvements	252,840,666	41,876,034	-	(11,187,260)	283,529,440
Store and Office Equipment	330,611,069	28,004,052	-	(65,554,488)	293,060,633
Building and Improvements	89,058,469	-	-	20,905,190	109,963,659
Store and Office Furniture and Fixtures	32,460,534	10,203,526	-	46,926,493	89,590,553
Transportation Equipment	8,818,335	2,318,182	-	-	11,136,517
Computer IT and Related Equipment	-	14,494,955	-	30,220,900	44,715,855
Construction in Progress	2,019,491	6,761,845	-	-	8,781,336
Total	755,675,428	103,658,594	-	21,310,835	880,644,857

PHILIPPINE SEVEN CORPORATION
SCHEDULE B: PROPERTY AND EQUIPMENT - ACCUMULATED DEPRECIATION
SEPTEMBER 30, 2003

PARTICULARS	Balance		Disposals	Other Charges	Balances
	December 31, 2002 (Audited)	Additions		Additions / (Deductions)	September 30, 2003 (Unaudited)
Land	-	-	-	-	-
Leasehold Improvements	17,038,150	30,551,729	-	(58,980)	47,530,899
Store and Office Equipment	187,806,047	22,140,538	-	(48,067,666)	161,878,919
Building and Improvements	25,271,575	3,868,104	-	16,971	29,156,650
Store and Office Furniture and Fixtures	16,375,032	7,089,314	-	38,512,127	61,976,473
Transportation Equipment	5,385,161	1,680,722	-	-	7,065,883
Computer IT and Related Equipment	-	4,805,544	-	13,704,911	18,510,455
Construction in Progress	-	-	-	-	-
Total	251,875,965	70,135,951	-	4,107,363	326,119,279

PHILIPPINE SEVEN CORPORATION
SCHEDULE A: PROPERTY AND EQUIPMENT - COST
SEPTEMBER 30, 2003

PARTICULARS	Balance		Disposals	Other Charges	Balances
	December 31, 2002 (Audited)	Additions		Additions / (Deductions)	September 30, 2003 (Unaudited)
Land	39,866,864	-	-	-	39,866,864
Leasehold Improvements	252,840,666	41,876,034	-	(11,187,260)	283,529,440
Store and Office Equipment	330,611,069	28,004,052	-	(65,554,488)	293,060,633
Building and Improvements	89,058,469	-	-	20,905,190	109,963,659
Store and Office Furniture and Fixtures	32,460,534	10,203,526	-	46,926,493	89,590,553
Transportation Equipment	8,818,335	2,318,182	-	-	11,136,517
Computer IT and Related Equipment	-	14,494,955	-	30,220,900	44,715,855
Construction in Progress	2,019,491	6,761,845	-	-	8,781,336
Total	755,675,428	103,658,594	-	21,310,835	880,644,857

PHILIPPINE SEVEN CORPORATION
SCHEDULE D: OTHER ASSETS
SEPTEMBER 30, 2003

Other Assets	Balance		Deductions		Balances
	December 31, 2002 (Audited)	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	September 30, 2003 (Unaudited)
Refundable Deposits	58,998,717	3,482,369	-	-	62,481,086
Utilities	15,526,339	132,841	-	-	15,659,180
Deposits to Suppliers	3,472,714	-	334,150	-	3,138,564
Miscellaneous	478,885	788,422	-	-	1,267,307
Software and Program, net	14,060,562	6,596,738	-	11,592,904	9,064,396
Site Rental Cost, net	9,217,930	-	-	9,217,930	-
Deferred Inome Tax	30,478,119	-	4,284,590	-	26,193,529
Investment, Telephone Rights and Other Assets	10,639,298	258,249	-	-	10,897,547
Total	142,872,564	11,258,619	4,618,740	20,810,834	128,701,609

