

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 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 No

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

Yes No

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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.

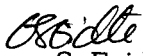
The net income for 2007 is expected to increase by about 3%. As a percentage of sales, the net income ratio is expected to be the same at 11% of sales in 2006 and 2007. The expected net income in 2007 is about P264 million.

SIGNATURES

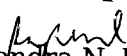
Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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

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

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

EURO-MED LABORATORIES PHIL., INC.
STATEMENTS OF INCOME AND EXPENSES
 UNAUDITED

	Notes	2007		2006	
		July - Sept.	Jan. - Sept.	July - Sept.	Jan. - Sept.
NET SALES	2.21, 3, 20	P598,087,371	P1,631,914,381	P554,115,813	P1,524,926,478
COST OF GOODS					
MANUFACTURED AND SOLD	2.9, 22	386,918,023	924,670,021	311,923,686	803,347,875
GROSS PROFIT		211,169,348	707,244,360	242,192,127	721,578,603
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	23	94,738,185	308,672,005	105,038,146	307,665,239
INCOME FROM OPERATIONS		116,431,163	398,572,355	137,153,981	413,913,364
NET FINANCE COST					
Interest income	2.21	598,797	976,459	385,890	1,146,894
Dividend income	2.21	-	2,750	-	600
Finance charges	2.18, 24, 25	(43,226,316)	(156,991,396)	(59,129,942)	(177,319,101)
Miscellaneous	21	(4,793,111)	(3,148,129)	(1,403,099)	(2,145,004)
		(47,420,630)	(159,160,316)	(60,147,151)	(178,316,611)
INCOME BEFORE INCOME TAX		69,010,533	239,412,039	77,006,830	235,596,753
PROVISION FOR INCOME TAX	27	25,305,173	83,794,214	26,952,390	82,458,863
NET INCOME		P43,705,360	P155,617,825	P50,054,440	P153,137,890
BASIC EARNINGS PER SHARE	2.23, 28	P0.02	P0.06	P0.02	P0.06

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

EURO-MED LABORATORIES PHIL., INC.
STATEMENTS OF CHANGES IN EQUITY

	30 Sept. 2007		30 Sept. 2006		
	Share capital (Notes 17, 18)	Share premium reserve	Retained earnings (Notes 17, 19)	Total equity	Total equity
Balances, 31 December 2005	P2,662,000,000	P66,609,227	P78,438,544	P2,807,047,771	P2,807,047,771
Net income, 2006		-	259,645,111	259,645,111	153,137,889
10% Stock dividend	266,200,000	-	(266,200,000)	-	-
Balances, 31 December 2006	2,928,200,000	66,609,227	71,883,655	3,066,692,882	2,960,185,660
Net income for the period Jan. - Sept. 2007		-	155,617,825	155,617,825	-
Balances, 30 September 2007	2,928,200,000	66,609,227	227,501,480	3,222,310,707	2,960,185,660

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

EURO-MED LABORATORIES PHIL., INC.

STATEMENTS OF CASH FLOWS

UNAUDITED

For The Nine Months Ended Sept. 30

	Notes	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		P236,827,282	P235,596,753
Adjustment for:			
Depreciation and amortization	9	124,655,026	123,283,422
Finance charges	24	(159,576,152)	(177,319,101)
Foreign exchange loss (gain)			
and other miscellaneous income	21	(3,148,130)	(2,145,004)
Operating income before working capital changes		198,758,026	179,416,070
Changes in assets and liabilities:			
(Increase) Decrease in:			
Trade and other receivables	2.8, 5	(92,860,889)	(65,637,816)
Inventories	2.9, 6	(48,515,135)	(40,345,340)
Other current assets	2.13, 7	(20,918,796)	(17,770,368)
Increase (decrease) in:			
Trade accounts payable	2.17, 11	660,759	18,140,667
Acceptances payable	13	(17,220,177)	20,298,047
Other current liabilities	14	(13,134,820)	11,017,186
Cash generated from operations		6,768,968	105,118,446
Interest received		976,459	1,146,894
Net cash provided by operating activities		7,745,427	106,265,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for the acquisition of property, plant and equipment		(63,545,251)	(182,957,330)
Dividend received		2,750	600
Decrease (increase) in other non-current assets	10	(2,370,725)	83,204
Net cash used for investing activities		(65,913,226)	(182,873,526)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of notes payable	2.18, 12	(449,999)	344,600,000
Increase (decrease) in deferred credits	15	-	-
Net cash provided by financing activities		(449,999)	344,600,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		(3,629,969)	343,361,498
CASH, BEGINNING OF YEAR	2.7, 4	276,976,598	169,605,856
CASH AND CASH EQUIVALENTS, 30 September 2007	2.7, 4	P273,346,629	P512,967,355

