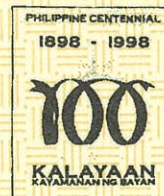




REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila



SEC Reg. No. 86335

**CERTIFICATE OF FILING OF
CERTIFICATE OF INCREASE OF CAPITAL STOCK**

KNOW ALL MEN BY THESE PRESENTS:

This is to certify that the certificate of increase of capital stock of the


MONDE DENMARK NISSIN BISCUIT CORPORATION

copy annexed, from P 70,000,000.00, divided into 700,000
shares with par value of P 100.00 each to P 800,000,000.00
divided into 8,000,000 shares with par value of P 100.00

each, approved by a majority of the Board of Directors and the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock at a meeting held on September 1, 1998, certified to by the ^{Acting} Chairman and the Secretary of the stockholders' meeting and a majority of the Board of Directors of the corporation, was approved by the Commission on the date indicated hereunder in accordance with the provision of Section 38 of the Corporation Code of the Philippines (Batas Pambansa Blg. 68), approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 3rd day of November, Nineteen Hundred and ninety-eight.




SONIA M. BALLO
Director
Corporate and Legal Department



November 3, 1998

THE COMMISSIONER
Bureau of Internal Revenue
Quezon City

Sir :

Please be informed that MONDE DENMARK NISSIN BISCUIT CORPORATION, corporation duly registered with this Commission has increased its authorized capital stock from P70,000,000.00 to P 800,000,000.00 of which P189,000,000 has been subscribed and paid by way of stock dividend .

Very truly yours,



SONIA M. BALLO
Director
Corporate and Legal Department



Copy Furnished:

MONDE DENMARK NISSIN BISCUIT
CORPORATION
Sta. Rosa, Laguna


FS/tnp

SEC NUMBER 86335

FILE NUMBER _____

MONDE DENMARK NISSIN BISCUIT CORPORATION

(COMPANY'S FULL NAME)

STA ROSA, LAGUNA

(COMPANY'S ADDRESS)

c/o FLORALYN A. TORREGOZA
TEL. NO.: 243-1591 to 96

(TELEPHONE NUMBER)

CALENDAR YEAR (Jan. 1 to Dec. 31)

(FISCAL YEAR ENDING)
(MONTH & DAY)

CERTIFICATE OF INCREASE :

FORM TYPE

INCREASE OF AUTHORIZED CAPITAL STOCK
FROM ~~70M~~ to ~~800M~~

AMENDMENT DESIGNATION (IF APPLICABLE)

3rd Monday of April
PERIOD ENDED DATE

NOT APPLICABLE

(SECONDARY LICENSE TYPE & FILE NUMBER)



08 OCT 26 19:15

RECORDS
LICENSE CONTROL UNIT
DATA ENTRY BY: _____

CERTIFICATE OF INCREASE OF CAPITAL STOCK

That we, the undersigned, all members of the Board of Directors, the President, and the Corporate Secretary of said corporation, do hereby certify:

1. That at a special Stockholders'/Directors' meeting of the corporation where all the stockholders and directors were present was duly held at its principal office on **9.1.98**. The Authorized Capital Stock of said corporation was duly increased from **SEVENTY MILLION PESOS** (P70,000,000.00) with a par value of ONE HUNDRED PESOS (P100.00) each and divided into **SEVEN HUNDRED THOUSAND SHARES** (700,000-) to **EIGHT HUNDRED MILLION PESOS** (P 800,000,000.00) with a par value of ONE HUNDRED PESOS (P100.00) each and divided into **EIGHT MILLION SHARES** (8,000,000-) by the adoption of the following resolutions, to wit:

"RESOLVED, that the authorized capital stock of said corporation be and it is hereby increased from **SEVENTY MILLION PESOS** (P 70,000,000.00) divided into **SEVEN HUNDRED THOUSAND SHARES** (700,000-) to **EIGHT HUNDRED MILLION PESOS** (P 800,000,000.00) divided into **EIGHT MILLION SHARES** (8,000,000) with a par value of ONE HUNDRED PESOS (P 100.00) each"

"RESOLVED, FURTHER, that in accordance with the preceding resolution, ARTICLE VI of the Article of Incorporation, as amended, shall read as follows:

SIXTH: - That the capital stock of said corporation is **EIGHT HUNDRED MILLION PESOS** (P 800,000,000.00), PHILIPPINE CURRENCY divided into **EIGHT MILLION SHARES** (8,000,000-) with a par value of ONE HUNDRED PESOS (P 100.00) each. That no transfer of interest which will reduce the ownership of Filipino citizens to less than the required percentage of the capital allowed or permitted to be recorded in the proper books of the corporation and that this restriction shall be indicated in all the stock certificates of the corporation. (AMENDED ON **9.1.98**)