PHILIPPINE SEVEN CORPORATION
SCHEDULE C: NON - TRADE RECEIVABLES
SEPTEMBER 30, 2003

Name and Designator of Debtor	Balance	Deductions		Balances
	December 31, 2002 (Audited)	Additions	Amounts Collected	September 30, 2003 (Unaudited)
Receivables from Suppliers	30,447,479	6,147,926	21,332,645	15,262,760
Redemption Control	8,042,008	-	7,972,599	69,409
Receivable from BIR	4,767,242	3,105,417	-	7,872,659
Employee Related	3,827,880	9,781,502	9,059,080	4,550,302
Interest Receivable	3,400,000	68,472		3,468,472
Receivable on Subleased Space	1,954,494	9,596,901	8,917,894	2,633,501
Insurance	1,434,855	61,181	1,050,825	445,211
Others	3,174,064	5,828,795	4,888,945	4,113,914
Allowance for Doubtful Accounts	(8,821,933)	-	-	(8,821,933)
TOTAL	48,226,089	34,590,194	53,221,988	29,594,295

Note 20

Philippine Seven Corporation

Receivables from Suppliers

As of September 30, 2003

PAYEE	SEPTEMBER BALANCE	1 - 90 DAYS	91 - 180 DAYS	181 - 360 DAYS	OVER 360 DAYS	TOTAL
31.9 F. AIRCONDITIONING	668			668		668
4NM ENTERPRISES	-			-		-
A TUNG CHINGCO	-			-		-
ADROIT MARKETING	2,179			2,179		2,179
ADVANTAGE PRODUCTS CORP.	2,416,855			2,416,855		2,416,855
ALL OVER CORPORATION	1,000			1,000		1,000
AMERICAN GROCERS CORPORATION	3,131			3,131		3,131
ARLEES BREAD HOUSE	12,300	8,400		3,900		12,300
ARMIS CAKES & PASTRIES	19,618			19,618		19,618
ASIA BREWERY INC., BUDWEISER	118,480			118,480		118,480
ASIAN IMEX ENTERPRISES	1,500			1,500		1,500
AVRAM PUBLICATIONS & DISTRIBUTION, INC.	29,705			29,705		29,705
AZITSOROG	88,973			88,973		88,973
BASIC DISTRIBUTORS, INC.	71,309			71,309		71,309
BEEHIVE GENERAL MERCHANDISE	1,933			1,933		1,933
BELMAN LABORATORIES	16,600			16,600		16,600
BENBY ENTERPRISES	-			-		-
BESUTO FOOD CORPORATION	3,274			3,274		3,274
BIG "E" FOOD PRODUCTS	65,146			65,146		65,146
BONHEUR MARKETING CORPORATION	1,893,270			1,893,270		1,893,270
BON'S VARIETY PRODUCTS	5,200			5,200		5,200
BOON ENTERPRISES CO.	533			533		533
BREAD CONNECTION, INC.	58,197			58,197		58,197
BREWMASTER INT'L	-			-		-
British American Tobacco	-			-		-
BUSINESS PEOPLE, INC.	51,881			51,881		51,881
CALIFORNIA MFG.	-			-		-
CARLO PUBLISHING HOUSE INC.	65			65		65
CENTENNIAL GAMING CORP.	217,026			217,026		217,026
CENTRAL DISTRIBUTION SERVICES INC.	469,385	463,225	6,160			469,385
CHAMIAN COMMERCIAL	1,283			1,283		1,283
CHERRY HILL	-			-		-
CLASSIC UMBRELLA INDUSTRIES INC.	3,000		3,000			3,000
C-LITE TRADING AND MFG.	11,057			11,057		11,057
COCA-COLA	5,349,326			5,349,326		5,349,326
COLGATE PALMOLIVE	(7,830)			(7,830)		(7,830)
COLUMBUS FOODS INC.	2,393			2,393		2,393
COSMOS BOTTLING CORPORATION	169,382			169,382		169,382
CPR MARKETING, INC.	168			168		168
CREATIVE SOURCE, INC.	22,471			22,471		22,471
CROLEY FOOD MFG.	5,208			5,208		5,208
DEL MONTE	-			-		-
DKT INTERNATIONAL, INC.	5,239			5,239		5,239
DOLE FRESH FOODS CO.	761			761		761
DPL MERCHANDISING	26,333			26,333		26,333
DSS TRADING	-			-		-
EAC MARKETING SERVICES	606			606		606
EASTERN TELECOM PHILS.	24,678			24,678		24,678
ED-LUS GEN MERCHANDISE	42,703			42,703		42,703
EMERALD HEADWAY DISTRIBUTORS, INC.	12,580			12,580		12,580
EPOCH TROPICAL FRUITS CORP.	80,203			80,203		80,203
EVEREADY BATTERY CO. PHILS., INC.	4,597			4,597		4,597