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

EURO-MED LABORATORIES PHIL., INC.

NOTES TO FINANCIAL STATEMENTS

1. Corporate information

Euro-Med Laboratories Phil., Inc. (Euro-Med/the Company) began its commercial production in 1991 after it has been registered with the Bureau of Food and Drugs (BFAD) to manufacture pharmaceutical products of large and small volume parenterals and other solutions such as ophthalmic, inhalation, irrigation and dialysis. The Company is currently the largest manufacturer of high quality intravenous fluids in the Philippines.

Euro-Med is the Parent Company of its only subsidiary, 102 E. De Los Santos Realty Co., Inc. (102 EDSA/the Subsidiary), a 100% owned firm acquired in May 2000. The Subsidiary is involved in leasing out investment property.

Euro-Med is a publicly listed corporation incorporated and domiciled in the Philippines. The Company was registered with the Securities and Exchange Commission (SEC) on 29 January 1988. Its registered office address is at PPL Building, United Nations Avenue cor. San Marcelino St., Manila.

Euro-Med had its first listing on the Philippine Stock Exchange (PSE) on 2 July 1998.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS's). The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and SIC/IFRIC interpretations, which have been approved by the Accounting Standards Council (now called Financial Reporting Standards Council or FRSC).

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements have been prepared in Philippine peso, the Company's functional and presentation currency. All values are rounded to the nearest peso except when otherwise indicated.

2.2 Adoption of new accounting standards

The Company adopted the following revised and new accounting standards effective for annual periods beginning 1 January 2005:

- PAS 1, Presentation of Financial Statements
- PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors
- PAS 10, Events after the Balance Sheet Date
- PAS 16, Property, Plant and Equipment
- PAS 17, Leases
- PAS 21, The Effects of Changes in Foreign Exchange Rates
- PAS 24, Related Party Disclosure
- PAS 27, Consolidated and Separate Financial Statements
- PAS 32, Financial Instruments: Disclosure and Presentation
- PAS 33, Earnings per Share
- PAS 36, Impairment of Assets
- PAS 38, Intangible Assets
- PAS 39, Financial Instruments: Recognition and Measurement

The adoption of the above standards will not result in substantial changes to the Company's accounting policies. The financial statements for the year 2004 under the old generally accepted accounting principles (GAAP) was restated to conform with the first Philippine Financial Reporting Standards (PFRS) financial statements in years 2005 and in 2006. No major adjustments were made except for the reclassification of 'Other investment of P344,000' to 'Available for sale securities and an adjustment of P1,494,115 in retained earnings due to change in accounting policy of 'Investment in subsidiary' which the Company accounted under cost method of accounting from equity method (PAS 27).

2.3 Standards relevant to the Company's operations

The Company will adopt the standards and amendments set out below as they become effective:

- PFRS 7, *Financial Instruments: Disclosures (effective 1 January 2007)* introduces new disclosures relating to financial instruments. The revised disclosures on financial instruments provided by this standard will be included in the Company's financial statements when the standard is adopted in 2007.
- PAS 1 (Amendment), *Presentation of Financial Statements – Capital Disclosure (effective 1 January 2007)* requires entities to disclose information that enables readers to evaluate the entity's objectives, policies and processes for managing capital. The disclosures are based on information provided internally to key management personnel, and will include: (a) the objectives, procedures and policies used to manage capital, (b) a description of what the entity manages as capital, the nature of any externally imposed capital requirements, if any, and how it meets objectives for managing