"RESOLVED, FINALLY, that out of such increase of capital stock worth **SEVEN HUNDRED THIRTY MILLION PESOS** (P 730,000,000.00) at least **TWENTY-FIVE PERCENT (25%)** of said increase in capital has been subscribed and at least **TWENTY-FIVE PERCENT (25%)** of said subscription had been actually paid in by the stockholders/subscribers of the corporation in cash more particularly detailed as follows:

NAME OF STOCKHOLDERS	CITIZENSHIP	list of stockholders as of 9.1.98		AMOUNT OF 450% Stock Div. to the stockholders of record as of 9.1.98	
		NO. OF SHARES	AMOUNT SUBSCRIBED/PAID	NO. OF SHARES	AMOUNT SUBS./PAID-UP
Betty Ang		272,000-shares	P 27,200,000.00	1,224,000-shares	P 122,400,000.00
James Ang Yok Teck		14,000-shares	1,400,000.00	63,000-shares	6,300,000.00
Ramon Raganas		3,000-shares	300,000.00	13,500-shares	1,350,000.00
Cynthia Ang		1,000-shares	100,000.00	4,500-shares	450,000.00
Daniel Ang		4,000-shares	400,000.00	18,000-shares	1,800,000.00
Hidayat Darmond		7,000-shares	700,000.00	31,500-shares	3,150,000.00
Hartono Kweefanus		47,000-shares	4,700,000.00	211,500-shares	21,150,000.00
Roediono Kweefanus		1,000-shares	100,000.00	4,500-shares	450,000.00
Ina Susanti		15,800-shares	1,580,000.00	71,100-shares	7,110,000.00
Eveline Darmond		12,600-shares	1,260,000.00	56,700-shares	5,670,000.00
Monica Darmond		12,600-shares	1,260,000.00	56,700-shares	5,670,000.00
Anna Roesdiana		12,600-shares	1,260,000.00	56,700-shares	5,670,000.00
Henry Soesanto		17,400-shares	1,740,000.00	78,300-shares	7,830,000.00
Total		420,000-shares	P 42,000,000.00	1,890,000-shares	P 189,000,000.00

2. That all the requirements of the NEW CORPORATION CODE have been complied with;
3. That the votes authorizing the increase capital stock were unanimous, and no shares vote against the said increase;
4. That no bonded indebtedness has been created, incurred and increased;
5. That the actual indebtedness of the corporation as of **9.1.98** (Date of Stockholders' Meeting)

is P1,5 B more or less.

6 That of said increase of **SEVEN HUNDRED THIRTY MILLION PESOS** (P 730,000,000.00) of the authorized capital stock at least **TWENTY-FIVE PERCENT (25%)** has been actually subscribed and at least **TWENTY-FIVE PERCENT (25%)** of said subscription has been actually paid in by way of a **450% Stock Dividend payable to the stockholders of record as of 9.1.98.**

IN WITNESS WHEREOF, we have hereunto set our hands on this 20 day of OCT 20 1998, 1998, in the City of Manila, Philippines.


BETTY ANG
Director/President

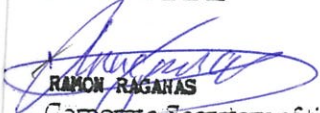

RAMON RAGANAS
Director


DANIEL L. ANG
Director


HIDAYAT DARMOND
Director


HARTONO KWEEFANUS
Director

ATTESTED:


RAMON RAGANAS
Corporate Secretary of the special
stockholders' / directors' meeting


HENRY SOESANTO
Director


CYNTHIA ANG
Director

SECRETARY'S CERTIFICATE

That I, **RAMON RAGANAS**, of legal age, Filipino and with address at the principal office of the above-mentioned said corporation, do hereby duly sworn to in accordance with law, depose and say:

1. That I am the incumbent Corporate Secretary of **MONDE DENMARK NISSIN BISCUIT CORPORATION**, a domestic corporation duly organized and existing under the laws of the Philippines.


2. That on 9.1.98, 1998, a special stockholders/directors' meeting was called to approved the increase of its AUTHORIZED CAPITAL STOCK from P 70,000,000.00 to P 800,000,000.00 and such meeting/ resolutions was duly approved by at least 2/3 of all the stockholders/directors of the corporation. RESOLVED, FINALLY, that the President and the Corporate Secretary are hereby instructed to prepare all the necessary documents with the SEC for the above-mentioned increase of Authorized Capital Stock **by way of a 450% Stock Dividend payable to the stockholders of record as of 9.1.98.**

3. That this certification is for record and for future references.

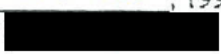
AFFIANT FURTHER SAYETH NAUGHT.

ATTESTED:



BETTY ANG
President


RAMON RAGANAS
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
CITY OF MANILA) S.S.

