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CREDIT/BUSINESS REPORT

Prepared for
Client No. 00000000

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SUMMARY

ORGANIZATION TYPE	CORPORATION
REGISTRATION NO.	AS95-000022
REGISTRATION DATE	JANUARY 05, 1995
LINE OF BUSINESS	HOG FARM
PSIC NO.	A02100
TERRITORY	LOCAL
EMPLOYS	ABOUT 40
EXPORTS	NO
IMPORTS	NO
CHIEF EXECUTIVE	NG MANG (A.K.A. ROBERT Q. FONG, SR.)
NEGATIVE RECORDS	NONE
PAYING RECORD	PROMPT
BANK EXPOSURE	YES
REVENUES	31,025,945 (2003)
NET WORTH	6,996,723 (2003)

CREDIT RISK: MODERATE

RISK LEVEL	CREDIT RISK SCORE GUIDE
Low	Very good credit history.
Moderate	Basically good credit, but also suggests that the creditor/supplier should take a closer look at the subject-company to assess any particular credit risks before granting a high credit limit. Those falling within this range can have a chance of obtaining good credit terms, but may have to provide additional information for better evaluation.
High	Greater credit risk – but does not mean that the subject-company should not be given credit. It may only prevent the subject-company from getting the best credit terms.

CIBI Credit Risk Score indicates the company's credit strength derived by weighing multiple publicly available facts and qualitative and quantitative information – both positive and negative – and summing up all the weights. It is an opinion on a company's credit worthiness based on the current information available to CIBI at the time of evaluation. A score is good only for a limited period. The availability of financial information is critical in determining the appropriate risk score.

GENERAL CONSIDERATIONS FOR THE CREDIT RISK SCORE:

Financial Condition (45%)	Credit History (35%)
Negative Records (10%)	Ownership Background (5%) Years in Business (5%)

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ECONOMIC OVERVIEW
(year 2004)

Where the year 2004 had been perceived as a difficult year, the Philippine economy proved its resiliency as it ended the four past quarters with a 6.1% growth in Gross Domestic Product - the highest since 1988, when national output hit a high of 6.6%. The 15-year high GDP growth, though within everyone's expectations, was fueled by the growth of all three major sectors of the economy, notwithstanding the threats that came from the hikes in oil and consumer prices, the fiscal deficit problems and the natural disasters that severely affected several areas of the country late last year. Although the optimism had been dampened by the 4th quarter growth, which registered at 5.4% and the lowest for all quarters, the overall economic growth came on the back of favorable weather conditions and in general, the strong global economic growth.

The Service sector still proved to be the strongest performer as it cornered 47% of total GDP, or a 3.37 percentage point contribution. All of its sectors posted positive growths, but the push had been primarily led by Trade, Transportation, Communication and Storage (TCS), and Private Services. The telecommunications industry, contributing 51% to TCS growth, continue to grow in the back of higher spending on mobile communication services, both through phone subscriptions and Short Messaging Services (SMS).

The Industry and the Agriculture sectors contributed 1.77 and .96 percentage points to total GDP, respectively. Growing from 3.8% in 2003 to 5.3% in 2004, the growth of the Industry sector could be attributed to the strong performance of the Manufacturing and Construction sectors, and along with Utilities, effectively offset the negative growth of the Mining sector. On the other hand, Agriculture, Fishery and Forestry (AFF) ended 2004 with a 4.9% growth, up by 1.1 percentage points from its 2003 performance. Fishery topped the sector's growth during the year, contributing 1.8 percentage points to the total AFF growth. Other leading contributors to the sector were its palay, corn, poultry and sugarcane sub-sectors, offsetting the impact of the losses posted by the Other Crops and Livestock. From the demand side, consumer spending continued to drive the domestic economy, on the back of election-related activities last May, improved farm production and income, higher OFW remittances and sustained increase in the usage of mobile phone services. Exports grew by 14% from 2003, while imports slowed down to a 6.3% growth from 10.2%..

For the year 2005, the budget deficit remains to be the country's biggest challenge, as bleak expectations of higher inflation rates, high interest rates and credit ratings downgrade start to dampen expectations. Although the lower than expected deficit figures for 2004, which stood at Php 186 billion from the Php 198 billion target, can be taken as a positive indication of government efforts to address the deficit, more serious action and focus for reforms are stringently required, especially in the face of the expected global economic slowdown this 2005. - Source: *Institute for Development and Econometric Analysis (IDEA)*

INDUSTRY WATCH
Poultry and Livestock

The Philippine's poultry industry is considered as one of the fastest growing sub-sectors in agriculture. The livestock industry, which includes goat, carabao, swine and cattle production, is likewise showing more potential for growth. Despite meat being a luxury good in the Philippines, these sectors have experienced rising demand with the Filipino households' growing income. Thus, the country's expanding population as well as the large amount of expenditures on food drive the growth of the poultry and livestock sector. Relatively, the poultry industry has been expanding faster than the livestock sector, at an annual growth of 5%, compared to the latter's 4.3% over last ten years. Chicken exports reached 1.54 million kilograms last year, and industry authorities see exports to rise to as much as 14 million kilograms for 2005. Japan was 2004's biggest market for chicken exports, the demand from which is still expected

to go up this year. The boost in exports can be partly attributed to the impact of the increasing incidence of avian flu among our neighboring countries. Furthermore, poultry producers are also targeting the markets of Hong Kong and South Korea as potential hubs for their products, aside from active buyers such as Malaysia and Thailand. The country has been supplying day-old chicks to both countries, with exports anticipated to reach 3 million this year. On the other hand, livestock, particularly the hog industry, is expecting a boost from the Department of Agriculture's new program, the "Pork in a Box" program, which aims to increase the accessibility of safe and hygienic pork products in the market. Anticipated to spur further growth in the hog industry, it will be implemented this April 2005.

