Why First Pacific?

FIRST
PACIFIC

FIRST PACIFIC COMPANY LIMITED
ANNUAL REPORT 2000

Value.

A RESHAPED, REFOCUSED, REVITALIZED COMPANY, FIRST PACIFIC OFFERS ACCESS TO SIGNIFICANT INVESTMENTS IN LEADING COMPANIES THROUGHOUT SOUTHEAST ASIA. AS MACRO ISSUES HAVE DAMPENED INVESTOR SENTIMENT FOR THE REGION, FIRST PACIFIC HAS TAKEN THE OPPORTUNITY TO POSITION ITSELF AS A LEADING ASIAN INVESTMENT AND MANAGEMENT COMPANY WITH A DIVERSE PORTFOLIO OF ASSETS. THROUGH THE INTERNATIONAL EXPERIENCE AND SKILLS OF ITS MANAGEMENT TEAM, FIRST PACIFIC ACTIVELY ENCOURAGES ITS GROUP COMPANIES TO ADOPT NEW STRATEGIES. TO THINK DIFFERENTLY. TO BETTER LEVERAGE THEIR CONSIDERABLE ASSETS. TO OPERATE MORE EFFICIENTLY. TO REACH OUT TO NEW MARKETS AND OPPORTUNITIES. TO ACHIEVE FIRST PACIFIC STANDARDS. AND IN DOING SO, TO CREATE VALUE AT EVERY TURN.

OPEN THIS PAGE FOR AN OVERVIEW OF THE FIRST PACIFIC GROUP AND ITS ACTIVITIES.

contents

First Pacific

First Pacific, a Hong Kong-based investment and management company, holds assets in Indonesia, the Philippines and Thailand, with principal business interests relating to Consumer, Telecommunications, and Property. Headquartered and listed in Hong Kong, First Pacific is a constituent of the Hang Seng Index. Its shares are also available in the United States through American Depositary Receipts.

First Pacific's principal investments are detailed on the inside back cover.

First Pacific's Strategic Restructuring

OCT 97 Divested Tech Pacific, a Sydney-based IT distributor. Ten-year annualized cash return of 20 per cent.

DEC 97 Divested Pacific Link, a Hong Kong cellular provider. Ten-year annualized cash return of 23 per cent.

97 **98**

JAN 98 Issued strategy paper outlining plans to dispose of maturing businesses and focus investments on higher-growth, undervalued Asian companies.

MAR 98 Divested Hagemeyer, Netherlands-based business-to-business distribution services group. Fifteen-year annualized cash return of 24 per cent.

APR 98 Divested mid-sized Californian bank United Commercial Bank. Thirteen-year annualized cash return of 19 per cent.

NOV 98 Acquired a 17.2 per cent interest in PLDT, the leading telecommunications operator in the Philippines.

98 **99**

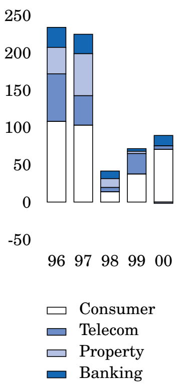
JAN 99 Divested Tuntex, a Taiwan cellular provider. Two-year annualized cash return of 40 per cent.

FEB 99 Divested Guardforce, a Hong Kong-based security services group. Six-year annualized cash return of 19 per cent.

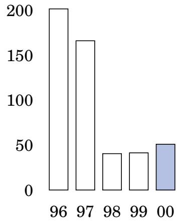
MAR 99 Dilution of Smart to provide funding and enable our partner NTT to increase shareholding. Six-year annualized cash return of 58 per cent.

JUN 99 Raised US$200 million in an overnight placement to fund acquisition of Indofood.

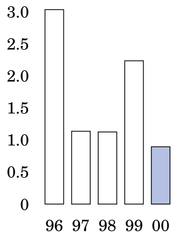
Contribution from Operations by Line of Business
US$millions



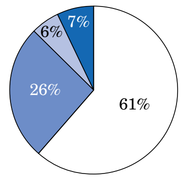
Recurring Profit Before Exchange Differences
US$millions



Market Capitalization
US$billions



Adjusted Net Asset Value by Country – 31 December 2000



	US$millions
Philippines	898.0
Indonesia	380.4
Thailand	80.6
Others	102.9
Total	1,461.9

99 **00**

SEP 99 Acquired a 40 per cent interest in Indofood, Indonesia's leading processed foods group.

MAR 00 Concluded merger of PLDT and Smart; increased interest in PLDT to 23.1 per cent and formed strategic alliance with NTT Com.

MAR 00 Divested cellular GSM joint-venture interests in China. Five-year annualized cash return of four per cent.

APR 00 Combined First Pacific Davies with Savills plc; increased interest in Savills plc to 30 per cent from 20 per cent.

JUN 00 Divested 10 per cent interest in Savills plc to Trammell Crow Company Limited.

JUN 00 Divested SPORTathlon, a Hong Kong-based integrated leisure services provider.

SEP 00 Combined the Group's interests in PLDT; positioned Metro Pacific as a property-focused company.

DEC 00 Divested Hong Kong-based First Pacific Bank. Fourteen-year annualized cash return of 15 per cent.

DEC 00 Increased interest in Indofood to 48 per cent.

00 **01**

MAR 01 Divested Savills plc. Three-year annualized cash return of 15 per cent.


RASA SOTO MIE
SOTO FLAVOUR
Mi Instant
HALAL

INDOFOOD'S NOODLES ARE REACHING FURTHER

FIRST PACIFIC'S PHILOSOPHY OF HOLDING FUNDAMENTALLY SOUND COMPANIES UNDERPINNED ITS DECISION TO INVEST IN INDOFOOD IN 1999. IN 2000, DESPITE POLITICAL INSTABILITY, ECONOMIC UNCERTAINTY AND A WEAKENING RUPIAH, INDOFOOD SOLD A RECORD-BREAKING NINE BILLION PACKS OF INSTANT NOODLES AND INCREASED ITS INSTANT NOODLE EXPORTS BY 77 PER CENT. INDOFOOD GENERATES SIZEABLE FREE CASH FLOWS, SUFFICIENT IN 2000 TO REPAY OVER US$300 MILLION OF U.S. DOLLAR DENOMINATED DEBT. WORKING WITH FIRST PACIFIC, INDOFOOD IS CONSIDERING THE BEST USE OF ITS CASH AND WILL SHORTLY RETURN TO PAYING DIVIDENDS FOR THE FIRST TIME SINCE 1996.

PLDT IS COMMUNICATING IN NEW WAYS

UNDER FIRST PACIFIC MANAGEMENT, PLDT MERGED WITH SMART AND SECURED A DURABLE NEW CELLULAR REVENUE STREAM. PLDT EXPANDED ITS TELECOMMUNICATIONS BUSINESS AGGRESSIVELY IN 2000, GROWING ITS CELLULAR GSM SUBSCRIBER BASE BY 2.5 MILLION, AND INCREASING ITS DATA AND OTHER NETWORK SERVICES REVENUE BY 54 PER CENT.

METRO PACIFIC IS BUILDING A BETTER FUTURE

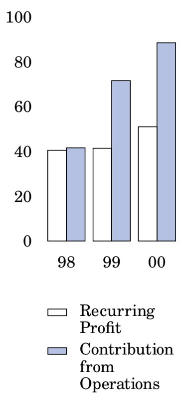
FIRST PACIFIC HAS ACCELERATED METRO PACIFIC'S TRANSITION FROM A DIVERSE CONGLOMERATE TO A MORE PROPERTY-FOCUSED FIRM. AS THE GLOBAL CITY WELCOMES ITS FIRST RESIDENTS, METRO PACIFIC IS DEDICATING ITSELF TO THE LONG-TERM DEVELOPMENT OF THIS WORLD-CLASS CITY, WHICH OFFERS ADVANCED INFRASTRUCTURE AND FACILITIES CAPABLE OF SUPPORTING PHILIPPINE RESIDENTIAL AND BUSINESS NEEDS FOR DECADES TO COME.

Executive Chairman's Message

Manuel V. Pangilinan

Strategic progress illustrated by year on year improvements

Recurring Profit and Contribution from Operations
US$millions



Dear Fellow Shareholder,

In May 2001, First Pacific will be 20 years old. The company that began as a financial services provider called First Pacific Finance Limited has transformed and reinvented itself many times since then. But throughout its history, one objective has grounded and driven the organization: the development of value.

Without a doubt, the restructuring process we initiated in January 1998 was our boldest and most wide-reaching ever. Your management, contending with complex issues and changing operating environments, has successfully charted a course to position the Group optimally for future value creation. In the process, we completed some US$6 billion of corporate transactions, and unlocked and crystallized the value of maturing assets.

First Pacific has emerged from this transformation as a refocused, recharged Group. Each holding in our diverse portfolio of investments is a leader in its market, with a proven capability to weather difficult economic conditions. And I am pleased to report that all of them recorded solid results in 2000.

During a period in which entrenched political issues adversely affected the rupiah, Indofood recorded increased sales volumes in all divisions, including record sales of nine billion packs of instant noodles. Moreover, the company generated sufficient cash to repay some US$300 million of loans, meet its own funding needs, and to declare a dividend for the first time since 1996.

Similarly, PLDT contended with a volatile peso and an unstable political climate, but still had the vision to forego short-term profits to position itself for long-term growth. Its cellular services now boast 3.5 million subscribers, having grown by more than two million during 2000 alone. Moreover, through effective marketing and unparalleled services, PLDT has been able to reduce subscriber acquisition costs while maintaining subscriber take-up. During a year in which the economy of the Philippines trended downwards, PLDT has led the country in cellular growth.

Indeed, all of our businesses have faced daunting challenges. Metro Pacific contended with a stagnant property market. Berli Jucker experienced lower demand for its glass bottles. Darya-Varia absorbed escalating costs for imported raw materials as the rupiah weakened. And Escotel struggled with an uncertain regulatory environment. Yet all responded resolutely – and all achieved commendable results.

As a result, contribution from operations continued to improve, increasing 24 per cent to US$88.5 million. Recurring profit also continued its upward trend, growing 23 per cent to US$51.0 million. These numbers demonstrate that our operating companies have continued to prosper and grow even in the face of challenging economic conditions and volatile currencies.

However, economic uncertainty, prompted by political instability, had the inevitable effect of eroding currency exchange rates and, consequently, reported results. We recorded some US$143 million in largely unrealized exchange losses that offset non-recurring realized gains on disposals. Nevertheless, recurring earnings per share, which measures the underlying profitability of the Company's operations, increased nine per cent to US1.74 cents, and First Pacific ended the year with the lowest level of Head Office net indebtedness since 1995.

Stock Performance

Strategic progress and operational performance improvements are not always immediately reflected in a company's share price. Such has been the case with First Pacific.

Because most of First Pacific's investments are listed separately, there is a strong correlation between the value of First Pacific stock and the stock values of its operating companies.

KEY REGIONAL CURRENCIES WEAKENED –
RUPIAH DOWN 28 PER CENT, THE PESO DOWN 19 PER CENT, THE BAHT DOWN 13 PER CENT

EPS UP 9 PER CENT, DESPITE AN INCREASE IN THE NUMBER OF SHARES IN ISSUE

Despite sound operational performances, macro concerns have adversely affected the stock values of all of our operating companies. As First Pacific is essentially a reflection of these combined investments, this negative sentiment has also adversely influenced First Pacific's current stock value, which closed the year at HK$2.23 per share.