SUBSCRIBED AND SWORN to before me on this 20 day of OCT 20 1998, 1998 in the City of Manila, Philippines. The Corporate Secretary hereby exhibited to me his/her 

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Page No. 15
Book No. 2000/1
Series of 1998


MANUEL T. UY
NOTARY PUBLIC
Until December 31, 1998
R No. F-476036 1/5/88; MANILA
TIN: 100-638-363

MONDE DENMARK NISSIN BISCUIT CORPORATION
Sta. Rosa, Laguna
Reg. No. 66335

TREASURER'S AFFIDAVIT

ANG CHAN ENG of legal age, Filipino and with address at Sta. Rosa, Laguna,
, after having been sworn to in accordance with law, hereby depose and say :

1. That I am the duly elected treasurer of **MONDE DENMARK NISSIN BISCUIT CORPORATION**,
a domestic corporation duly organized and existing under the laws of the Philippines and with principal
address/office at **Sta. Rosa, Laguna**


2. That as a result of the increase in the authorized capital stock from P **70,000,000.00** to
P **800,000,000.00** , **ONE HUNDRED EIGHTY-NINE MILLION PESOS** (P**189,000,000.00**),
PHILIPPINE CURRENCY, has been actually subscribed and that of the said subscription,
ONE HUNDRED EIGHTY NINE MILLION PESOS (P **189,000,000.00**) has been actually paid; and that at
TWENTY-FIVE (25%) percentum of such capital stock has been subscribed and that at least TWENTY-FIVE
(25%) percentum of such subscription has been actually paid in the form of a **450% Stock Dividend payable to the**
stockholders of record as of 9.1.98.

3. That the said P **189,000,000.00** represents **450% Stock Dividend payable to the stockholders as of 9.1.98.**

AFFIANT FURTHER SAYETH NAUGHT.


ANG CHAN ENG
Treasurer /Affiant

SUBSCRIBED AND SWORN to before me on this **OCT 20 1998** day of _____, 199__ in the
City of Manila, Philippines. Ang Chan Eng _____ in his/her capacity as the Treasurer of said corporation
hereby exhibited to me his/her _____


MANUEL P. US
NOTARY PUBLIC
Until December 31, 199__
PTR NO E-476036 1/3/98, Manila
TIN: 100-638-358

Doc. No. 17
Page No. 15
Book No. 220001
Series of 199 8

RUBY T. CHU
CERTIFIED PUBLIC ACCOUNTANT
569 Juan Luna Street
Binondo, Manila

AUDIT REPORT

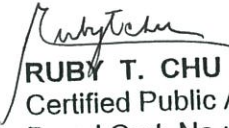
THE STOCKHOLDERS
MONDE DENMARK NISSIN BISCUIT CORPORATION
Balibago, Sta. Rosa
L a g u n a

I have audited the accompanying Balance Sheet of **MONDE DENMARK NISSIN BISCUIT CORPORATION** as of December 31, 1997, and the related Profit and Loss Statement for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require planning and performing the audit to obtain reasonable assurance about whether the financial statements are fairly presented. The audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above presents fairly the financial position of **MONDE DENMARK NISSIN BISCUIT CORPORATION** as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Manila, Philippines, May 27, 1998


RUBY T. CHU
Certified Public Accountant
Board Cert. No.: 27449/9.17.75
TIN: 100 - 658 - 642
PTR No.: F-573109
JANUARY 27, 1998 / MANILA

MONDE DENMARK NISSIN BISCUIT CORPORATION		
BO. BALIBAGO, STA. ROSA, LAGUNA		
TIN: 000-417-352		
COMPARATIVE BALANCE SHEET		
AS OF DECEMBER 31, 1996 AND 1997		
A S S E T S		
	1 9 9 6	1 9 9 7
CURRENT ASSETS:		
CASH ON HAND	2,097,294.19	470,301.65
CASH IN BANK (with short term bank placement of 25M)	52,776,339.04	34,938,545.74
ACCOUNTS RECEIVABLE (trade and non-trade)	383,871,393.63	454,985,624.00
FINISHED GOODS INVENTORY	3,076,166.22	8,082,333.16
RAW MATERIALS INVENTORY *	48,227,314.98	52,966,972.77
TAX CREDIT-		
LETTER OF CREDIT	2,795.99	2,545.99
VAT WITHHOLDING TAX CREDIT	2,311,815.17	2,950,329.56
EXPANDED WITHHODLING TAX CREDIT	2,534,038.54	4,894,237.23
INPUT TAX	25,193,858.48	37,542,011.66
DEPOSITS	58,154,850.42	132,520,048.87
DEPOSIT TO CUSTOMS	8,093,534.00	4,682,953.00
PREPAID EXPENSES	4,027,233.37	7,271,058.21
TOTAL CURRENT ASSETS	590,366,634.03	741,306,961.84
PROPERTY, PLANT AND EQUIPMENT:		
(see schedule 01 for breakdown) **	541,715,688.08	928,288,985.85
OTHER ASSETS:		
INVESTMENT IN STOCKS	168,857.56	15,418,857.56
RENTAL DEPOSITS	3,710,525.96	4,340,133.28
TOTAL OTHER ASSETS	3,879,383.52	19,758,990.84
TOTAL ASSETS	1,135,961,705.63	1,689,354,938.53