FILIA FOODS INC.,	4,017		4,017	4,017
FIRST CHOICE	-		-	-
FIRST SHERIDAN CORP.	210		210	210
FITRITE INCORPORATED	114	114		114
FIVE BEARS CORP.	2,000		2,000	2,000
FOODSPHERE	-		-	-
FOODWORLD MFG. CORP.	9,217		9,217	9,217
FRAMARON (H. RAMOS)	-		-	-
GALLERY MARKETING CORPORATION	3,456		3,456	3,456
GATE DISTRIBUTION, INC.	-		-	-
GDM INTERNAT'L & GOLDEN RICH	108,913		108,913	108,913
GENIE FOOD CORP.	13,313		13,313	13,313
GLOBE TELECOM	247,500		247,500	247,500
GMAT CREDIT COOPERATIVE	208		208	208
GNP TRADING	(0)		(0)	(0)
GOLD FISH RESOURCES INC.	326		326	326
GOLDEN LOAF INC.	4,962		4,962	4,962
GOMICO TRADING	6,330		6,330	6,330
GOODWAY INTERNATIONAL TRADING CORP.	57,307		57,307	57,307
GRAND CLASSIC	-		-	-
GRAND CLASSIC CORPORATION	1,000	1,000		1,000
GYMBOREE MARKETING INT'L, INC.	6,255		6,255	6,255
H & Y MKTG. PHIL. INC.	69,370		69,370	69,370
HAITSAN COMMERCIAL	30,042		30,042	30,042
HEARTY PLUS ENTERPRISES	310,443		310,443	310,443
HIDDEN SPRING	-		-	-
HONAI FOODS	167,199		167,199	167,199
HOPE SUPER STATIONERY	60,185		60,185	60,185
IMGAME	31,798		31,798	31,798
INTERTRADE REALTY & DEV. CORP.	1,968		1,968	1,968
JACKPOT PUBLICATION	3,746		3,746	3,746
JAID ENTERPRISES	334,812		334,812	334,812
JAKA DIST. INC.	0		0	0
JOLLYANT	6,780		6,780	6,780
JO-NAS INT'L PHIL.	35,406		35,406	35,406
JPLIM DESIGN AND CRAFTS	98,898		98,898	98,898
KAT TRADING CORPORATION	338		338	338
KEANSBURG MARKETING	14,362		14,362	14,362
KIMBERLY CLARK PHILS.	26,489		26,489	26,489
KING'S DIMSUM	17,663		17,663	17,663
KISLAP PUBLISHING INC.	5,000		5,000	5,000
LA PACITA BAKERY	16,023		16,023	16,023
LA TONDENA DISTILLERS INC.	4,805		4,805	4,805
LABATT ASIA INCORPORATED	11,411		11,411	11,411
LE-DA BAKESHOP	186		186	186
LEO LITE MARKETING INTERNATIONAL, INC.	1,864		1,864	1,864
LINK IMPORT EXPORT ENT., INC	20,984		20,984	20,984
M & M (THIS IS NOT THE SUPPLIER NAME)	-		-	-
M. V. FOODS INDUSTRIES	1,007		1,007	1,007
M.Y. SAN BISCUITS INC.	3,334		3,334	3,334
MARBY FOOD VENTURES	5,348		5,348	5,348
MARTA MARKETING CORPORATION	958		958	958
MASTER FOODS (M & M = Items)	-		-	-
MELY'S PURE CHOCOLATE	2,153		2,153	2,153
METRO TRADE, INCORPORATED	3,981		3,981	3,981
METROLAB INDUSTRIES, INC.	22,583		22,583	22,583
MICROSEP	4,200		4,200	4,200
MISTER FOOD PRODUCTS	1,185		1,185	1,185
MONDE NISSIN	-		-	-
MULTI-LINK IMPORT EXPORT	1,837		1,837	1,837
NEETON TRADING	-		-	-