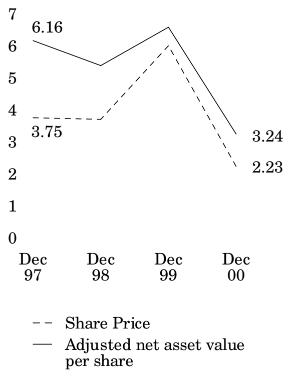
Outlook

Looking ahead, we expect our true stock value to remain under pressure as long as the economies of Southeast Asia remain weak and negative sentiment prevails. While there are some encouraging signs, such as the recent stabilization of the political situation in the Philippines, First Pacific will not be passively waiting for an upturn in sentiment to develop value. The same core management attributes that fueled First Pacific these past 20 years will continue to do so in the future. We continue to build sustainable value at the operating level through active management participation. We continue to motivate and drive our investments through coherent, cohesive goal setting. We continue to have the vision, determination and ability to ensure that our value creation of today will lead to a superior First Pacific tomorrow.

As such, 2001 will see further value enhancement as we put all of our efforts into growing the recurring profits and cash flows of our strategic businesses. Having essentially reshaped the Group, our focus is now on taking the steps necessary to recapture historic levels of growth in profits and cash flows.

Share price out of sync with true value of underlying investments

Share Price vs. Adjusted Net Asset Value Per Share
HK$



Final Thoughts

In closing, I would like to recognize everyone who made 2000 such a commendable and defining year for First Pacific, in particular, our employees, our management team and our Board of Directors. I would especially like to acknowledge the contributions of David S. Davies, OBE, and James C. Ng.

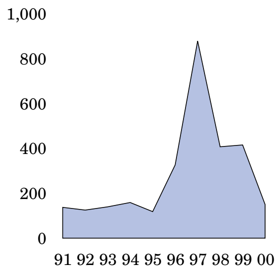
David, one of First Pacific's longest-serving directors, passed away in June 2000. The passing of this gentleman, who had an enormous capacity for friendship and generosity, has saddened the entire First Pacific Group, as well as the business communities in which FPDSavills operates.

James stepped down from his position as a Non-executive Director of First Pacific in March 2001. In his 15 years with us, James also served on the board of First Pacific Bank, most recently as Managing Director and Chief Executive Officer. On behalf of the Board, I am truly grateful for the years of dedicated service and professionalism that characterized James' tenure with the Group, and we wish him well in his future endeavors.

Finally, I would like to thank you, our shareholders, for your continued support of First Pacific. Our efforts over the past three years have demonstrated our willingness – and our ability – to move quickly and decisively to deal with changing market conditions. Those same qualities will serve us well as we continue to develop value and pursue new growth opportunities as they emerge.

Head Office net debt lowest since 1995

Net Debt
US$millions



Sincerely,

Manuel V. Pangilinan
Executive Chairman

Review of Goals for 2000

First Pacific

- Continue the rehabilitation and further enhancement of recurrent profits and cash flow PARTIALLY ACHIEVED

Recurring profits increased 23 per cent, off increased contribution from operations of 24 per cent. Head Office cash at the year-end was up 76 per cent, however, this was principally reflective of disposal proceeds and not improved recurrent cash flows.

- As restructuring activities decline, return full management focus to building and developing value ACHIEVED

Restructuring activities continued throughout the year, including: PLDT's acquisition of Smart; the combining of the First Pacific Group's interests in PLDT; the increased investment in Indofood; and the disposal of First Pacific Bank. In addition, Head Office net indebtedness reduced to its lowest level since 1995. Management focus is now wholly on building and developing value.

- Promote the development of common e-market platforms, and seek opportunities for application service provision ACHIEVED

Infrontier, a provider of rapidly-deployable Internet-based business-to-business solutions for Asian markets, has been established.

- Finalize the evaluation review of Metrosel and execute conclusions NOT ACHIEVED

The Group continues to evaluate its options regarding the future of Metrosel.

Indofood

- Exploit opportunities for value creation from existing businesses ACHIEVED

Ongoing market and product developments have resulted in increased sales volumes for all divisions.

- Expand existing businesses, domestically, regionally or internationally, either organically or through acquisition ACHIEVED

All divisions experienced organic, domestic growth in sales volumes, including record high sales of Instant Noodles. Exports remain relatively small; however these are growing with Instant Noodle export sales volumes increasing 77 per cent during 2000.

PLDT

- Focus on diversifying revenue streams ACHIEVED

Significant growth in Cellular, Data and Other Network Services has considerably reduced reliance on International Long Distance revenues.

- Continue to grow EBITDA through efficient cost management ACHIEVED

Consolidated EBITDA has grown seven per cent, despite significant marketing expenses incurred to grow the Cellular business.

- Grow Internet-based, data oriented, value added services ACHIEVED

Data and Other Network Services now make up five per cent of revenue, representing growth of 54 per cent year on year.

- Grow GSM service in terms of capacity and subscribers ACHIEVED

Subscribers grew twelvefold to 2.7 million GSM subscribers; by year end capacity had increased to support up to 3.95 million subscribers.

- Realize synergies through the integration of wireline and wireless operations ACHIEVED

PLDT acquired Smart's local exchange carrier. Smart and Piltel merged and rationalized operations, business functions, and cell sites, resulting in reduced administrative and maintenance costs.

- Accelerate the convergence strategy to develop a multimedia platform for total communications solutions ACHIEVED

ePLDT, the corporate vehicle for PLDT's Internet, e-commerce and multimedia businesses, has been formed, offering Internet Data Center, e-business delivery, call center and procurement services.

Metro Pacific

- Continue to position Metro Pacific as a property development and services company ACHIEVED

As a result of asset disposals, more than 90 per cent of Metro Pacific's assets now relate to property.

- Continue to develop revenue sources through interim land use programs ACHIEVED & CONTINUING

Construction started on HatchAsia Global City Center, a 24,000 sq.m. building that will house incubator firms; 50 per cent of the facility is pre-leased to HatchAsia. Metro Pacific's Fort Bonifacio also signed land leases totaling 51,700 sq.m. with a variety of commercial and consumer businesses.

Metro Pacific *continued*

- Maximize the potential for Information Technology Zone status by offering e-business solutions to locators and property developers ACHIEVED

Metro Pacific launched E-Square, a 25-hectare IT development project registered with the Philippine Economic Zone Authority (PEZA).

- Continue to enhance value through the vigorous development of the Global City ACHIEVED & CONTINUING

The construction of the Bonifacio Ridge residential high rise project is underway and 136 units have been sold. Big Delta, Pacific Plaza Towers and the Kalayaan flyover access route were all completed.

Berli Jucker

- Aggressively seek value-creating opportunities to deliver better returns on equity ACHIEVED

Certain non-core, non-branded, assets have been sold. Despite concerted efforts, a value enhancing acquisition was unachievable at realistic valuations. Therefore, to enhance returns on equity, a special interim dividend, totaling US$62 million, was paid through raising debt.

- Increase focus on branded consumer products ACHIEVED

Significant market share gains achieved in the tissue and snacks businesses.

Darya-Varia

- Achieve organic growth by developing new prescription and over-the-counter products PARTIALLY ACHIEVED

Following extensive streamlining of product lines, sales increased 21 per cent. New products have been developed, but resource constraints hindered full launch.

- Conclude the implementation of management and distribution information systems ACHIEVED

New management systems are in place, affording optimal efficiency and improved competitiveness.

Escotel

- Develop value added services ACHIEVED

Escotel has introduced a range of tailored products and services, including Internet-to-cellular messaging, international automatic roaming, and unique mobile to mobile rates.

- Conclude strategic, value enhancing transactions NOT ACHIEVED

A number of acquisitions were identified and accessed. However, unrealistic valuations precluded further progress.

- Achieve break-even by year end 2000 NOT ACHIEVED

Despite subscriber growth, the exponential growth of prepaid services put ARPU under pressure.

First Pacific

- Continue to enhance recurrent profits and cash flow
- Refinance convertible bonds with long-term debt
- Continue to consolidate ownership positions in core businesses
- Seek value-enhancing transactions consistent with core business focus
- Enhance recurrent cash flows to Head Office
- Finalize the evaluation review of Metrosel and execute conclusions

Indofood

- Reorganize operations to create greater definition between branded consumer products and the commodity businesses
- Explore opportunities for utilizing substantial free cash flows
- Continue to implement corporate governance initiatives to align Indofood's practices with international best practice
- Resume dividend payments to shareholders

PLDT

- Continue to grow consolidated revenue and net profit
- Maintain momentum for growing cellular subscribers to achieve a total of 5.5 million subscribers by year-end
- Continue 2000 initiatives in respect of revenue diversification and efficiencies
- Advance ePLDT as a platform for future revenue growth

Metro Pacific

- Conclude disposals of remaining non-core assets
- Simplify corporate ownership structure
- Put long-term financing in place to better match long-term revenue streams

Berli Jucker

- Continue to seek value-enhancing opportunities

Darya-Varia

- Grow revenues faster than the total market to increase market share

Escotel

- Achieve cash flow break-even
- Conclude strategic, value-enhancing transactions to broaden geographical presence

Infrontier

- Establish the operational infrastructure required to build a sustainable pan-Asian business solutions provider
- Evolve from start-up to develop sustainable revenues to achieve profitability by year-end 2003




Manuel V. Pangilinan
EXECUTIVE CHAIRMAN

Age 54, born in the Philippines. Mr. Pangilinan received a BA from Ateneo de Manila University and an MBA from the University of Pennsylvania's Wharton School before working in the Philippines and Hong Kong for the PHINMA Group, Bancom International Limited and American Express Bank. He served as First Pacific's Managing Director after founding the company in 1981, and was appointed Executive Chairman in February 1999. Mr Pangilinan was named President and CEO of PLDT in November 1998. He was appointed as Governor of The Philippine Stock Exchange in August 2000 and Chairman of The Philippine Business for Social Progress Charity in February 2001. Mr. Pangilinan also serves as President Commissioner of Indofood, as Chairman of Metro Pacific Corporation and Fort Bonifacio Development Corporation, and as a Director of Bonifacio Land Corporation, Berli Jucker and Escotel.

Michael J.A. Healy
CHIEF OPERATING OFFICER
AND FINANCE DIRECTOR

Age 40, born in Scotland. Mr. Healy received a BA from the University of Stirling, Scotland. He is a member of the Institute of Chartered Accountants of Scotland and the Hong Kong Society of Accountants. Mr. Healy joined First Pacific in 1994, having served in Price Waterhouse's Glasgow and Hong Kong audit and business advisory departments. Prior to his appointment as Finance Director in February 1999, Mr. Healy held several senior finance positions and, in January 2000, he assumed the additional responsibilities of Chief Operating Officer. He also serves as a Commissioner of Indofood, and as a Director of Berli Jucker, Escotel and Infrontier.

Joseph H.P. Ng
EXECUTIVE VICE PRESIDENT,
GROUP FINANCIAL PLANNING

Age 38, born in Hong Kong. Mr. Ng received an MBA and a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He is a member of the Hong Kong Society of Accountants and of the Association of Chartered Certified Accountants. Mr. Ng joined First Pacific in 1988 from Price Waterhouse's audit and business advisory department in Hong Kong and served in several senior finance positions prior to being appointed Executive Vice President, Group Financial Planning in December 1999. He also serves as a Director of Escotel.

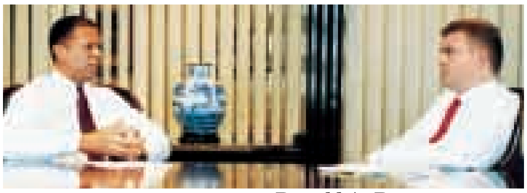
William J. Scott
EXECUTIVE VICE PRESIDENT
AND GROUP FINANCIAL CONTROLLER

Age 35, born in Scotland. Mr. Scott received an MA (Hons) from the University of Aberdeen, Scotland. He is a member of the Institute of Chartered Accountants of Scotland and of the Financial Accounting Standards Committee of the Hong Kong Society of Accountants. Mr. Scott joined First Pacific in March 2000 from PricewaterhouseCoopers' audit and business advisory department in the United Kingdom.