MONDE DENMARK NISSIN BISCUIT CORPORATION		
BO. BALIBAGO, STA. ROSA, LAGUNA		
COMPARATIVE BALANCE SHEET		
AS OF DECEMBER 31, 1996 AND 1997		
LIABILITIES AND STOCKHOLDER'S EQUITY		
	1996	1997
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE(trade and non-trade)	370,285,721.03	556,021,295.39
SHORT TERM LOAN PAYABLE ***	174,163,574.12	417,985,319.57
UNION DUE	42,215.86	43,125.45
WITHHOLDING TAX ON WAGES	1,660,840.38	1,963,768.97
WITHHODLING TAX PAYABLE-EXPANDED	1,769,038.44	2,027,374.30
EMPLOYEE'S LOAN(sss, pagibig,housing & bank loan)	764,631.22	835,558.90
OUTPUT TAX	23,514,057.76	29,094,820.38
INCOME TAX PAYABLE	17,177,655.60	35,013,499.38
DEPOSIT ON SUBSCRIPTION	39,978,143.32	39,978,143.32
ACCRUED EXPENSES	10,029,190.41	8,892,193.18
ACCEPTANCES PAYABLE	142,126,904.72	136,903,949.20
TOTAL CURRENT LIABILITIES	781,511,972.86	1,228,759,048.04
LONG TERM LIABILITIES:		
LONG TERM LOAN PAYABLE	214,332,525.99	221,928,000.00
TOTAL LIABILITIES	995,844,498.85	1,450,687,048.04
STOCKHOLDER'S EQUITY:		
AUTHORIZED CAPITAL STOCK		
700,000 SHARES WITH PAR VALUE OF P 100.00 EACH P 70,000,000,.00		
CAPITAL STOCK SUBSCRIBED	42,000,000.00	42,000,000.00
RETAINED EARNINGS, BEGINNING	50,358,979.76	98,117,206.78
ADD: NET INCOME FOR THE YEAR	47,758,549.02	99,611,199.12
TOTAL	98,117,528.78	197,728,405.90
LESS: ADJUSTMENTS	322.00	1,060,515.41
RETAINED EARNINGS, END ****	98,117,206.78	196,667,890.49
TOTAL STOCKHOLDER'S EQUITY	140,117,206.78	238,667,890.49
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	1,135,961,705.63	1,689,354,938.53

MONDE DENMARK NISSIN BISCUIT CORPORATION
BO. BALIBAGO, STA. ROSA, LAGUNA
TIN: 000-417-352VAT

	1 9 9 6	1 9 9 7
SCHEDULE 01: SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT		
L A N D	1,558,744.25	1,558,744.25
BUILDING	20,130,229.03	33,273,232.50
LESS: ACCUMULATED DEPRECIATION	5,505,403.62	8,832,726.87
NET BOOK VALUE	14,624,825.41	24,440,505.63
MACHINERY	592,022,689.79	1,047,596,313.99
LESS: ACCUMULATED DEPRECIATION	101,994,872.07	206,754,503.47
NET BOOK VALUE	490,027,817.72	840,841,810.52
FURNITURE AND FIXTURES	35,481,943.80	47,950,850.96
LESS: ACCUMULATED DEPRECIATION	3,898,983.81	8,694,038.91
NET BOOK VALUE	31,582,959.99	39,256,812.05
DELIVERY EQUIPMENT	1,211,395.71	1,853,611.35
LESS: ACCUMULATED DEPRECIATION	552,303.80	737,664.94
NET BOOK VALUE	659,091.91	1,115,946.41
OFFICE EQUIPMENT	3,409,769.68	23,588,595.69
LESS: ACCUMULATED DEPRECIATION	217,733.34	2,576,592.91
NET BOOK VALUE	3,192,036.34	21,012,002.78
FIRE EXTINGUISHER	70,182.46	70,182.46
LESS: ACCUMULATED DEPRECIATION	-	7,018.25
NET BOOK VALUE	70,182.46	63,164.21
TOTAL PROPERTY, PLANT AND EQUIPMENT	541,715,658.08	928,288,985.85