NESTLE-PHILS	1,270		1,270	1,270
NEW ZEALAND MILK PHILS.	(48,870)		(48,870)	(48,870)
NEWBORN FOOD PRODUCTS, INC.	909		909	909
NG MERCHANDISE	-		-	-
NUGGET FOOD CORP.	154		154	154
NUTRITIVE SNACK FOOD INC. (NSF)	500		500	500
OMF LITERATURE	1,263		1,263	1,263
PALMAFIL	0		0	0
PAPER LINE AND GRAPHICS	9,002		9,002	9,002
PEPSI COLA	-		-	-
PHIL. BEVERAGE PARTNERS	-		-	-
PHILIP MORRIS	147,240		147,240	147,240
PHILIPPINE DAIRY PRODUCTS, CORP.	1,950		1,950	1,950
PLDT	255	255		255
PHILUSA	(5,000)	(5,000)		(5,000)
PRECIOUS PAGES CORP.	100,800		100,800	100,800
PREMIER WINES & SPIRITS INC.	-		-	-
PRESTIGE UMBRELLA	26		26	26
PRIME ALLIANCE MARKETING CORP.	45,357		45,357	45,357
PROCTOR GAMBLE/COLGATE PALMOLIVE	2,000		2,000	2,000
PROJUICE SYSTEMS DISTRIBUTION	200,000		200,000	200,000
QUANTUM FOODS	16,600		16,600	16,600
RFM CORPORATION	3,312		3,312	3,312
RICHMARSH INDUSTRIAL TRADE CORP	399,708		399,708	399,708
RODMAC ENTERPRISES	1,200		1,200	1,200
ROGEMSON	-		-	-
RS LYRIC SALES CORPORATION	445		445	445
S POINT PRODUCTS, INC.	131,326		131,326	131,326
SAN MIGUEL CORPORATION	(61,417)	(2,820)	(58,597)	(61,417)
SANCANCO CANNING CORP.	2,015		2,015	2,015
SCANASIA OVERSEAS, INC.	159		159	159
S-CHILD MARKETING	440,617		440,617	440,617
SELECTA WALLS	77		77	77
SERGS PRODUCTS, INC.	1,547		1,547	1,547
SHANG LI PLASTIC CORPORATION	56,465		56,465	56,465
SMACKERS BAKESHOP	31,245		31,245	31,245
SOCIETY PUBLISHING INCORPORATED	770		770	770
SOUTH ASIA FOOD INC.	3,495		3,495	3,495
ST. ESSENCE MFG.,CO. INC.,	45		45	45
STARCREST ASIA CORPORATION	1,500		1,500	1,500
STATELINE	1,733		1,733	1,733
STERLING PAPER PRODUCTS	131,975		131,975	131,975
STERLING TRANSTRIDE CORP.	1,688		1,688	1,688
STORE SITES HOLDING INC.	76,269	76,269		76,269
STYLES & CLASSICS PHIL., INC.	503		503	503
SUGARLAND	2,000		2,000	2,000
SUMMIT PUBLISHING CO. INC.	56,488	56,488		56,488
SYSU	-		-	-
TEOPE COMMERCIAL	19,734		19,734	19,734
THE BAMBOO OVEN	-		-	-
THE FOOD PEOPLE, INC.	2,196		2,196	2,196
TOBI MARKETING, INC.	645		645	645
TVP DENTAL BRUSH CORP.	-		-	-
UNILEVER	-		-	-
UNITED LABORATORIES INC.	814		814	814
UNIVERSAL ROBINA	13,518		13,518	13,518
VAYAO WAX MANUFACTURING, INC.	59,572		59,572	59,572
VARIDEL SALES CORP.	-		-	-
VIRGINIA FOOD INC.	33,673		33,673	33,673
VLADIMIR CHICHARON & SNACKS	674		674	674
WATERS UNLIMITED	1,861		1,861	1,861

