

**COVER SHEET**

1 4 8 0 2 2

S.E.C. Registration Number

E U R O - M E D L A B O R A T O R I E S P H I L . ,  
I N C .

(Company's Full Name)

1 0 0 0 U N I T E D N A T I O N A V E N U E C O R .  
S A N M A R C E L I N O S T . M A N I L A

(Business Address: No. Street City/Town/Province)

S a n d r a P i n e d a

Contact Person

5 2 4 0 0 9 1 - 9 8

Company Telephone Number

1 1 1 4  
Month Day

Fiscal Year  
2 0 0 7

1 7 - Q  
FORM TYPE

Secondary License Type, if Applicable

Month Day  
Annual Meeting

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC 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, 2007
2. Commission identification number 148022      3. BIR Tax Identification No. 000-288655V
4. EURO-MED LABORATORIES PHILS., INC.  
Exact name of issuer as specified in its charter
5. Philippines  
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code  (SEC Use Only)
7. 1000 United Nations Avenue cor. San Marcelino St., Manila      1000  
Address of issuer's principal office      Postal Code
8. (632) 524-00-91 to 98  
Issuer's telephone number, including area code
9. Not Applicable  
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of each Class</u>	<u>Number of shares of common stock outstanding and amount of debt outstanding</u>
Common Stock	2,928,200,000 shares

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

Yes [ x ] No [ ]

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Stock

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 [ x ] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [ x ] No [ ]

**EURO-MED LABORATORIES PHIL., INC.**  
**TABLE OF CONTENTS**  
**SEC FORM 17-Q**

		<u>Page</u>
Part I	FINANCIAL INFORMATION	
Item	1. Financial Statements	4-34
Item	2. Management's Discussion and Analysis of Financial Condition and Results of Operations	1-3
	SIGNATURES	3

## Part I – Financial Information

- Item 1. Financial Statements  
See accompanying Interim Financial Statements.
- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company's operations have no seasonal aspects that had a material effect on the financial condition or results of operations. The Company operates regularly for twelve (12) months during the year and does its maintenance jobs during Sundays and holiday breaks. There are no known trends, demands, material commitments for capital expenditures, events, or uncertainties that will have a material impact on the Company's liquidity or have a material favorable or unfavorable impact on net sales/revenue/income from continuing operations. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation. There are no off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

The Company's top five (5) key performance indicators are:

1.) The Company's net sales increased by 7% from P1,524.9 million for the three quarters of 2006 to P1,631.9 million for the three quarters of 2007. The increase in sales was attributed to the increase in local and export sales. Domestic sales increased by 6.% from P1,258.5 million for the three quarters of 2006 to P1,337.1 million for the three quarters of 2007, while export sales increased by 11% from P266.4 million for the three quarters of 2006 to P294.8 million for the three quarters of 2007. The increase in sales indicator was chosen by management as it discloses the level of performance the Company has attained against the targeted growth. The percentage change is computed by dividing the peso increase in sales by the peso sales during the comparable period of previous year.

2.) Gross profit from sales decreased by 2% from P721.6 million for the three quarters of 2006 to P707.2 million for the three quarters of 2007. Cost of goods manufactured and sold increased by 15% from P803.3 million for the three quarter of 2006 to P924.7 million for the three quarters of 2007. As a percentage of net sales, cost of goods manufactured and sold increased from 53% for the three quarters of 2006 to 57% for the three quarters of 2007. The gross profit indicator provides information about product selling prices relative to production costs. The percentage change in gross profit is computed by dividing the peso increase/decrease in gross profit by the peso gross profit during the comparable period of previous year.

3.) Income from operations decreased by 4% from P413.9 million for the three quarters of 2006 to P398.6 million for the three quarters of

2007. Operating expenses (selling, distribution and administration) increased by 0.30% from P307.7 million for the three quarters of 2006 to P308.7 million for the three quarters of 2007. The increase was due to increased variable operating expenses, i.e. delivery expenses, marketing development and entertainment expenses, office supplies, commission and transportation expenses. Operating expenses decreased as a percentage of the Company's net sales from 20% for the three quarters of 2006 to 19% for the three quarters of 2007. Changes in income from operations and operating expenses are management's indicators for the degree of control over the Company's spending on selling, distribution and administrative expenses. The percentage change in income from operations is calculated by dividing the peso increase (decrease) in operating income by the peso operating income during the comparable period of previous year. The percentage change in operating expenses is calculated by dividing the peso increase in operating expenses by the peso operating expenses during the comparable period of previous year.