MONDE DENMARK NISSIN BISCUIT CORPORATION		
BO. BALIBAGO, STA. ROSA, LAGUNA		
TIN :000-417-352VAT		
COMPARATIVE INCOME STATEMENT		
FOR THE YEARS THEN ENDED, DECEMBER 31, 1996 AND 1997		
	1 9 9 6	1 9 9 7
SALES-LOCAL & EXPORT(NET)	2,397,260,349.08	3,438,153,496.86
LESS: COST OF GOODS MANUFACTURED AND SOLD		
(see schedule 02)	1,931,130,309.89	2,755,418,147.40
GROSS INCOME ON SALES	466,130,039.19	682,735,349.46
LESS: OPERATING EXPENSES		
ADVERTISING AND PROMOTION	136,488,047.17	175,126,515.08
BONUS AND 13TH MONTH	15,203,833.11	10,872,875.80
DEPRECIATION EXPENSE-		
BUILDING	1,483,556.98	3,327,323.25
FURNITURE AND FIXTURES	2,171,889.59	4,795,085.10
OFFICE EQUIPMENTS	118,646.17	2,358,859.57
DELIVERY EQUIPMENT	-	185,361.14
FIRE EXTINGUISHER	-	7,018.25
HDMF/PAGIBIG CONTRIBUTION	732,446.61	692,731.74
INCENTIVES	-	2,909,163.72
INSURANCE EXPENSE	1,348,494.04	1,044,143.19
INTEREST/BANK CHARGES	54,417,179.85	78,585,668.56
SECURITY AND JANITORIAL SERVICES	2,260,205.75	4,455,307.02
LIGHT AND WATER	207,443.36	2,700,317.43
RESEARCH AND DEVELOPMENT	20,819,862.29	8,972,223.41
REGISTRATION ,MEMBERSHIP AND		
SUBSCRIPTION	899,403.40	162,024.59
RETAINERS FEE	658,355.88	3,529,528.12
RENT EXPENSE	7,646,765.51	10,874,111.44
REPAIRS AND MAINTENACE	752,463.30	2,554,547.20
SALARIES, WAGES AND ALLOWANCES	46,525,446.83	86,944,774.84
(thru Agencies and Nissin's Payroll)		
SSS, MEDICARE AND ECC	6,946,041.80	9,383,807.65
STORE AND OFFICE SUPPLIES	1,764,317.44	2,308,813.30
TELEHPONE, TELEGRAPH & POSTAGE	264,391.07	876,892.79
TRAINING	-	674,286.69
TAXES AND LICENSES(see schedule 03)	4,427,254.62	7,145,995.85
TRANSPORTATION AND DELIVERY	86,342,100.20	94,288,482.17
REPRESENTATION & ENTERTAINEMNT	-	51,568.14
MISCELLANEOUS EXPENSES	270,573.49	1,545,006.39
TOTAL OPERATING EXPENSES	391,748,718.46	516,472,432.43
NET INCOME FROM OPERATIONS	74,381,320.73	166,262,917.03

MONDE DENMARK NISSIN BISCUIT CORPORATION

BO. BALIBAGO, STA. ROSA, LAGUNA

TIN: 000-417-352VAT

COMPARATIVE INCOME STATEMENT

FOR THE YEARS THEN ENDED, DECEMBER 31, 1996 AND 1997

NET INCOME FROM OPERATIONS	74,381,320.73	166,262,917.03
ADD(LESS): OTHER INCOME/EXPENSES		
MISCELLANEOUS INCOME	865,466.49	4,960,240.01
FOREIGN EXCHANGE GAIN/LOSS	(1,772,096.42)	(17,975,158.40)
NET INCOME BEFORE INCOME TAX	73,474,690.80	153,247,998.64
LESS: PROVISION FOR INCOME TAX	25,716,141.78	53,636,799.52
NET INCOME AFTER INCOME TAX	47,758,549.02	99,611,199.12