Edward A. Tortorici
EXECUTIVE DIRECTOR

Age 61, born in the United States. Mr. Tortorici received a BS from New York University and an MS from Fairfield University. He founded EA Edwards Associates, an international management and consulting firm in San Francisco. Mr. Tortorici joined First Pacific as an Executive Director in 1987 and launched the Group's entry into the telecommunications business. He is responsible for organization and strategic planning, with specific responsibility for First Pacific's investments in Indonesia and E-commerce business. Mr. Tortorici also serves as a Commissioner of Darya-Varia and as a Director of Indofood and Infrontier.


The Hong Kong Head Office Team



Rebecca G. Brown

Executive Vice President, Group Corporate Communications

Age 36, born in Zimbabwe. Ms. Brown qualified in the United Kingdom and is a fellow of the Association of Chartered Certified Accountants and a member of the National Investor Relations Institute. After eight years in London with Shell International, she joined First Pacific in 1996 and served in several senior finance positions. In September 1999, Ms. Brown was named Executive Vice President, Group Corporate Communications.

David G. Eastlake

Executive Director

Age 37, born in England. Mr. Eastlake received a BA from the University of Exeter, England. He is a member of the Institute of Chartered Accountants in England & Wales and the Hong Kong Society of Accountants. Mr. Eastlake joined First Pacific in 1997, having served in Price Waterhouse's London and Hong Kong audit and business advisory departments. He is responsible for the Group's treasury function and, in December 1999, was appointed an Executive Director. Mr. Eastlake, who is to be appointed as a Commissioner of Indofood, also serves as a Director of Berli Jucker, Escotel and Infrontier.

Ronald A. Brown

Executive Director, General Counsel and Company Secretary

Age 54, born in the United States. Mr. Brown received an AB from Dartmouth College and a JD and MPA from Harvard University. He is a member of the California State Bar and the District of Columbia Bar. He served on the Board of Governors of the Federal Reserve System's Washington, D.C., legal office before joining the Bank of America, where he headed the Asia Division Legal Office in Hong Kong. Mr. Brown joined First Pacific in 1986 as general counsel and company secretary and was named an Executive Director in February 1999. He also serves as a Director of Berli Jucker and Infrontier.

Darryl J. Kinneally

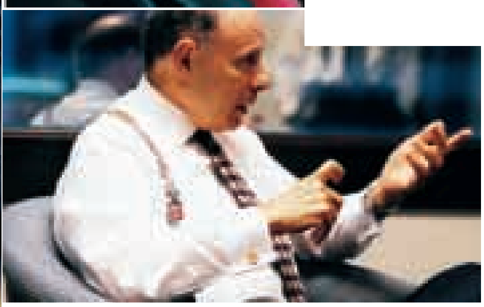
Executive Vice President

Age 37, born in Australia. Mr. Kinneally received a B.Com. from the University of Queensland and is an associate member of the Institute of Chartered Accountants in Australia. He is a fellow of the Taxation Institute of Australia. Mr. Kinneally is responsible for the Group's tax function, as well as the development of the Group's consumer interests. He joined First Pacific in 1996 having served in Arthur Andersen's Sydney, Tokyo and Brisbane tax departments. Mr. Kinneally also serves as a Commissioner of Indofood and as a Director of Darya-Varia and Metrosel.

Maisie M.S. Lam

Executive Vice President, Group Human Resources

Age 46, born in Hong Kong. Ms. Lam received a Diploma from Hong Kong Polytechnic University/Hong Kong Management Association. She joined First Pacific in 1983 from Citicorp's merchant banking arm in Hong Kong.



Board of Directors

Other Directors

Ricardo S. Pascua
Executive Director

Age 52, born in the Philippines. Mr. Pascua received a BA from Ateneo de Manila University and an MBA from the Asian Institute of Management, after which he joined Bancom Development. Mr. Pascua joined First Pacific in 1982 as an Executive Director and has served as Managing Director of First Pacific Bank. He currently serves as Chairman and CEO of Bonifacio Land Corporation, Vice Chairman, President and CEO of Fort Bonifacio Development Corporation, and Vice Chairman, President and CEO of Metro Pacific Corporation.

Edward K.Y. Chen, CBE, JP
Non-executive Director

Age 55, born in Hong Kong and educated at the University of Hong Kong and Oxford University. Mr. Chen serves as President of Lingnan University, and is a Director of Asia Satellite Telecommunications and Eaton Vance Management Funds. Formerly, he served as Chairman of Hong Kong's Consumer Council, as an Executive Councilor of the Hong Kong Government and as a Legislative Councilor. Mr. Chen joined First Pacific's Board in 1993.

Sutanto Djuhar
Non-executive Director

Age 72, born in Indonesia. Mr. Djuhar has founded numerous Indonesian companies involved primarily in real estate development. He is a Commissioner of PT Indocement Tunggal Prakarsa Tbk, PT Kartika Chandra and PT Metropolitan Kencana, and serves as a Director of PT Bogasari Flour Mills and PT Inti Petala Bumi. Mr. Djuhar, who is the father of Tedy Djuhar, joined First Pacific's Board in 1981.

Tedy Djuhar
Non-executive Director

Age 49, born in Indonesia. Mr. Djuhar is a Director of PT Indocement Tunggal Prakarsa Tbk and a number of other Indonesian companies. He is the son of Sutanto Djuhar. Mr. Djuhar joined First Pacific's Board in 1981.

James C. Ng
Non-executive Director

Age 57, born in Hong Kong. Mr. Ng received a BA in Finance from San Jose State University and an MBA from Golden Gate University. An Executive Director since February 1999, he joined First Pacific in 1986, serving for five years as President and CEO of United Commercial Bank in San Francisco before assuming the role of First Pacific Bank's Managing Director and Chief Executive Officer in 1991. Mr. Ng resigned from the First Pacific Board in March 2001.

Ibrahim Risjad
Non-executive Director

Age 66, born in Indonesia. Mr. Risjad serves as Commercial Director of PT Indocement Tunggal Prakarsa Tbk, Chairman of RSI Bank and Vice President of the Board of Commissioners of PT Indofood Sukses Makmur Tbk. He joined First Pacific's Board in 1981.

Anthoni Salim
Non-executive Director

Age 51, born in Indonesia. Mr. Salim serves as President and CEO of the Salim Group. Mr. Salim is the son of Soedono Salim, and has served as a Director of First Pacific since 1981.

Other Directors *continued*

David W.C. Tang, OBE
Non-executive Director

Age 46, born in Hong Kong. Mr. Tang is the founder of the Shanghai Tang stores, the China Club in Hong Kong and Beijing, and The Pacific Cigar Company. He holds directorships on the boards of Lai Sun Development Limited, Free Duty Limited, and Asprey & Garrard, as well as serving on the International Advisory Board of The Savoy Group of London. Mr. Tang joined First Pacific's Board in 1989.

Advisors

Soedono Salim
Honorary Chairman and Advisor to the Board

Age 84, born in China. Mr. Salim served as First Pacific's Chairman from 1981 until February 1999, when he assumed his current titles. He serves as Chairman of the Salim Group, and is a Commissioner or Director of numerous other Indonesian companies.

Sudwikatmono
Advisor to the Board

Age 66, born in Indonesia. Mr. Sudwikatmono served as a Director of First Pacific from 1981 until February 1999, when he assumed his current title. He is a Director of PT Bogasari Flour Mills, President Director of PT Indocement Tunggal Prakarsa Tbk, and holds board positions with a number of other Indonesian companies.

Thomas Y. Yasuda
Senior Advisor

Age 60, born in the United States. Mr. Yasuda received an AB from Dartmouth College and a JD from Harvard Law School. After serving as an officer in the U.S. Navy and as an advisor in Vietnam, he joined the San Francisco law firm of Graham & James, where he became a partner. He joined First Pacific as an Executive Director in 1983 with responsibility for Consumer and Telecommunications operations. Mr. Yasuda served as Managing Director from February 1999 until his retirement in January 2000, when he assumed his current title. He also serves as a Director of Escotel.

Board of Directors as at 31 March 2001

Executive Directors

Manuel V. Pangilinan (Executive Chairman)
Michael J.A. Healy (Chief Operating Officer and Finance Director)
Ronald A. Brown
David G. Eastlake
Ricardo S. Pascua
Edward A. Tortorici

Non-executive Directors

Sutanto Djuhar
Tedy Djuhar
Ibrahim Risjad
Anthoni Salim

Independent Non-executive Directors

Edward K.Y. Chen, CBE, JP
David W.C. Tang, OBE

Our People.
Our Communities.

Our People

First Pacific has emerged from three years of restructuring as a new company – with a stronger portfolio of assets, a solid balance sheet, and a sharper focus on Asian markets. Today, the First Pacific workforce comprises approximately 68,500 people, all of whom live and work in Asian countries, including Indonesia, the Philippines, and Thailand.

First Pacific delivers value to its Group companies – and its shareholders – by providing strategic guidance and operational management expertise at both the company and Head Office levels. Our operating philosophy and reporting structure are designed to empower Group companies to manage their businesses autonomously while taking advantage of direct access to First Pacific's experienced management team.

First Pacific supports equal opportunity business practices and encourages initiative and creativity among employees at all levels. In addition, First Pacific companies provide a wide range of benefits to their employees, including pension plans, health care coverage, on-the-job training, and performance-related bonus programs. First Pacific employees also participate in a variety of company-sponsored recreational activities and community service programs. These programs and activities create strong bonds, not only between employees and their company, but also between First Pacific people and their communities.

Our Communities

First Pacific is a company with a strong sense of responsibility to the communities in which our people live and work. In 2000, our Head Office donated some US$168,000 to a dozen different charitable, community and cultural organizations in Hong Kong, principally in areas related to health, youth and culture.

Among them was the Hong Kong Community Chest's Corporate and Employee Contribution program, which donates funds to some 140 health and welfare agencies serving the needs of the less fortunate. Another major beneficiary of First Pacific contributions was the Hong Kong Cancer Fund, which provides aid and counseling to cancer patients and their families, as well as promoting cancer awareness and conducting related research. First Pacific is also a “Platinum” donor to The Hong Kong Arts Festival Society's Student Ticket Scheme, and our support enabled

some 10,400 students to attend 106 Hong Kong Arts Festival performances at half price.

But our commitment to community service goes beyond monetary contributions. A good example is our annual participation in Hong Kong's Youth Arts Festival. The Festival, which is dedicated to bringing together youth from diverse backgrounds and cultures with local and international artists, attracted more than 36,000 students and participants and included some 400 workshops and performances. In addition to making a corporate donation, First Pacific people have participated directly in the Festival, most recently joining college students from Cheung Chau Island to paint a large mural at the college through the "Art Angels" program.

In addition to these corporate-level activities, First Pacific companies donated approximately US$2.6 million to their communities during 2000 for programs supporting education, health and the environment. As well as cash donations, our employees donated their time and energy to community service activities in 2000.

