

13th November 1998

FIRST PACIFIC'S METRO PACIFIC ANNOUNCES STRONG REVENUE GROWTH BUT LOWER PROFIT IN THE YEAR'S FIRST NINE MONTHS

First Pacific Company Limited's Philippines flagship, Metro Pacific Corporation, announced today that operating profit for the first nine months more than tripled to P2.8 billion, while net profit fell 75 per cent to P172 million, reflecting higher finance charges and challenging operating conditions.

Revenue grew 177 per cent to P14.8 billion due to the effects of Metro Pacific consolidating Smart Communications, Inc., its cellular phone subsidiary; Bonifacio Land Corporation (BLC), which is developing the Fort Bonifacio urban development in Metro Manila; Negros Navigation Company, Inc., a leading domestic shipping line; and Landco Pacific Corporation, which develops property outside the capital city.

While operating profit rose 211 per cent to P2.8 billion, overall profitability was impeded by finance charges increasing to P1.737 billion from P233 million.

Metro Pacific's President, Napoleon Nazareno, "We continue to face challenging times but Metro Pacific is fortunate to be in a position to withstand the crisis. We believe our projects continue to offer value even in slow markets, however, we will be particularly competitive when the overall business climate turns for the better."

Review of Operations

Smart recorded continued strong growth in subscribers to its analogue-based service, with 745,000 subscribers at the end of the third quarter, compared with 623,000 at year-end. Subscribers to its fixed-line service stood at 108,000, compared to 85,000 at year-end, slowed by interconnect problems which are impeding service quality among all smaller fixed-line providers.

BLC's Fort Bonifacio project is proceeding ahead of schedule, with 60 per cent of the Big Delta's infrastructure already completed - putting it ahead of its timetable that calls for the work to be completed by 2000 - compared with 45 per cent at the beginning of the year. The project's first public area, an entertainment complex called "The Fort" opened in September with a range of restaurants that are recording strong customer traffic.

Negros Navigation - in which Metro Pacific took a 55 per cent stake earlier this year for P900 million - is poised to benefit from its recent merger of its fast-ferry business with that of Aboitiz Parkview Transport Holdings, Inc. The expanded entity is the largest fast-ferry operator in the Philippines, with 12 vessels valued at approximately P1.7 billion. The combination is allowing economies of scale and improved service efficiencies.

In Metro Pacific's consumer-products division, Metrolab Industries recorded improved sales amid solid market demand for its skin-care products, helped by the expansion of its product

line. Meanwhile, Metro Bottled Water recorded improved sales of its market-leading Wilkins Water brand, amid increased market share and a broadening of its distribution network.

Consolidated Statements of Income and Retained Earnings

Consolidated Balance Sheets

METRO PACIFIC CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Unaudited)

For the period ended 30 September (In thousands)	Nine months		Three months	
	1998	1997	1998	1997
Revenues	14,776,018	5,328,814	4,468,502	3,139,490
Cost of sales	9,244,207	3,101,807	3,123,478	1,485,115
Operating expenses	2,710,145	1,319,255	1,042,902	824,066
Operating profit	2,821,666	907,752	302,122	830,309
Equity in net earnings of affiliated companies	25,487	649,666	(22,873)	148,012
Financing charges, net	(1,737,029)	(233,151)	(584,448)	(83,413)
Profit before other income	1,110,124	1,324,267	(305,199)	894,908
Other income/(expense), net	206,581	(42,270)	132,279	(196,342)
Profit before taxation	1,316,705	1,281,997	(172,920)	698,566
Taxation	(149,148)	212,046	(278,451)	193,103
Net income before outside interests	1,465,853	1,069,951	105,531	505,463
Outside interests	(1,293,371)	(368,656)	(50,443)	(378,620)
Net income for the period	172,482	701,295	55,088	126,843
Retained earnings				
Beginning of period	2,084,449	1,577,210	2,201,843	1,946,257
Dividends paid	0	(205,405)	0	0
End of period	2,256,931	2,073,100	2,256,931	2,073,100
Earnings per share (in centavos)				
Basic	1.82	20.49	0.36	3.70
Fully diluted	1.73	18.59	0.35	3.36
Weighted average number of shares in issue				
Basic	9,478,704	3,422,172	15,461,690	3,424,699
Fully diluted	9,950,142	3,771,664	15,933,128	3,774,191

METRO PACIFIC CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

As at (In thousands)	30 September 1998	31 December 1997	30 September 1997
ASSETS			
Current assets			
Cash and cash equivalents	4,750,638	5,991,698	5,756,085
Receivables	7,826,004	8,620,656	5,224,389
Due from affiliated companies	993,751	856,713	494,822
Inventories	1,559,004	1,845,494	1,691,713
Development properties held for sale	5,876,655	2,904,488	20,038,391
Prepayments and other current assets	3,266,888	2,511,431	1,840,788
Deferred income tax asset	306,830	539,031	581,752
Total current assets	24,579,770	23,269,511	35,627,940
Long-term receivables	9,687,784	9,343,007	2,392,343
Investments in affiliated companies	3,279,472	3,043,227	3,008,559
Development properties	69,247,380	67,504,027	46,626,935
Property, plant and equipment	32,535,925	24,988,620	20,322,674
Goodwill	157,312	170,021	409,889
Other assets	8,146,468	7,506,601	7,298,952
Total assets	147,634,111	135,825,014	115,687,292
LIABILITIES AND EQUITY			
Current liabilities			
Loans and notes payable	14,035,328	10,249,553	12,818,585
Current portion of long-term debts	1,732,851	884,048	469,733
Current portion of long-term liabilities and provisions	2,091,518	4,420,949	0
Accounts payable and accrued expenses	6,459,686	6,307,087	8,795,797
Income tax payable	0	1,252,712	1,112,411
Total current liabilities	24,319,383	23,114,349	23,196,526
Long-term debts	28,865,569	32,972,678	26,304,780
Long-term liabilities and provisions	23,477,917	24,317,947	10,926,000
Equity			
Stockholders' equity			
Capital stock	15,476,691	4,570,121	3,427,199
Additional paid-in capital	9,733,845	5,968,777	632,410
Deposit on stock subscriptions	0	823,283	7,323,104
Retained earnings	2,256,931	2,084,449	2,073,100
Outside interests	43,503,775	41,973,410	41,804,173
Total equity	70,971,242	55,420,040	55,259,986
Total liabilities and equity	147,634,111	135,825,014	115,687,292