MONDE DENMARK NISSIN BISCUIT CORPORATION			
BO. BALIBAGO, STA. ROSA, LAGUNA			
TIN: 000-417-352VAT			
SCHEDULE 03: SCHEDULE OF TAXES AND LICENSES			
FOR THE YEAR 1997			
DATE	O.R. NO.	DESCRIPTION	AMOUNT
1/3/97	9364321	ELECTRICAL & MECHANICAL PERMIT AND INSPEC-	
		TION FEES FOR 1997-CEBU	8,133.23
1/14/97	115701	CORPORATE RESIDENCE CERTIFICATE FOR STA. ROSA	10,500.00
1/17/97	2255399	MAYOR'S PERMIT & MUNICIPAL LICENSE FOR 1ST QTR	
		OF 1997-DAVAO	74,687.93
1/20/97	1435594	MAYOR'S PERMIT & MUNICIPAL LICENSE FOR 1ST	
		QUARTER OF 1997-NAGA	48,183.89
1/17/97	354644;		
	354666	MAYOR'S PERMIT & MUNICIPAL LICENSE FOR 1ST	
		QTR. OF 1997-TARLAC	250,230.01
1/17/97	698122	MAYOR'S PERMIT & MUNICIPAL LICENSE FOR 1ST	
		QTR. OF 1997-CAGAYAN	21,172.11
1/20/97	5915434	MAYOR'S PERMIT & MUNICIPAL LICENSE FOR 1997-	
		MANDALUYONG	350,110.08
1/20/97	4437559	MAYOR'S PERMIT AND 1ST SEMESTER'S MUNICIPAL	
		LICENSE FOR CEBU	90,926.25
1/22/97	8055317	MAYOR'S PERMIT & 1ST QUARTER MUNICIPAL LICENSE	
		FOR MAKATI	299,436.38
1/27/97		RENEWAL FEE UNDER E-VAT FOR THE YEAR 1997	2,000.00
1/27/97		RENEWAL FEE UNDER E-VAT FOR THE YEAR 1997	6,000.00
2/6/97	2726040;		
	2727080	MAYOR'S PERMIT & 1ST QUARTER MUNICIPAL LICENSE	
OF STA. ROSA, LAGUNA			680,700.00
3/3/97	9969376	RENEWAL FEE ON BUREAU OF FOOD AND DRUG	4,900.00
3/6/97	2736335	ELECTRICAL INSPECTION FEE AND PERMIT TO	
		OPERATE BOILER FOR 1997	7,533.80
4/19/97	847071	2ND QUARTER'S MUNICIPAL LICENSE OF MAKATI	297,036.38
4/11/97	6773284	2ND QUARTER'S MUNICIPAL LICENSE OF CAGAYAN	15,269.76
4/17/97	387322	2ND QUARTER'S MUNICIPAL LICENSE OF TARLAC	238,605.01
4/16/97	106852	2ND QUARTER'S MUNICIPAL LICENSE OF NAGA	47,183.89
4/18/97	3527220	2ND QUARTER'S MUNICIPAL LICENSE OF DAVAO	72,287.93
4/29/97	5557207;		
	5557208	REAL PROPERTY TAX FOR 1ST QUARTER OF 1997-	
		MANDAUE	20,683.96
4/29/97	5557209;		
	5557210	REAL PROPERTY TAX FOR 2ND QUARTER OF 1997-	
		MANDAUE	17,603.95
5/6/97	1115889	2ND QUARTER MUNICIPAL LICENSE FOR STA. ROSA	656,250.00
PAGE-TOTAL			3,219,434.56

FOR THE YEAR 1997

** PAID ON JANUARY 1998

RUBY T. CHU
CERTIFIED PUBLIC ACCOUNTANT
569 Juan Luna Street,
Binondo, Manila

THE BOARD OF DIRECTORS
MONDE DENMARK NISSIN BISCUIT CORPORATION
Sta. Rosa, Laguna

I submit the following documents in relation to my examination of the financial statements of MONDE DENMARK NISSIN BISCUIT CORPORATION as of December 31, 1997 and in compliance with the requirements of the SECURITIES AND EXCHANGE COMMISSION relative to the proposed increase of the authorized capital stock of said corporation. My examination was made in accordance with generally accepted auditing standards and accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary under the circumstances. In general, the examination was conducted by method of testing, sampling, observations, inspections and inquiries directed to the responsible company officials, depositories, trade creditors and debtors and others and included review of the accounting procedures and systems of internal controls of the corporation.

It is not practical to describe in detail all the audit procedures undertaken by me. However, certain tests applied during the examination are summarized below:

ASSETS

CASH - P470,301.65/Cash in Bank-P34,938,545.74 with EBC/Metro-Bank/PNB/BPI

Cash on hand and in bank were reconciled with cash ledger. Cash funds were counted on January 2, 1998 by me and I reviewed the bank reconciliation statement prepared by the company's staff and confirmed the bank balances from respective banks.

ACCOUNTS RECEIVABLE - P454,985,624.00 (Trade and non-trade)

This account consists of receivable from trade and non-trade customers. I checked the balances of the individual accounts against their respective subsidiary ledgers and reviewed the reconciliation of the total of the individual balances with the general ledger control account.

I sent request for confirmation of selected accounts as of December 31, 1997 and obtained satisfactory replied. For customers where no replies were received. I verified subsequent collection and those without subsequent collection. I applied alternative verification procedures by referring to pertinent accounting documents.

I reviewed and ascertained the reasonableness of the intervening transaction from the confirmation date in December 31, 1997, the Balance Sheet date.