Here are just a few examples:

- Indofood volunteers support the Red Cross, and Indofood provides free baking courses to hawkers, as well as agricultural and management training to farmers and supplier cooperatives.
- PLDT volunteers distributed relief goods, have promoted outreach programs for needy, hospitalized children, and cleaned the seashores of litter.
- Volunteers from Metro Pacific's Fort Bonifacio operation distributed annual grocery gift bags to some 800 needy families, as well as coordinating a Christmas party for 400 children. Metro Pacific employees also distributed relief goods to Philippine flood victims, participated in reforestation efforts in Antipolo, and contributed to an air pollution relief campaign.
- Berli Jucker employees built a rural school's library and volunteered their assistance to a flood relief program in Thailand.
- Escotel volunteers helped to distribute garments to handicapped children in India and supported the campaign against the unnecessary use of polythene bags.

p. 18 Review of Operations

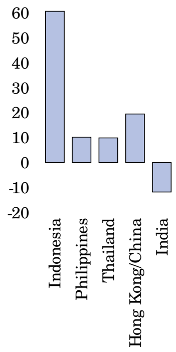
contents

Contribution Summary

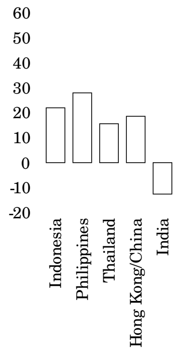
	Turnover		Contribution to Group profit	
	2000 US$m	1999 US$m	**2000 US$m**	1999 US$m
CONSUMER				
Indofood*	**1,490.3**	440.4	**55.7**	16.4
Berli Jucker	**281.3**	294.2	**9.9**	15.6
Darya-Varia	**50.5**	45.7	**5.0**	5.6
	1,822.1	780.3	**70.6**	37.6
TELECOMMUNICATIONS				
PLDT*	**1,334.5**	1,184.7	**25.6**	18.5
Smart (1)	**80.5**	307.2	**(9.0)**	13.9
Escotel*	**35.7**	21.6	**(11.8)**	(12.6)
China telecom ventures (2)	**–**	–	**–**	7.6
	1,450.7	1,513.5	**4.8**	27.4
PROPERTY				
Metro Pacific	**240.0**	317.5	**(6.4)**	(4.4)
FPDSavills/Savills (3)	**37.2**	167.4	**6.0**	7.7
SPORTathlon (4)	**5.1**	10.3	**(0.4)**	(0.2)
	282.3	495.2	**(0.8)**	3.1
BANKING				
First Pacific Bank	**114.3**	89.2	**13.9**	3.5
Subtotal	**3,669.4**	2,878.2	**–**	–
Non-consolidated operations*	**(2,860.5)**	(1,646.7)	**–**	–
CONTRIBUTION FROM OPERATIONS BEFORE EXCHANGE DIFFERENCES (5)	**808.9**	1,231.5	**88.5**	71.6
Corporate overhead			**(11.8)**	(16.0)
Finance (charges)/income: net bank interest			**(1.4)**	10.5
convertible bonds			**(24.3)**	(24.7)
Recurring profit before exchange differences			**51.0**	41.4
Gain on disposal/dilution less provision for investments (6)			**143.7**	92.6
Exchange (losses)/gains (7)			**(143.5)**	4.2
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			**51.2**	138.2

* Associated companies
(1) Merged with PLDT on 24 March 2000.
(2) Disposed on 10 March 2000.
(3) First Pacific Davies' Asian operations injected into Savills on 7 April 2000.
(4) Disposed on 29 June 2000.
(5) After taxation and outside interests.
(6) Adjusted, as appropriate, for related tax and outside interests.
(7) Due to the significance of foreign exchange movements on Group profit in 2000, these have been separately identified. Comparatives for 1999 have been presented on a similar basis.

Contribution from Operations by Country 2000
US$millions



Contribution from Operations by Country 1999
US$millions



Indofood

	Turnover			Profit		
	2000	1999(1)		**2000**	1999*(1)	
	US$m	US$m	% change	**US$m**	US$m	% change
Instant Noodles	**519.0**	553.2	-6.2	**103.5**	114.6	-9.7
Flour	**394.4**	354.4	+11.3	**81.5**	84.8	-3.9
Edible Oils and Fats	**305.2**	355.1	-14.1	**67.3**	79.8	-15.7
Others	**271.7**	221.7	+22.6	**19.9**	18.2	+9.3
Total	**1,490.3**	1,484.4	+0.4			
Operating profit				**272.2**	297.4	-8.5
Share of profits less losses of associates				**0.1**	1.2	-91.7
Net borrowing costs				**(49.7)**	(55.4)	+10.3
Profit before taxation				**222.6**	243.2	-8.5
Taxation				**(68.1)**	(66.6)	-2.3
Profit after taxation				**154.5**	176.6	-12.5
Outside interests				**(15.2)**	(16.0)	+5.0
Profit attributable to ordinary shareholders				**139.3**	160.6	-13.3
Average shareholding				**40.0%**	40.0%	–
Contribution to Group profit				**55.7**	16.4	+239.6

* 1999 comparative figures have been restated to exclude the effect of exchange differences.

(1) Based on full-year rupiah results, translated at Rupiah 7,780 to US$1, which are not adjusted for Hong Kong GAAP. Hong Kong GAAP adjustments are not considered to be material.

The single largest contributor to the Group, Indofood contributed US$55.7 million in 2000. This compares to US$16.4 million recorded for 1999, reflecting First Pacific's September 1999 acquisition of a 40 per cent interest. In December 2000, First Pacific increased its interest in Indofood to 48 per cent.

INDOFOOD SOLD 9 BILLION PACKS OF INSTANT NOODLES IN 2000

THIS EQUATES TO 17 THOUSAND PACKS PER MINUTE

Instant Noodles

The largest of Indofood's operating divisions, Instant Noodles sold 9.0 billion packs in 2000 (1999: 8.1 billion packs), eclipsing even pre-crisis sales levels and accounting for 34.8 per cent of Indofood's US$1.5 billion turnover, and 38.0 per cent of total operating profit of US$272.2 million. In addition to its hugely popular soup-style instant noodles, Indofood produces and markets more than 100 varieties, for all tastes and dietary requirements, including stir-fry style noodles, air-dried noodles, cup noodles, snack noodles and egg noodles.

While sales are principally to the domestic market, the Instant Noodles export market is expanding in both revenues and reach. In 2000, export volumes increased 76.7 per cent to 129 million packs. Exports now reach 36 countries worldwide, of which the largest markets are Australia, Malaysia, Brunei, Saudi Arabia, and the Netherlands. Domestically, Indofood has consolidated its market leadership by launching new products and flavors, and by expanding its retail sales channels to include minimarkets and hypermarkets.

In 2000, the average selling price per pack declined to Rupiah 494 (1999: Rupiah 538 per pack). This principally reflects the change in accounting for trade discounts, which from 1 January 2000 are deducted from the selling price, where previously these were recorded as selling expenses. As a result, while sales volume increased 10.8 per cent, the rupiah-based turnover did not keep pace, increasing 2.8 per cent. When translated to U.S. dollars, turnover declined 6.2 per cent due to a weaker rupiah.

To offset this decline, Indofood introduced high-end brands, such as Chatz Mie. The company also increased prices in the latter months of 2000, which helped increase the average price per pack to Rupiah 519 by December 2000. Operating profits were further eroded as certain key input costs, namely packaging and production fuel oil costs, escalated as the rupiah depreciated 28 per cent against the U.S. dollar. In addition, promotion costs incurred to support increased marketing activity eroded operating margins to 19.9 per cent (1999: 20.7 per cent).

RECONCILIATION OF REPORTED INDOFOOD RUPIAH RESULTS TO FIRST PACIFIC GROUP US$ RESULTS

	2000 RUPIAH MILLIONS
AS REPORTED BY INDOFOOD	646,172
DIFFERING ACCOUNTING TREATMENTS (1)	(81,906)
FOREIGN EXCHANGE (2)	622,648
ADJUSTED NET INCOME	1,186,914

	US$ MILLIONS
TRANSLATED AT AN AVERAGE RATE OF US$1:RUPIAH 8,523	139.3
CONTRIBUTION TO GROUP PROFIT, AT AN AVERAGE SHAREHOLDING OF 40.0%	55.7

(1) These adjustments arise because of differences in accounting for certain items under Indonesian GAAP, as applied by Indofood, and Hong Kong GAAP, as applied by First Pacific. Principal adjustments include:
• Pension expenses: Under Indonesian GAAP, Indofood has accounted for such costs on a cash basis. First Pacific accrues for all related liabilities. As such, First Pacific has adjusted recorded pension costs to reflect accruals.
• Foreign exchange: Under Indonesian GAAP, Indofood is permitted to capitalize and amortize certain exchange differences. Under Hong Kong GAAP, the treatment is to recognize such losses, even though unrealized, in the profit and loss. Indofood's current policy is to record foreign exchange differences through the profit and loss. However, as in previous years certain exchange losses were capitalized, First Pacific has reversed the amortization of these previously capitalized foreign exchange differences.

(2) To illustrate underlying operations, contribution from operations is shown before exchange differences. As such, First Pacific has excluded exchange losses, net of related tax, and presented these items separately.

Flour

Bogasari Flour Mills became a division of Indofood on 30 June 1995. Opened in 1971, Bogasari is best known for its three core brands: Cakra Kembar, Kunci Biru and Segitiga Biru.

Bogasari also produces by-products in the form of bran, pollard for co-operatives and the animal feed industry, and industrial flour for the plywood industry. Almost half of all by-product sales are to export markets.

In December 1991, Bogasari established its Pasta Division, with a capacity of 60,000 metric tons per year, to produce a variety of pastas, 76.6 per cent of which is sold in export markets.

In 2000, Bogasari contributed 26.5 per cent of Indofood's turnover of US$1.5 billion, and 29.9 per cent of total operating profit of US$272.2 million.

Bogasari's principal business line, food flour, accounts for 75 per cent of its total sales volume. In addition to its wheat milling facilities, Bogasari has unparalleled technical support resources, including quality control laboratories, distribution jetties and ports, and training centers to meet the needs of milling professionals and consumers alike.

Domestic demand for flour reached 3.1 million metric tons in 2000, an increase of 18.8 per cent, and Bogasari, operating the largest flour facilities in the world, retained its market leader position.

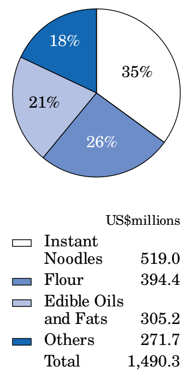
Since the Indonesian wheat milling market was deregulated in July 1998, Bogasari has moved beyond bulk milling to producing tailored consumer products for both commercial and domestic use. By offering a range of flour products to meet the wide-ranging manufacturing needs of noodle, bread, biscuit and snack producers, Bogasari has now captured 68 per cent of the market.

As a consequence, despite having to contend with fierce competition from cheaper, imported flour, Bogasari actually increased its sales volume by 24.8 per cent to 2.1 million metric tons. At an average price of Rupiah 1,895 per kilogram, this translated to a 21.9 per cent growth in turnover to Rupiah 3.4 trillion.

FOOD FLOUR ACCOUNTS FOR
75 PER CENT OF BOGASARI'S
TOTAL SALES VOLUME

With a declining rupiah, the cost of imported wheat rose. This, in turn, put pressure on Bogasari's gross margin, which closed the year at 27.2 per cent (1999: 28.6 per cent). The expansion of depot and warehouse facilities led to increased support costs, causing operating margin to decline from 23.9 per cent in 1999 to 20.7 per cent in 2000.

Indofood
Turnover



Edible Oils and Fats

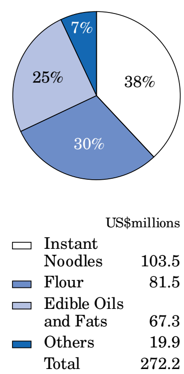
Indofood's Intiboga Sejahtera is the largest producer of cooking oil, margarine and shortening in Indonesia offering a range of branded products – Bimoli, Sunrise, Delima, Cornola, Happy Salad Oil, Simas, Amanda and Palmia – to meet the needs of households, hotels and industry. The Edible Oils and Fats division consists of two sub-divisions: Branded Products and Commodity Products.

Edible Oils and Fats contributed 20.5 per cent of Indofood's of US$1.5 billion turnover, and 24.7 per cent of total operating profit of US$272.2 million.