WELLA PHILIPPINES. INC.	405			405		405
WELUP TRADE	23,986			23,986		23,986
WELLTUNED ENGINEERING SERVICES	3,379	3,379				3,379
WHISTLES INCORPORATED	8,814			8,814		8,814
WILMINGTON IMEX, INC.	43,654			43,654		43,654
WILMINGTON IMX INC.	13,365			13,365		13,365
WORLDWIDE FOODS & WINES, INC.	130,833			130,833		130,833
YOUNGSTROT TRADING	13,225			13,225		13,225
YS COMMERCIAL ENTERPRISES, INC.	7,472			7,472		7,472
MAINTENANCE TECHNOLOGIES	818	818				818
ABENSON SALES CORPORATION	5,139	5,139				5,139
WATSON WYATT PHIL., INC.	27,273	27,273				27,273
PHILIPPINE LONG DISTANCE TELEPHONE	14,260	14,260				14,260
ADJUSTMENT	6,650	6,650				6,650
KIMSON METAL INDUSTRIES	(9,689)	(9,689)				(9,689)
						-
GRAND TOTAL	15,262,760	644,647	10,273	14,607,840	-	15,262,760
LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS				(8,821,933)		(8,821,933)
NET RECEIVABLE FROM SUPPLIERS		644,647	10,273	5,785,907	-	6,440,827

PHILIPPINE SEVEN CORPORATION
SCHEDULE C: NON - TRADE RECEIVABLES
SEPTEMBER 30, 2003

Name and Designator of Debtor	Balance	Deductions		Balances
	December 31, 2002 (Audited)	Additions	Amounts Collected	September 30, 2003 (Unaudited)
Receivables from Suppliers	30,447,479	6,147,926	21,332,645	15,262,760
Redemption Control	8,042,008	-	7,972,599	69,409
Receivable from BIR	4,767,242	3,105,417	-	7,872,659
Employee Related	3,827,880	9,781,502	9,059,080	4,550,302
Interest Receivable	3,400,000	68,472		3,468,472
Receivable on Subleased Space	1,954,494	9,596,901	8,917,894	2,633,501
Insurance	1,434,855	61,181	1,050,825	445,211
Others	3,174,064	5,828,795	4,888,945	4,113,914
Allowance for Doubtful Accounts	(8,821,933)	-	-	(8,821,933)
TOTAL	48,226,089	34,590,194	53,221,988	29,594,295

PHILIPPINE SEVEN CORPORATION
SCHEDULE D: OTHER ASSETS
SEPTEMBER 30, 2003

Other Assets	Balance		Deductions		Balances
	December 31, 2002 (Audited)	Additions at Cost	Charged to Cost and Expenses	Charged to Other Accounts	September 30, 2003 (Unaudited)
Refundable Deposits	58,998,717	3,482,369	-	-	62,481,086
Utilities	15,526,339	132,841	-	-	15,659,180
Deposits to Suppliers	3,472,714	-	334,150	-	3,138,564
Miscellaneous	478,885	788,422	-	-	1,267,307
Software and Program, net	14,060,562	6,596,738	-	11,592,904	9,064,396
Site Rental Cost, net	9,217,930	-	-	9,217,930	-
Deferred Inome Tax	30,478,119	-	4,284,590	-	26,193,529
Investment, Telephone Rights and Other Assets	10,639,298	258,249	-	-	10,897,547
Total	142,872,564	11,258,619	4,618,740	20,810,834	128,701,609