On the basis of our review of the age analysis of receivable, subsequent collection of the accounts, the company's collection experience and our discussions with the management on the collectibility of the accounts. I concur with the managements' opinion that all the receivable are collectible.

SHORT TERMS - INCLUDE ACCOUNTS THAT SHOULD HAVE BEEN COLLECTED WITHIN 365 DAYS

TOTAL AMOUNT	NOT YET DUE	1 DAY-3MONS	PAST 3-6 MONS.	DUE 6-12 MONS	ACCOUNT MORE THAN 1 YR	UNDER LITIGATION
P454,985,624.00	P 154,981,620.00	P120,198,178.00	P78,801,260.00	P51,004,560-	P50,000,006.00	-

INVENTORIES : Finished Goods - P8,082,333.16/Raw Materials Inventory - P52,966,972.77

That the above inventory had been valued at cost, which is lower than market and the accuracy of the pricings was verified by reference to the supplier's invoices and cost records. Inventory taking was conducted by the responsible officers/employees of the corporation as observed by me. Selected items were test-counted and the inventory lists were checked as to the extension and footings.

TAX CREDIT : Letter of Credit/P2,545.99/VAT Withholding Tax Credit - P2,950,329.56

This accounts represents Tax Credit on Letter of Credit and Vat withholding tax credit which was reduced or withheld by customers and I found the charges or Tax Credit withheld to this amount/account are in order.

EXPANDED WITHHOLDING TAX CREDIT- P4,894,237.23

This accounts represents 1% withholding tax on top 5,000-corporation on sales which was withheld to be applied on the corporate tax. I also examined the supporting papers relative to these and found the charges to this account are in order.

INPUT TAX - P37,542,011.66

This amount represents input tax on purchases, importation, expenses paid to suppliers and others. I checked and ascertained that these input tax are applicable to the period after December 31, 1997. I also examined the supporting papers relative to these and found the charges to this accounts are in order.

DEPOSIT - P132,520,048.87

This accounts represents deposit with contractor for plant expansion, advertising firm and improvements for factory site. I also examined the supporting papers relative to these and found the Deposit to this account are in order.

DEPOSIT TO CUSTOMS - P4,682,953.00

This accounts represents deposit to Bureau of Customs for importation for raw material and others. I also examined the supporting papers relative to these and found the deposit for customs are in order.

PREPAID EXPENSES - P7,271,058.21

I have examined the vouchers and documents supporting the amount charge to prepaid expenses. I have ascertained that these prepayments are applicable to the period after December 31, 1997. I also examined the supporting papers relative to these and found the charges to this accounts are in order.

PROPERTY, PLANT AND EQUIPMENT : NET - P928,288,985.85

	1 9 9 7
SCHEDULE 01: SCHEDULE OF PROPERTY, PLANT AND EQUIPMENT	
L A N D	1,558,744.25
BUILDING	33,273,232.50
LESS: ACCUMULATED DEPRECIATION	8,832,726.87
NET BOOK VALUE	24,440,505.63
MACHINERY	1,047,596,313.99
LESS: ACCUMULATED DEPRECIATION	206,754,503.47
NET BOOK VALUE	840,841,810.52
FURNITURE AND FIXTURES	47,950,850.96
LESS: ACCUMULATED DEPRECIATION	8,694,038.91
NET BOOK VALUE	39,256,812.05
DELIVERY EQUIPMENT	1,853,611.35
LESS: ACCUMULATED DEPRECIATION	737,664.94
NET BOOK VALUE	1,115,946.41
OFFICE EQUIPMENT	23,588,595.69
LESS: ACCUMULATED DEPRECIATION	2,576,592.91
NET BOOK VALUE	21,012,002.78
FIRE EXTINGUISHER	70,182.46
LESS: ACCUMULATED DEPRECIATION	7,018.25
NET BOOK VALUE	63,164.21
TOTAL PROPERTY, PLANT AND EQUIPMENT	928,288,985.85

I have examined the Fixed assets which composed of PROPERTY, PLANT AND EQUIPMENT which includes parcels of land located in Mandaue, Cebu City and Sta. Rosa, Laguna, Philippines. I have examined the suppliers' invoices and other source documents supporting the Fixed Assets for the year and inspected the physical existence of the selected items. The computation of the corresponding depreciation was tested and the rates, consistently used in previous years are considered adequate to cover the useful lives of the assets.

INVESTMENT IN STOCKS - P15,418,857.66

The amount of investment in stock was with the SUNTRACK CORP, PLDT-Preferred shares and Meralco - Preferred shares. I have examined all supporting papers relative to these and found the charges to this accounts are in order. That the Book Value and Market Value of the investment approximate the cost or at par with the cost of investment.