Modest growth in consumption helped sales volumes of Branded Products increase by 3.2 per cent in 2000 to 385.5 thousand metric tons. However, declining prices reduced the average selling price by 19.3 per cent to Rupiah 3,467 per kilogram and, as a consequence, sales revenue declined 14.3 per cent to Rupiah 941.9 billion. This translated to a 21.8 per cent decline in translated U.S. dollar terms. There was no significant change in either the gross or operating margin.

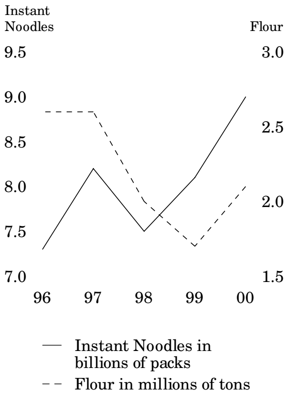
Commodity Products sales volume increased 24.0 per cent to 735.9 thousand metric tons. Underlying sales increased for both coconut oil (CNO) based products (up 25.5 per cent to 266.8 thousand metric tons) and crude palm oil (CPO) based products (up 23.1 per cent to 469.1 thousand metric tons). However, the average selling price of CNO declined by more than a third to Rupiah 2,370 per kilogram, while CPO prices declined 4.1 per cent to Rupiah 2,137 per kilogram, both declines adversely affecting sales revenues. As a consequence, rupiah sales revenue declined marginally over the year, and U.S. dollar translated revenues declined 8.9 per cent. There was no significant change in either the gross or operating margin.

Indofood
Operating Profit



All divisions recorded increased sales volumes in 2000

Indofood
Sales Volume



Others

Collectively, Indofood's Distribution, Food Seasonings, Baby Foods, Snack Foods and other businesses contributed 18.2 per cent of Indofood's US$1.5 billion turnover, and 7.3 per cent of total operating profit of US$272.2 million.

Distribution, which accounts for 11.8 per cent of total sales, recorded significant growth year on year. This stemmed from a 29.2 per cent increase in sales to Rupiah 1.5 trillion, and improved cost controls which enhanced the operating margin to 5.4 per cent (1999: 3.2 per cent).

Food Seasonings recorded a 12.6 per cent increase in sales volume which, together with increased prices, translated to a 28.6 per cent increase in revenues to Rupiah 230.2 billion. However, increased promotional activities eroded the operating margin to 10.7 per cent (1999: 14.9 per cent).

Baby Foods recorded a 52.5 per cent increase in sales volume to 15,831 metric tons. However, a change in product mix following the introduction of an economy range of products, resulted in sales revenues increasing by 41.2 per cent to Rupiah 211.4 billion. Both the gross (37.6 per cent) and operating (20.1 per cent) margins improved, while strong demand prompted capacity expansion during the year.

Snack Foods recorded a 29.1 per cent growth increase in sales volumes, to 6,411 metric tons, following the success of its ChiCheJetTen promotional campaign. This growth, coupled with price increases for Chitato and the introduction of new higher-end products, resulted in a 36.5 per cent increase in sales revenues to Rupiah 177.1 billion. Higher prices led to improved gross (37.6 per cent) and operating (20.4 per cent) margins.

Overview and Outlook

Indofood continues to grow from strength to strength. In a difficult year with a weakening rupiah, Indofood recorded increased sales volumes in all divisions, and was able to generate sufficient cash to repay some US$300 million of bank loans. This will help reduce Indofood's future exposure to a volatile rupiah, while reducing annual net financing charges by 10.3 per cent.

Looking ahead, Indofood continues to be a growth-oriented company. With its considerable expertise and strong cash flows, Indofood is well positioned to expand either organically or through acquisition.

INDOFOOD MAINTAINS 121 INSTANT NOODLE PRODUCTION LINES
IN 17 FACTORIES CAPABLE OF PRODUCING 13 BILLION PACKS A YEAR

PLDT

	Turnover			Profit		
	2000	1999		**2000**	1999*	
	US$m	US$m	% change	**US$m**	US$m	% change
Cellular	**287.7**	66.8	+330.7	**24.5**	48.3	-49.3
Fixed Line	**423.3**	417.9	+1.3	**(16.9)**	(166.5)	+89.8
Long Distance:						
International	**289.9**	378.1	-23.3	**136.4**	260.6	-47.7
National	**237.4**	257.3	-7.7	**209.6**	212.3	-1.3
Data and Other						
Network Services	**73.0**	47.3	+54.3	**20.4**	35.6	-42.7
Miscellaneous	**23.2**	17.3	+34.1	**0.6**	4.6	-87.0
Total	**1,334.5**	1,184.7	+12.6			
Operating profit				**374.6**	394.9	-5.1
Share of profits less losses of associates				**0.3**	(0.2)	–
Net borrowing costs				**(230.3)**	(220.4)	-4.5
Profit before taxation				**144.6**	174.3	-17.0
Taxation				**(62.7)**	(72.8)	+13.9
Profit after taxation				**81.9**	101.5	-19.3
Outside interests				**36.3**	29.6	+22.6
Profit for the year				**118.2**	131.1	-9.8
Preference share dividends				**(28.0)**	(28.0)	–
Profit attributable to ordinary shareholders				**90.2**	103.1	-12.5
Average shareholding				**22.1%**	17.5%	–
Contribution to Group profit				**25.6**	18.5	+38.4

* 1999 comparative figures have been restated to exclude the effect of exchange differences.

PLDT contributed US$25.6 million (1999: US$18.5 million) as a consequence of phenomenal growth in its Cellular revenues, and steady, sustained growth in Data and Other Network Services revenues.

THE PHILIPPINES IS THE TEXT MESSAGING CAPITAL OF THE WORLD

IN FACT, TEXT MESSAGES OUTNUMBER VOICE MESSAGES 10 TO ONE

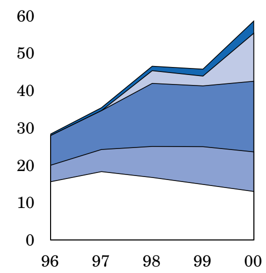
Cellular

PLDT's Cellular group consists of Smart and Piltel. PLDT's acquisition of Smart, in March 2000, greatly enhanced its cellular credentials and provided the platform for an alliance with Japan's NTT Communications, one of the world's largest telecommunications groups.

Recognizing the enormous potential of GSM, PLDT aggressively pursued the rollout of Smart's GSM service to gain market share. Significant network expansion costs were incurred, as were subscriber acquisition costs – relating to dealer commissions, handset subsidies and marketing costs – which peaked at Pesos 4,400 per subscriber in April 2000. As a consequence, Smart recorded substantial losses in the first and second quarters, returning to profitability in July 2000 when critical mass was achieved and subsidies declined. Over the year, some 2.1 million Smart GSM subscribers were added, equating to 178,000 subscribers per month on average. By the end of the year, reduced handset subsidies led to an 83

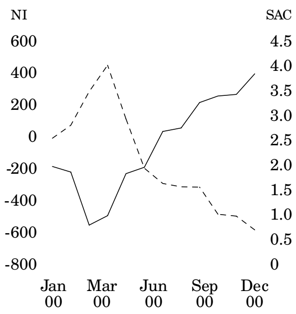
PLDT continues to diversify revenue streams, recording significant growth in Cellular and Data revenues

PLDT
Turnover
Pesos billions



Profitability improved dramatically as subscriber acquisition cost declined

PLDT
Net Income (Loss) vs. Subscriber Acquisition Cost



per cent decline in subscriber acquisition costs such that, by year-end, they stood at Pesos 691 per subscriber. This, however, did not impact subscriber uptake, which remained strong.

Piltel, a sister company of Smart, leveraged Smart's dominant market position to launch a tailored GSM service called Talk 'N Text in April 2000. Against a backdrop of unprecedented growth in text messaging, a feature available only through a digital service, Piltel targeted 'value for money' subscribers by offering select services and less expensive handsets. Together, these companies had, by year-end, built a GSM customer base of 2.7 million subscribers within a total cellular subscriber base of more than 3.5 million. In doing so, the PLDT Cellular group established itself as the largest and fastest growing mobile service in the Philippines.

Smart earns its revenues from subscriptions, international and domestic call charges, prepaid card sales, incoming call revenues, international roaming revenues and 'value added service' revenues. Fully 82 per cent of Smart's total revenues came from its GSM service. And 97 per cent of that amount comes from Smart's prepaid GSM service, Smart Buddy, which was launched in September 1999. ARPU for Smart Buddy declined over the year to Pesos 1,033 (1999: Pesos 2,313) reflecting a full year of operation and an expanding subscriber base that ended the year up 1,399 per cent at 2,263,322 subscribers (1999: 150,961 subscribers). Average monthly churn remains very low at 0.4 per cent.

Smart's postpaid GSM service, Smart Gold, which was launched in April 1999, recorded a 68 per cent increase in subscribers, ending the year with 67,683 subscribers (1999: 40,333 subscribers). For reasons similar to Smart Buddy, ARPU for Smart Gold declined to an average of Pesos 2,541, from Pesos 3,410 at year-end 1999. Monthly average churn was 3.4 per cent as subscribers switched to the prepaid service.

Smart's analog service, the backbone of growth during Smart's formative years, retains 527,474 subscribers (1999: 833,856 subscribers), despite the phenomenal demand for digital texting. Both ARPU and churn are weaker as analog subscribers migrate to digital services, with blended ARPU at Pesos 327 (1999: Pesos 712), and average blended churn at 3.9 per cent per month.

Piltel's subscriber base increased 44 per cent to close the year at 656,814 subscribers (1999: 456,957 subscribers). Its market-targeted Talk 'N Text service signed up 368,578 subscribers but, despite extraordinary subscriber growth, revenues did not enjoy comparable growth as Piltel's subscriber base shifted from postpaid to prepaid. ARPU for Piltel's GSM service, since its April 2000 launch, was Pesos 511.

Piltel's analog and CDMA prepaid services recorded a decline in subscribers (2000: 200,042 subscribers; 1999: 322,132 subscribers), however revenues held up well as ARPU increased to Pesos 367, from Pesos 352 a year earlier, as Piltel focused on churn management measures to retain subscribers. Postpaid subscribers declined to 88,194 (1999: 134,825 subscribers), with a comparable decline in revenues. Postpaid ARPU declined to Pesos 646 (1999: Pesos 1,233) as subscribers reduced usage despite rate cuts.

PLDT CELLULAR HAS 3.5 MILLION SUBSCRIBERS IN AN ESTIMATED TOTAL MARKET OF 6.3 MILLION SUBSCRIBERS

CELLULAR PENETRATION INCREASED FROM 3.6 TO 8.5 PER CENT IN 2000, REFLECTING ROBUST MARKET GROWTH

RECONCILIATION OF REPORTED PLDT PESO RESULTS TO FIRST PACIFIC GROUP US$ RESULTS

	2000 PESOS MILLIONS
AS REPORTED BY PLDT	1,108
DIFFERING ACCOUNTING TREATMENTS (1)	3,070
INTRAGROUP ITEMS (2)	1,000
ADJUSTED NET INCOME	5,178
	US$ MILLIONS
TRANSLATED AT AN AVERAGE RATE OF US$1:PESOS 44.7	115.8
CONTRIBUTION TO GROUP PROFIT, AT AN AVERAGE SHAREHOLDING OF 22.1%	25.6

(1) These adjustments arise because of differences in accounting for certain items under Philippine GAAP, as applied by PLDT, and Hong Kong GAAP, as applied by First Pacific. The most significant item in 2000 is the adjustment made regarding foreign exchange losses. Under Philippine GAAP, PLDT is permitted to capitalize and amortize exchange differences. Under Hong Kong GAAP, the treatment is to recognize such losses, even though unrealized, in the profit and loss account. In 2000, exchange differences are separately disclosed and accordingly no adjustment is necessary. However, an adjustment is required to reverse the amortization of PLDT's capitalized foreign exchange differences, as the originating exchange difference has already been written off by First Pacific. Other adjustments include:
• Preference dividends paid by PLDT: First Pacific's definition of 'net income' is after deduction of dividends. As such, the adjustment is for First Pacific to deduct recorded preference dividends.
• Fair value on acquisition: First Pacific made certain fair value adjustments on its acquisition of PLDT, such that certain PLDT assets are held at different values. As such, the adjustment is for First Pacific to reverse depreciation in relation to assets that First Pacific has already written down.
• PLDT's acquisition of Smart: Under Philippine GAAP, PLDT has 'pooled' Smart as if Smart has always been part of the PLDT group. As such, the adjustment is for First Pacific to reinstate Smart's quarter one losses (incurred prior to Smart being acquired by PLDT) as these losses are separately reported by First Pacific.
(2) These are standard consolidation adjustments to ensure that transactions between Group companies are eliminated to present the Group as a single economic entity.