4.) Net finance cost decreased by 11% from P178.3 million for the three quarters 2006 to P159.2 million for the three quarters of 2007 due to lower interest rate. Changes in net finance costs indicator provides information on significant elements of income and other expenditures that did not arise from the Company's continuing operations. The percentage change is calculated by dividing the peso increase(decrease) in other income/charges by the peso other income/charges during the comparable period of previous year.

5.) Provision for income tax increased by 2% from P82.5 million for the three quarters of 2006 to P83.8 million for the three quarters of 2007. Net income increased by 2% from P153.1 million for the three quarters of 2006 to P155.6 million for the three quarters of 2007. Changes in net income are indicators of the adequacy of amount to satisfy stockholders' dividend and rate-of- return expectations. The percentage change in net income is calculated by dividing the peso increase in net income by the peso net income during the comparable period of previous year.

The Company's total assets increased 2% from P5.457 billion in 2006 to P5.557 billion in 2007. Current ratio increased by 15% from 1.06:1 in 2006 to 1.22:1 in 2007, while Equity ratio increased by 3 % from 0.56:1 in 2006 and 0.58:1 in 2007.

The increase in trade and other receivables was due to the increase in export and local sales. The increase in inventory was attributed to the management decision to increase inventory stocking level. The increase in other current assets was due to the increase in prepaid development expense, creditable withholding tax, advances to officers and employees, housing assistance. The decrease in acceptances payable was due payments made on the trust receipts on letters of credit for the importation of raw materials. The decrease in other current liabilities was due to the decrease in accrued expenses as they are settled. The income tax payable decreased since the amount as of 31 December 2006 represents the audited final and adjusted income tax payable as of the end of year 2006 while the amount as of 30

September 2007 represents the unaudited estimated tax on income for the third quarter of 2007. The dividends represent the stock dividends declared by the Board of Directors on 21 December 2006, which was already reflected in the Balance sheet.

Projection

The Company expected to increase its sales in 2007 by about 11% from its local and export sales. The Company is continuously expanding its present product line to include specialty products for inhalation, ophthalmic, irrigation and other healthcare purposes. The Company expects to open new export markets in other countries and increase the number of products being exported.

The gross profit ratio is expected to decrease from 48% of sales in 2006 to about 46% of sales in 2007 due to higher cost of sales caused by the increase in imported materials, fuels and the higher cost of sales on products which are being distributed by the Company. The expected gross profit in 2007 is about P1,103.2 million.

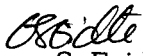
The net income for 2007 is expected to increase by about 3%. As a percentage of sales, the net income ratio is expected to be the same at 11% of sales in 2006 and 2007. The expected net income in 2007 is about P264 million.

SIGNATURES

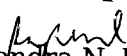
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**EURO-MED LABORATORIES PHILS., INC.**

By:

  
Georgiana S. Evidente  
President

November 13, 2007

  
Sandra N. Pineda  
Chief Accountant

November 13, 2007

## **EURO-MED LABORATORIES PHIL., INC.**

### **BALANCE SHEETS**

		<b>30 September</b>	<b>31 December</b>
	Notes	<b>2007</b>	<b>2006</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	2.7, 4	<b>P273,346,629</b>	P276,976,598
Trade and other receivables, net	2.8, 5	<b>782,267,733</b>	689,406,844
Inventories	2.9, 6	<b>514,839,936</b>	466,324,801
Others	2.13, 7	<b>68,964,477</b>	48,045,681
		<b>1,639,418,775</b>	1,480,753,924
<b>Non-current</b>			
Investment in subsidiary	2.10, 8	<b>82,356,940</b>	82,356,940
Property, plant and equipment	2.11, 9	<b>3,709,556,823</b>	3,770,650,445
Others	2.13-15, 10	<b>125,476,172</b>	123,105,447
		<b>3,917,389,935</b>	3,976,112,832
<b>TOTAL ASSETS</b>		<b>P5,556,808,710</b>	P5,456,866,756
<b>LIABILITIES AND EQUITY</b>			
<b>Current</b>			
Trade accounts payable	2.17, 11	<b>P90,727,155</b>	P90,066,396
Notes payable	2.18, 12	<b>1,109,216,668</b>	1,109,666,667
Acceptances payable	13	<b>95,580,942</b>	112,801,119
Income tax payable	27	<b>25,305,173</b>	50,836,808
Others	14	<b>19,401,399</b>	32,536,219
		<b>1,340,231,337</b>	1,395,907,209
<b>Non-current</b>			
Notes payable	2.18, 12	<b>988,866,666</b>	988,866,665
Deferred credits	15	<b>5,400,000</b>	5,400,000
		<b>994,266,666</b>	994,266,665
<b>Equity</b>		<b>3,222,310,707</b>	3,066,692,882
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P5,556,808,710</b>	P5,456,866,756

*The notes on pages 8- 34 are an integral part of these financial statements.*