RENTAL DEPOSITS - P4,340,133.28

The amount of Rental deposit are with ayala joint venture(6750)quevent Ind. corp., Jomer land corporation and daystar holdings corporation. I have examined all supporting papers relative to these and found the charges are in order.

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts Payable (Trade and non-trade)- P556,021,295.39

I sent requests for confirmation of selected accounts on December 31, 1997 and reconciled the replies we received with the corresponding book balances. For Suppliers who did not reply, we verified on a test basis on subsequent payments, the suppliers invoices and other supporting documents pertaining to the amount due to creditors. I reviewed and ascertained the reasonableness of the intervening transactions from confirmation date to december,31 1997.

On the basis of our review of the transaction subsequent to the balance sheet date and on the information furnished to me by the management. I believe that all material liabilities were taken up in the accounts as of December 31, 1997.

SHORT TERM LOAN PAYABLE - P417,985,319.57

This accounts represents short term loans from EBC, Metro-Bank and PNB. I verified the given balance with the bank thru telephone confirmation and other supporting papers with the banks and confirmed the said loans.

UNION DUE-P43,125.45

This accounts presents union dues deducted from the salaries of their employees to be remitted to the Labor Union. I also confirmed the said amount thru their payrolls and other source documents.

WITHHOLDING TAX ON WAGES-P1,963,768.97/Expanded - P2,027,374.30

The above-accounts represents withholding tax on wages and at source, to be paid on the next accounting period. I also confirmed the said amount paid.

Employees' LOANS (SSS, Pagibig, Housing & Bank Loan)- P835,558.90

The accounts presents SSS Salary Loans, Pag-ibig, housing and Bank Loan of employees in the amount of P835,558.90 I confirmed the payable which was checked against the payroll and other source documents deducted from their salaries.

OUTPUT TAX - P29,094,820.38

The accounts represents VAT Payable thru bank in Jan, 1998 and I also confirmed the amount less input tax which was received thru bank.

INCOME TAX PAYABLE - P35,013,499.38

The above payable is the amount less tax credit which was paid in 4.15.98 thru PNB. I confirmed the payment of the said amount paid thru PNB.

DEPOSIT ON SUBSCRIPTION - P 39,978,143.32

This account represents deposit from stockholders due to RMO-59-97. I examined and confirmed the said amount.

ACCURED EXPENSES - P8,892,193.18

The amount of accrued expenses which was incurred in 1997 but not yet paid. I have examined the invoices and other source documents supporting the accrued expenses.

ACCEPTANCES PAYABLE - P136,903,949.20

The accounts represents acceptances payable from banks, thru EBC and PNB. I confirmed the said amount thru telephone call with the banks.

LONG TERM LOAN PAYABLE - P221,928,000.00

The above- account represents Long Term Loan in the amount of P221,928,000.00 from EQUITABLE BANKING CORPORATION I also confirmed the said amount of loan with EQUITABLE BANKING CORPORATION.

STOCKHOLDERS' EQUITY : Authorized Capital Stock - P70,000,000.00/Subscribed/paid-up - P42,000,000.00

That the authorized capital stock of the corporation was P70,000,000.00 of which P42,000,000.00 was subscribed and paid up. I examined the stock and transfer book and the stock certificates stubs in the custody of the corporate secretary and found them in order.

RETAINED EARNINGS - P196,667,890.49

Analysis of the Retained Earnings, which was checked against the general ledger and traced to the audited financial statements of the company, is shown below:

YEAR	BALANCE -Jan. 1	NET INCOME FOR THE YEAR	(DEBIT)/CREDIT *	BALANCE-DEC.31
1993	P 29,470,871.06	P 3,415,454.33	(P 396,839.03)	P 32,489,486.36
1994	32,489,486.36	4,105,729.63	(P 395,873.75)	36,199,340.24
1995	36,199,340.24	14,411,641.05	(P 252,001.53)	50,358,979.76
1996	50,358,979.76	47,758,549.02	(P 322.00)	98,117,206.78
1997	98,117,206.78	99,611,199.12	(P1,060,515.41)	196,667,890.49

* Adjustment/Deficiency Tax of prior year

I conducted my audit in accordance with generally accepted auditing standards. These standards require planning and performing the audit to obtain reasonable assurance about whether the financial statements are fairly presented. The audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing significant estimates made by the management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

I have examined the Profit and Loss statement by reference to the book of original entry, disbursement, vouchers, sales books, payrolls and other supplement dates, and in my opinion, the profit and loss statement presents fairly the results of operation of said company for the year then ended December 31, 1997.

Please let me know should the SEC require additional financial information.

Manila, Philippines

May 27, 1998


RUEY T. CHU

Certified Public Accountant

TIN NO. 100-658-642

Board Cert. No. 27449/9.17.75

PTR No. F-573109/Manila/1.27.98