Fixed Line

PLDT's Fixed Line business, which comprises the fixed line operations of PLDT, Smart, Piltel, PLDT Clark Telecom and Subic Telecom, recorded improved gross and operating revenues in 2000. Fixed Line added a net total of 118,526 lines excluding the 34,990 lines added as a result of PLDT's acquisition of Smart's fixed line service in September 2000. In addition, PLDT offered an innovative range of service options, including Quick Install and Quick Connect, which are designed to maximize fixed line usage by offering a three-day application-to-installation service in areas of excess capacity. To address billing and collection issues, PLDT launched Teletipid, the first prepaid fixed line service in the Philippines, in August 2000. It closed the year with 13,905 subscribers.

Long Distance

PLDT's international long distance call volumes grew by 117 per cent to 2,113.8 million billed minutes in 2000, up from 974.6 million billed minutes in 1999. Inbound call volumes surged by 134 per cent to 1,977.6 million billed minutes, while outbound call volumes increased by six per cent to 136.2 million billed minutes.

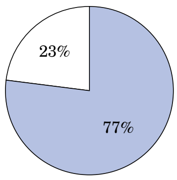
The strong growth in inbound call traffic was largely driven by PLDT's adoption of the benchmark international accounting rate of US$0.38 per minute on 1 January 2000, a year earlier than the date set by the U.S. Federal Communications Commission. PLDT also enjoyed considerable success in its efforts to identify and reduce the number of international simple resale operations that were being used to illegally bypass the local access charge system in the Philippines.

PLDT's international long distance revenues include income from foreign carriers delivering incoming international calls, billings to PLDT customers for outgoing international calls and access income from other Philippine carriers. Notwithstanding strong volume

PLDT's cellular subscriber base is now predominantly digital

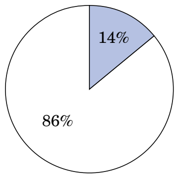
PLDT
Cellular Subscribers

2000



Digital	2,708,402
Analog	806,891
Total	3,515,293

1999



Digital	212,280
Analog	1,269,827
Total	1,482,107

SMART AND PILTEL AVERAGED ONE NEW GSM SUBSCRIBER EVERY 13 SECONDS

growth, these international long distance service revenues declined to US$289.9 million as a consequence of lower pricing on both inbound and outbound call traffic.

National long distance call volumes increased by 15 per cent to 3,255.3 million billed minutes in 2000. However, peso revenue growth was lower than call volume growth due to lower average revenues per call. This reflected a change in call mix in favor of more calls that are subject to revenue sharing with other carriers.

Data and Other Network Services

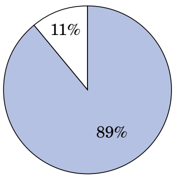
PLDT's data and networking revenues continued to grow in 2000, increasing 54 per cent over 1999 to US$73.0 million. Much of the growth came from a range of value-added and broadband services. One such initiative is @ctiveBill, an online service that enables corporate customers to make payments over the Internet using a variety of access devices including cell phones, personal computers and even cable televisions. To support the growing demand for these services, PLDT has begun to 'broadband' its legacy copperwire network with the introduction of ADSL technology in certain commercial and residential districts of Metro Manila.

Because the further development of this business is key to PLDT's revenue diversification strategy, the company formally incorporated ePLDT in August 2000 as the principal corporate vehicle for its Internet, e-commerce and multimedia initiatives and ventures including Home Cable. Following its inception, ePLDT established VITRO, an Internet Data Center that provides co-location services, hosting, business continuity services, security solutions and applications services with secure and reliable high bandwidth Internet access for its customers.

The majority of cellular customers opt for prepaid

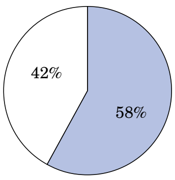
PLDT
Cellular Subscribers

2000



▭	Prepaid	3,114,471
▭	Postpaid	400,822
	Total	3,515,293

1999



▭	Prepaid	858,812
▭	Postpaid	623,295
	Total	1,482,107

Overview and Outlook

PLDT is successfully reducing its dependence on 'traditional' sources of revenue and now offers a broader and improved range of products and services to maintain its market leadership. Through diversification, it has tapped into wireless and data revenues that will be central to PLDT's next cycle of growth, and established ePLDT to drive longer-term growth. Fixed line is likely to record steady growth and be a source of strong cash generation. Cellular growth is expected to continue, with estimates placing the potential market at 18 million. And ePLDT will facilitate PLDT's future growth through the development of Internet and media-related businesses.

Smart

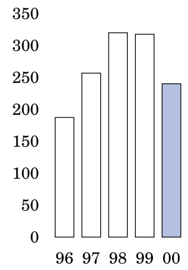
Smart contributed a loss of US$9.0 million for the first quarter of 2000 prior to its merger with PLDT. The loss stemmed from substantial subscriber acquisition costs incurred as Smart aggressively rolled out its GSM service.

Metro Pacific

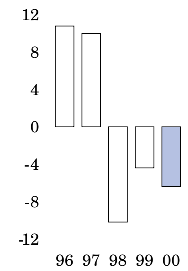
	Turnover			Profit		
	2000 US$m	1999 US$m	% change	**2000 US$m**	1999* US$m	% change
Property:						
Bonifacio Land	**71.9**	121.5	-40.8	**21.7**	50.1	-56.7
Pacific Plaza Towers	**70.7**	63.5	+11.3	**14.7**	15.5	-5.2
Landco Pacific	**10.3**	15.7	-34.4	**4.7**	5.6	-16.1
Subtotal	**152.9**	200.7	-23.8	**41.1**	71.2	-42.3
Consumer Products	**3.9**	28.2	-86.2	**0.1**	0.7	-85.7
Packaging	**34.9**	39.1	-10.7	**2.6**	4.2	-38.1
Transportation	**48.3**	49.5	-2.4	**0.1**	(4.9)	–
Corporate overheads	**–**	–	–	**(2.6)**	(2.0)	-30.0
Total	**240.0**	317.5	-24.4			
Operating profit				**41.3**	69.2	-40.3
Share of profits less losses of associates				**(7.0)**	(11.6)	+39.7
Net borrowing costs				**(28.2)**	(32.0)	+11.9
Profit before taxation				**6.1**	25.6	-76.2
Taxation				**(8.5)**	(0.5)	-1,600.0
(Loss)/profit after taxation				**(2.4)**	25.1	–
Outside interests				**(4.0)**	(29.5)	+86.4
Contribution to Group profit				**(6.4)**	(4.4)	-45.5

* 1999 comparative figures have been restated to exclude the effect of exchange differences.

Metro Pacific
Turnover
US$millions



Metro Pacific
Contribution
US$millions



Metro Pacific returned a loss of US$6.4 million in 2000, against a loss of US$4.4 million for 1999. These results include Metro Pacific's non-property businesses, which were classified under Consumer and Banking in 1999.

This decline reflects an array of factors that have contributed to the 40.3 per cent decline in operating profit to US$41.3 million (1999: US$69.2 million). Increased taxes, primarily at Fort Bonifacio, further eroded the year on year performance. However, losses from associates shrank significantly on an improved performance from First e-Bank. Net finance charges also declined as Metro Pacific repaid debt with proceeds from asset disposals.

Property

Metro Pacific is now a property-focused company, following the disposal of its eight per cent interest in PLDT, to First Pacific, and disposals of its subsidiaries Metrovet, Inc. and Steniel Manufacturing Corporation. Today, more than 90 per cent of Metro Pacific's balance sheet relates to property assets, principally a 66.2 per cent interest in Bonifacio Land Corporation, a 60.0 per cent interest in Landco Pacific, and a 100.0 per cent interest in Pacific Plaza Towers.

Correspondingly, Property contributed 63.7 per cent of Metro Pacific's 2000 turnover of US$240.0 million, and 99.5 per cent of its total operating profit of US$41.3 million.

Bonifacio Land, in a 55/45 per cent partnership with the Philippine Government's Bases Convention Development Authority in the Fort Bonifacio Development Corporation (FBDC), is tasked with developing the former military base, Fort Bonifacio, into the Bonifacio Global City. Bordered by Manila's three key arterial roads, the Global City is set to become the new business center for Manila, covering 440 contiguous hectares. Its location affords swift and easy access to both the international airport and Makati, Manila's current business district less than two kilometers away.

A 25-year project, the development of Fort Bonifacio began in 1996. Since then, FBDC has recognized aggregate earnings in excess of Pesos 9.2 billion. The first phase of development focused on infrastructure and utility installation. This phase, known as 'Big Delta,' covered some 57 hectares of land and was completed on schedule in April 2000.

Bonifacio Land recorded lower results as the completion of Big Delta prompted the recognition of remaining revenues and profits from previous years' land sales. No further land sales were concluded in 2000.

Progress on the project continues. Key access routes were completed during the year, and work started on 'Expanded Big Delta,' as well as the technology zone 'E-Square.' The Bonifacio Ridge residential condominium complex reached third-floor level by year-end, and almost half of its 288 units have been pre-sold.

Pacific Plaza Towers, Metro Pacific's signature residential development at the Global City, was completed and now has its first residents. By year-end, over half of the 393 units were sold, accounting for increased turnover. However, operating margins came under pressure as economic conditions declined due to political uncertainty, and the subdued property market became entrenched.

The prevailing weak economic conditions also affected Landco Pacific, the residential resort development subsidiary of Metro Pacific, resulting in a decline in Landco's sales and profits.

SINCE 1996, FORT BONIFACIO DEVELOPMENT CORPORATION HAS DELIVERED PESOS 9.2 BILLION IN CONSOLIDATED NET EARNINGS

RECONCILIATION OF REPORTED METRO PACIFIC PESO RESULTS TO FIRST PACIFIC GROUP US$ RESULTS

	2000 PESOS MILLIONS
AS REPORTED BY METRO PACIFIC	2,246
INTRAGROUP ITEMS (1)	(4,664)
NON-RECURRING ITEMS (2)	1,069
FOREIGN EXCHANGE (3)	454
REALLOCATION OF SHARE OF SMART'S RESULTS (4)	370
DIFFERING ACCOUNTING TREATMENTS (5)	168
ADJUSTED NET LOSS	(357)
	US$ MILLIONS
TRANSLATED AT AN AVERAGE RATE OF US$1:PESOS 44.7	(8.0)
CONTRIBUTION TO GROUP PROFIT, AT AN AVERAGE SHAREHOLDING OF 80.6%	(6.4)

(1) These are standard consolidation adjustments to ensure that transactions between Group companies are eliminated to present the Group as a single economic entity. In 2000, this principally related to eliminating an intra-Group gain on Metro Pacific's sale of its 8.0 per cent interest in PLDT.
(2) Certain items, through occurrence or size, are not considered usual, operating items. In order to illustrate underlying recurring operational results, such items are reallocated and presented separately. Adjustments for 2000 related to gains on disposals and investments provisions.
(3) To illustrate underlying operations, contribution from operations is shown before exchange differences. As such, First Pacific has excluded exchange losses, net of related tax, and presented these items separately.
(4) Reallocation as the combined interest of First Pacific and Metro Pacific, in Smart, is separately disclosed.
(5) These adjustments arise because of differences in accounting for certain items under Philippine GAAP, as applied by Metro Pacific, and Hong Kong GAAP, as applied by First Pacific. The most significant item in 2000 related to the reconciliation of deferred tax.