The structures of both industries cover a wide scale in terms of linkages and production. This includes backyard operations and small-to large-scale commercial production. The divestment of processes necessary for breeding chickens and raising livestock has then resulted in the emergence of specialized firms. Nevertheless, operations are now equipped with better technology to hasten production and produce healthy animals. One of the weaknesses of the sector is on its incapability to compete globally without protection because of the presence of cheaper products from neighboring countries. Diseases that plague the chicken and livestock population also affect demand, and consequently, the prices of these commodities in the market. (Source: IDEA)

** This is a summary from a report on the Poultry and Livestock Industry. Please contact CIBI to order a copy of the full industry report.*

COMPANY BACKGROUND

CORPORATION

<u>Regulatory Agency</u>	<u>Date Registered</u>	<u>Registration No.</u>	<u>Term</u>
Securities & Exchange Commission	January 5, 1995	AS95-000022	50 years

Subject has been in existence for over 10 years.

Originally registered to engage in agricultural production, such as grain production and planting of fruit-bearing trees, but is now primarily involved in hog farming.

Subject has no registration records with the Business Permit and Licensing Office of the Municipality of San Pablo, Laguna.

As of 04.04.2005
Common

Authorized capital stock	5,000,000
Subscribed capital stock	1,250,000
Paid-up capital stock	312,500
Par value per share	10

STOCKHOLDERS (04.04.2005):

<u>Name</u>	<u>Amount Subscribed</u>	<u>Amount Paid-up</u>
RJ DEVELOPMENT CORP.	1,091,850	272,962
FONG WEE FOONG	65,980	16,495
OTHERS	92,170	23,043
	-----	-----
	1,250,000	312,500
	=====	=====

MANAGEMENT (04.04.2005):

<u>Name</u>	<u>Position</u>
NG MANG (A.K.A. ROBERT Q. FONG, SR.)	CHAIRMAN
FONG, JEAN LESLIE Q.	TREASURER/DIRECTOR
FONG WEE FOONG	ASSISTANT TREASURER/DIRECTOR
ESTRELLA, ROBERTO JR. J.	CORPORATE SECRETARY
FONG, JOHN Q.	DIRECTOR
FONG, BONIFACIO	DIRECTOR
BON, LESTER	FARM MANAGER

FONG ROBERT SR., a.k.a. Ng Mang, , Filipino of Chinese descent, born on December 20, 1925. Married to Lourdes Fong. Bachelor of Arts in Journalism, Far Eastern University.

PARENT COMPANY: RJ Development Corp.

OPERATIONS 04.04.2005

Hog farm.

Has about 4,000 prime hogs.

Operates on a 24 hours basis; 7 days a week.

Territory covered, local.

Most of clients walk-in and meat dealers based in Alabang, Muntinlupa City, San Pedro and Binan, Laguna.

Claimed average sales, about 100 heads per week.

Supplies and requirements are purchased locally

EMPLOYEES

About 40 including administrative staff and farm workers.

LOCATION/FACILITIES

Administrative office and hog farm at captioned address. Located in a mixed rural and residential area, several kilometers from the town proper.

Owns property of about 1.3 hectares improved with several single-storey buildings and livestock-related facilities such as feedmill and warehouse.

NEGATIVE RECORDS

No negative records found under subject's name in CIBI's available database as of March 8, 2005

PAYMENT

Supplier No. 1		First Transaction: -		Last Transaction: April 2000		
Date	Products	Paying	Credit	Outstanding	Past	Credit
Checked	Purchased	Habit	Line	Balance	Due	Terms
04.2005	Veterinary Products/Feeds	Prompt	Open	Current	None	60 days
				Average monthly purchase – 500,000		
04.2000	Veterinary Products	Prompt	-	Less than 50,000	None	60 days
				Average monthly purchase – less than 1,000,000.		

No further trade information obtained from other possible suppliers checked.

BANKING

EQUITABLE PCI BANK (San Pablo branch)

No dealings based on available credit exposure reports with one million and above dealings as of December 31, 2004.

FINANCE

Following are subject's financial highlights:

2003

Revenues	31,025,945
Net Income (loss)	134,222
Current Assets	23,791,526
Current Liabilities	14,119,939
Total Assets	34,455,678
Total Liabilities	27,458,955
Stockholders' Equity	6,996,723
Current Ratio	1.68
Debt to Asset Ratio	0.80
Debt to Equity Ratio	3.92
Return on Assets (%)	0.39

Attached are the 2003 audited financial statements, the latest available.

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