Others

The decline in Metro Pacific's Consumer businesses principally reflects disposals as the company pursues its pure property strategy.

Packaging's 10.7 per cent decline in turnover more reflects translation effects, as operations performed steadily prior to the disposal of these businesses in 2000. The average peso rate declined to Pesos 44.7 to the U.S. dollar from Pesos 39.3 a year earlier. However, escalating costs for paper pulp further deteriorated operating profit.

Translation also obscured an improved performance in Transportation, which recorded approximately a 10 per cent increase in peso-denominated turnover, despite strong competition. Although successive price increases contributed to this growth, rising fuel costs eroded operating profit.

Overview and Outlook

Metro Pacific has met the challenges imposed by an uncertain economy and operating environment. The company has adjusted and refined progress on its projects to ensure optimal use of resources while furthering the long-term objectives of each development. In particular, despite many impinging factors, steady progress continues to be made at Fort Bonifacio. Infrastructure and vertical developments are progressing, and several developments that will enhance the site's critical mass are scheduled to culminate in 2001. These include the opening of HatchAsia's Global City Center and Rufino-Dupasquier's Net-One Center in E-Square, the opening of key retail developments S&RPrice and Bonifacio StopOver, and the completion of Bonifacio Ridge. As political uncertainty subsides and market confidence returns, the property market is likely to show signs of recovery.

FORT BONIFACIO'S 11-KILOMETER UNDERGROUND FIBER OPTIC NETWORK WILL SUPPORT EVERYTHING FROM TELEPHONE SERVICES TO THE MOST DEMANDING INTERACTIVE VIDEO AND DATA TRAFFIC

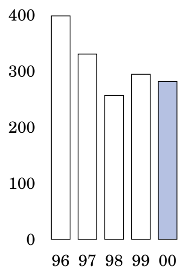
PHILIPPINE ECONOMIC ZONE APPROVAL GRANTS INCENTIVES TO BUSINESSES THAT LOCATE IN E-SQUARE. THESE INCLUDE INCOME TAX HOLIDAYS, EXEMPTIONS FROM ALL LOCAL GOVERNMENT TAXES, AND EXEMPTIONS FROM DUTIES AND TAXES ON IMPORTED CAPITAL EQUIPMENT

Berli Jucker

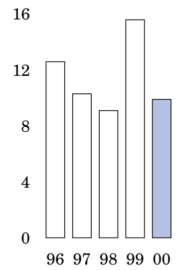
	Turnover			Profit		
	2000	1999		**2000**	1999	
	US$m	US$m	% change	**US$m**	US$m	% change
Packaging and Consumer Products	**183.3**	204.6	-10.4	**17.0**	32.3	-47.4
Technical Products and Imaging	**90.6**	81.9	+10.6	**3.4**	3.4	–
Others/corporate	**7.4**	7.7	-3.9	**(1.4)**	(3.8)	+63.2
Total	**281.3**	294.2	-4.4			
Operating profit				**19.0**	31.9	-40.4
Share of profits less losses of associates				**–**	0.4	–
Net borrowing costs				**(2.7)**	(4.4)	+38.6
Profit before taxation				**16.3**	27.9	-41.6
Taxation				**(3.8)**	(8.7)	+56.3
Profit after taxation				**12.5**	19.2	-34.9
Outside interests				**(2.6)**	(3.6)	+27.8
Contribution to Group profit				**9.9**	15.6	-36.5

Berli Jucker contributed US$9.9 million to the Group in 2000, down 36.5 per cent from the US$15.6 million reported in 1999. A substantial part of the reduction in sales and contribution, in U.S. dollar terms, was due to a weakening of the baht. In baht terms, Berli Jucker achieved revenue growth of five per cent which translates, in U.S. dollar terms, to a reduction of 4.4 per cent.

Berli Jucker
Turnover
US$millions



Berli Jucker
Contribution
US$millions



BERLI JUCKER'S OPERATIONS INCLUDE

BJC GLASS, LEADING MANUFACTURER OF GLASS PRODUCTS; BERLI PROSPACK, MANUFACTURER OF RIGID PLASTIC CONTAINERS; BJC CELLOX, MANUFACTURER AND MARKETER OF MARKET-LEADING CELLOX AND ZILK BRAND TISSUE PAPER; RUBIA INDUSTRIES, MANUFACTURER AND MARKETER OF SOAPS AND SHAMPOOS; BJC FOODS, LEADING PRODUCER OF POTATO CRISPS AND SNACK FOODS

Packaging and Consumer Products

Berli Jucker's largest businesses, Packaging and Consumer Products, contributed 65.2 per cent of its turnover of US$281.3 million and 89.5 per cent of its total operating profit of US$19.0 million.

The Packaging business supplies glass and rigid plastic containers to a small group of major customers. Consumer Products markets the company's range of branded products, as well as providing manufacturing, marketing, and distribution services to third parties.

In 2000, Packaging recorded a 19 per cent decline in the sale of glass containers. Second-hand bottle usage increased in the beer sector, leading to a 49 per cent decline in the production of beer bottles. Because whisky distributors built up inventory in late 1999 in anticipation of the government's liberalization of the whisky market, demand for bottles was notably lower in 2000. However, sustained, notable growth was recorded in the food, energy drink, soft drink, and wine cooler sectors. Packaging sales were also affected by the deconsolidation of rigid plastic container manufacturer Berli Prospack, as Berli Jucker diluted its interest in this company.

Gross and operating margins were adversely affected by the decline in sales revenues, a 52 per cent increase in fuel oil costs and increased depreciation costs following furnace rebuilds undertaken at the start of the year.

Sales of Consumer products increased, as the Cellox and Zilk tissue brands gained market share. BJC Cellox recorded a 37 per cent growth in tissue paper sales, establishing itself as the market leader. In addition, BJC Cellox expanded its presence in the Hong Kong and Indochina markets. Gross margins declined during the year as the cost of local and imported paper pulp increased by 38 per cent and fuel oil increased by 52 per cent. Although BJC Cellox increased its selling prices in response, these were insufficient to fully offset these additional costs.

BJC Foods recorded increased sales in 2000, with Tasto enjoying a 55 per cent volume increase. However, adverse weather conditions caused a shortage of potatoes thereby limiting its growth potential.

Technical Products and Imaging

This segment recorded a 10.6 per cent increase in turnover to US$90.6 million. BJC Specialties, the chemical products marketing and distribution arm, enjoyed a successful year despite facing pricing pressure from low-cost refrigerant products, and achieved significant growth in its food ingredients and cosmetic businesses by adding new agencies.

BJC Medical also benefited from strong sales growth with sustained demand for its specialist pharmaceutical products. However, while Imaging recorded a reasonable increase in the sales of its technical imaging equipment, BJC Engineering had a difficult year as a direct consequence of the continued economic recession.

Growth in turnover did not translate to a corresponding growth in operating profit, which remained broadly unchanged, as pricing pressures at Imaging eroded operating margins.

BERLI JUCKER IS THE LEADING INDEPENDENT SUPPLIER OF GLASS CONTAINERS IN THAILAND WITH A MARKET SHARE OF APPROXIMATELY 40 PER CENT

Overview and Outlook

Berli Jucker has weathered difficult economic and industry specific conditions. Despite these challenges, the company was able to repay US$47.1 million of loans in 2000, which had the added benefit of reducing net borrowing costs by 38.6 per cent, and paid a special interim cash dividend totaling US$61.9 million in 2000. Berli Jucker's proven ability to manage its businesses in a challenging operational environment, while refining its portfolio of assets, positions it well for future growth.

RECONCILIATION OF REPORTED BERLI JUCKER BAHT RESULTS TO FIRST PACIFIC GROUP US$ RESULTS

	2000 BAHT MILLIONS
AS REPORTED BY BERLI JUCKER	535
NON-RECURRING ITEMS (1)	(55)
ADJUSTED NET INCOME	480
	US$ MILLIONS
TRANSLATED AT AN AVERAGE RATE OF US$1:BAHT 40.4	11.9
CONTRIBUTION TO GROUP PROFIT, AT AN AVERAGE SHAREHOLDING OF 83.5%	9.9

(1) Certain items, through occurrence or size, are not considered usual, operating items. To illustrate underlying recurring operational results, such items are reallocated and presented separately. Adjustments for 2000 related to the reclassification of disposal and dilution gains.

Darya-Varia

	Turnover			Profit		
	2000	1999		**2000**	1999*	
	US$m	US$m	% change	**US$m**	US$m	% change
Manufacturing and Marketing	**32.3**	31.6	+2.2	**5.3**	11.5	-53.9
Distribution	**53.0**	45.7	+16.0	**1.4**	1.5	-6.7
Others/corporate	**(34.8)**	(31.6)	-10.1	**(0.6)**	(7.9)	+92.4
Total	**50.5**	45.7	+10.5			
Operating profit				**6.1**	5.1	+19.6
Net borrowing costs				**(0.2)**	(0.1)	-100.0
Profit before taxation				**5.9**	5.0	+18.0
Taxation				**(0.5)**	1.1	–
Profit after taxation				**5.4**	6.1	-11.5
Outside interests				**(0.4)**	(0.5)	+20.0
Contribution to Group profit				**5.0**	5.6	-10.7

* 1999 comparative figures have been restated to exclude the effect of exchange differences.

Darya-Varia contributed US$5.0 million to the Group in 2000, down 10.7 per cent from the US$5.6 million reported in 1999.

Over the last two years, Darya-Varia has effected a restructuring program, which has reduced its product lines from over 600 to 250, and implemented enhanced management systems that provide appropriate and accurate information on demand.

Working with fewer, more profitable product lines enabled Darya-Varia to increase turnover by 21.2 per cent to Rupiah 430.7 billion in 2000 – a 10.5 per cent increase in U.S. dollar terms to US$50.5 million.

RECONCILIATION OF REPORTED DARYA-VARIA RUPIAH RESULTS TO FIRST PACIFIC GROUP US$ RESULTS

	2000 RUPIAH MILLIONS
AS REPORTED BY DARYA-VARIA	(16,122)
FOREIGN EXCHANGE (1)	25,707
INTRAGROUP ITEMS (2)	22,408
DIFFERING ACCOUNTING TREATMENTS (3)	15,206
ADJUSTED NET INCOME	47,199

	US$ MILLIONS
TRANSLATED AT AN AVERAGE RATE OF US$1:RUPIAH 8,523	5.5
CONTRIBUTION TO GROUP PROFIT, AT AN AVERAGE SHAREHOLDING OF 89.5%	5.0

(1) To illustrate underlying operations, contribution from operations is shown before exchange differences. As such, First Pacific has excluded exchange losses, net of related tax, and presented these items separately.
(2) These are standard consolidation adjustments to ensure that transactions between Group companies are eliminated to present the Group as a single economic entity.
(3) These adjustments arise because of differences in accounting for certain items under Indonesian GAAP, as applied by Darya-Varia, and Hong Kong GAAP, as applied by First Pacific. The principal adjustments related to differing accounting treatments for deferred tax and goodwill.

Manufacturing and Marketing

Darya-Varia operates two manufacturing facilities in the greater Jakarta area that produce a range of products, including soft capsules, syrups, dry syrups, tablets, dragees, lozenges, creams and ointments, injectables, eye drops and contact lens care solutions.

Darya-Varia's increased turnover in 2000 was largely driven by increased sales volume as redeployed marketing teams identified and tapped into more profitable markets such as medical specialty groups. Prescription sales volumes increased 18.3 per cent, and over-the-counter (OTC) sales volumes grew by 29.3 per cent. Sales uniquely reflected industry product mix, with prescription accounting for two-thirds and OTC for one-third. Darya-Varia's OTC brands have been independently ranked as best performers in their categories.

Improved inventory management, as well as increased capacity for the production of soft capsules and strip products, greatly enhanced manufacturing operations. Being dependent on imported raw materials, input costs rose sharply as the rupiah weakened. However, operational efficiencies partly offset input cost increases, as well as the higher marketing expenses that were incurred to support additional sales. Accordingly, gross margin was maintained, but operating margin declined to 16.4 per cent.

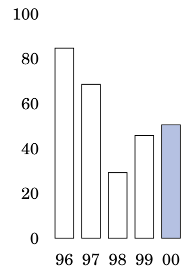
Distribution

PT Wigo Distribusi Farmasi has greatly improved its productivity by offering a superior distribution coverage and improved service to principals. With its activities supported by a new management information system linking all 28 branches, Wigo is now able to manage sales and order processing online. Through these enhancements, Distribution was able to achieve a 16.0 per cent growth in turnover to US$53.0 million.

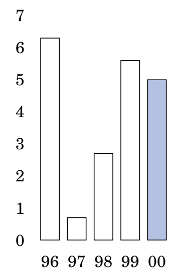
Overview and Outlook

Darya-Varia endured a difficult year in which a declining rupiah eroded earnings. However, as a newly restructured and streamlined company, Darya-Varia is poised for its next cycle of growth as it aggressively steps up market activity to gain market share.

Darya-Varia
Turnover
US$millions



Darya-Varia
Contribution
US$millions



PRODUCT LINES
HAVE BEEN REDUCED
TO 250
FROM OVER 600

Escotel

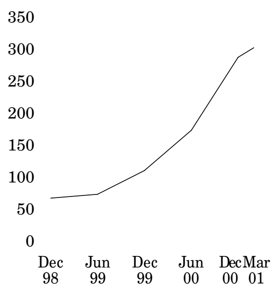
	Turnover			Profit		
	2000	1999		**2000**	1999*	
	US$m	US$m	% change	**US$m**	US$m	% change
Cellular	**35.7**	21.6	+65.3			
Operating loss				**(2.7)**	(7.3)	+63.0
Net borrowing costs				**(21.4)**	(18.4)	-16.3
Loss for the year				**(24.1)**	(25.7)	+6.2
Average shareholding				**49.0%**	49.0%	–
Group share of loss				**(11.8)**	(12.6)	+6.3

* 1999 comparative figures have been restated to exclude the effect of exchange differences.

Escotel contributed a loss of US$11.8 million in 2000, marginally better than last year. Based in New Delhi, Escotel provides GSM cellular telephone services in Uttar Pradesh (West), Haryana and Kerala.

Turnover increased 65.3 per cent as the company rapidly grew its subscriber base by over 160 per cent to close the year with 286,800 subscribers, up from 110,200 subscribers at the end of 1999. Despite increased promotional costs and subsidies, operating losses were narrowed through increased subscriber revenues. The take-up of prepaid schemes fueled the rapid growth in subscribers, which resulted in a decline in average monthly subscriber revenues from US$18.7 in 1999 to US$15.2 in 2000. However, churn and collection issues have improved greatly and, with the completion of a major debt refinancing exercise to secure long-term funding, Escotel is expected to achieve cash break-even in 2001.

Escotel
Subscriber Numbers
thousands



ESCOTEL'S SUBSCRIBERS
MORE THAN DOUBLED
OVER 2000

FPDSavills

	Turnover			Profit		
	2000 US$m	1999 US$m	% change	**2000 US$m**	1999 US$m	% change
Property Investment	**0.5**	0.5	–	**0.4**	0.2	+100.0
Property Services	**36.7**	152.4	-75.9	**0.6**	7.1	-91.5
Business Services	**–**	14.5	–	**–**	1.0	–
Corporate overheads	**–**	–	–	**(0.5)**	(4.0)	+87.5
Total	**37.2**	167.4	-77.8			
Operating profit				**0.5**	4.3	-88.4
Share of profits less losses of associates				**8.3**	8.5	-2.4
Net borrowing costs				**0.3**	(0.3)	–
Profit before taxation				**9.1**	12.5	-27.2
Taxation				**(2.8)**	(3.8)	+26.3
Profit after taxation				**6.3**	8.7	-27.6
Outside interests				**(0.3)**	(1.0)	+70.0
Contribution to Group profit				**6.0**	7.7	-22.1

FPDSavills' contribution declined 22.1 per cent over the year. This reflects one-quarter of Property Services earnings from First Pacific Davies, which was combined with Savills plc in April 2000, and earnings from associate international property services company, Savills plc, for the 12-month period ended 31 October 2000. Although income from associates marginally declined, earnings from Savills plc, itself, improved year on year. Business Services reflects Guardforce earnings prior to its disposal in February 1999.

As Savills plc reported its results for the eight months ended 31 December 2000 after First Pacific, profits for November and December 2000 will be included in the First Pacific Group's 2001 results. On 12 March 2001, First Pacific disposed of its entire remaining interest in Savills plc.

Disposed Businesses

First Pacific Bank contributed US$13.9 million to the Group prior to its disposal on 28 December 2000, and **SPORTathlon** contributed a loss of US$0.4 million prior to its disposal on 29 June 2000.

Infrontier

Infrontier is a business solutions provider that enables Asian businesses to focus on their core competencies by offering Internet-based applications and services designed for the specific needs of the Asian business environment.

Infrontier provides integrated solutions across the business value chain, assuming full responsibility for the hosting, management, operation, and maintenance of applications and software. In doing so, Infrontier provides its clients with a fast, cost-effective means of improving business performance, while linking client businesses with partners, customers, suppliers and employees.

Combining the strengths of First Pacific – industry experience, market penetration, relationships and business expertise – with the most advanced technologies and e-commerce processes, Infrontier is initially delivering its solutions in China, Hong Kong, Indonesia, the Philippines, Singapore and Thailand, with future expansion planned for India, Korea, Malaysia, Australia and Taiwan.

Infrontier solutions comprise a complete, integrated suite of applications in a hosted environment, including:

- Supply chain management
- Electronic remote order entry system
- Warehouse management system
- Service management system
- Business-to-business, Internet-based digital marketplaces
- Enterprise resource planning
- Customer relationship management
- Mobile commerce solutions
- E-business consulting
- Systems integration

Infrontier is expected to reach profitability by year-end 2003.

Corporate Governance and Financial Review p. 37

contents

Corporate Governance

GOVERNANCE FRAMEWORK

The Company is committed to a policy of transparency and full disclosure in its business operations and relationships with its shareholders and regulators. It has complied throughout the year with the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") issued by The Stock Exchange of Hong Kong Limited.

The Board meets formally at least four times a year. The Executive Directors are responsible for the day-to-day management of the Company's operations. In addition, there are regular meetings with the senior management of the Company's subsidiary and associated companies, at which Group strategies and policies are formulated and communicated.

As a decentralized organization in which local management have substantial autonomy to run and develop their businesses, the Group views well developed reporting systems and internal controls as essential. The Board of Directors plays a key role in the implementation and monitoring of internal financial controls. Their responsibilities include:

- Regular board meetings focusing on business strategy, operational issues and financial performance.

- Active participation on the Boards of subsidiary and associated companies.

- Approval of annual budgets for each operating company covering strategy, financial and business performance, key risks and opportunities.

- Monitoring the compliance with applicable laws and regulations, and also with internal policies with respect to the conduct of business.

- Monitoring the quality, timeliness, relevance and reliability of internal and external reporting.

To enable the Company's Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

The Company's Audit Committee is composed of two independent Non-executive Directors and written terms of reference which describe the authority and duties of the Audit Committee are regularly reviewed and updated by the Board. The Audit Committee reports directly to the Board of Directors and reviews matters within the purview of audit, such as Financial Statements and internal controls, to protect the interests of the Company's shareholders. The Audit Committee meets regularly with the Company's external auditors to discuss the audit process and accounting issues, and review the effectiveness of internal controls and risk evaluation.

The Company's governance framework is applied as appropriate throughout the Group.

INTERNAL FINANCIAL CONTROL

The Directors are required to prepare for each financial year Financial Statements which give a true and fair view of the state of affairs of the Company and of the Group at the end of the year, and of the profit and cash flows for the year to that date.

The Company's management has prepared the Financial Statements and related notes on pages 59 to 93 in conformity with the disclosure requirements of the Hong Kong Companies Ordinance, disclosure provisions of the Listing Rules and accounting principles generally accepted in Hong Kong. These Financial Statements include amounts that are based on management's best estimates and judgments. The financial information appearing throughout the 2000 Annual Report is consistent with that in the Financial Statements.

The financial control systems implemented by the management of the Company are designed to provide reasonable assurance that assets are safeguarded and transactions are recorded to permit the preparation of appropriate financial information. The systems in use provide such assurance, supported by the careful selection and training of qualified personnel, the establishment of organizational structures providing an appropriate and well defined division of responsibilities, and the communication of policies and standards of business conduct throughout the Group.

COMMUNICATIONS WITH SHAREHOLDERS

First Pacific encourages an active and open dialogue with all the Company's shareholders, private and institutional, large and small. The Board of Directors acknowledges that its role is to represent and promote the interests of shareholders and that its members are accountable to shareholders for the performance and activities of the Company. As such First Pacific is always responsive to the views and preferences of its shareholders.

The formal channels of communication with shareholders are principally through the Annual Report and the Annual General Meeting (AGM). The Annual Report seeks to communicate, both to shareholders and the wider investment community, developments in the Company's businesses over the previous financial year. In addition, strategic goals for the coming year are set and management's performance against predetermined objectives are reported and assessed. All of these initiatives are designed to better inform shareholders and potential investors about the Company's activities and strategic direction.

The AGM is the principal forum for formal dialogue with shareholders, where the Board is available to answer questions, both about specific resolutions being proposed at the meeting and also about the Group's business in general. In addition, where appropriate the Company convenes Special General Meetings to approve transactions in accordance with the Listing Rules and the Company's corporate governance procedures. These provide further opportunities for shareholders to comment and vote on specific transactions.

DIRECTORS' REMUNERATION

The remuneration of Executive Directors is determined annually by the Executive Chairman and certain Non-executive directors who are advised by compensation and benefits consultants. The Executive Chairman's remuneration is subject to review by Non-executive Directors representing the major shareholder. Non-executive Directors' fees and emoluments are determined annually by the Executive Chairman.

Executive Directors' entitlement to share options and option exercise prices are determined by a Special Compensation Committee of the Board.

Details of Directors' remuneration for the year are set out in Note 31(A) to the Financial Statements.

Financial Review

SHAREHOLDER VALUE

INVESTMENT PHILOSOPHY

First Pacific is a long-term investor in leading Asian blue chip companies which command a dominant market position in their respective industries. Over the past three years, the Company has implemented this philosophy through the divestment of certain mature businesses and the reinvestment of the proceeds in Asian operations which have greater growth potential.

First Pacific's principal investment objective is to provide shareholders with attractive long-term returns. Despite the obvious political and economic difficulties encountered during 2000 in the countries in which the Company has its major investments, management remains confident of long-term value creation. The steep declines in the equity markets of Indonesia, the Philippines and Thailand during 2000 has inevitably had a negative impact on the Company's underlying net asset value, and a consequent impact on its share price.

Accordingly, the return to shareholders during 2000 has been very disappointing, particularly in the context of the Company's past record. Nevertheless, First Pacific has invested in excellent companies which continue to prosper operationally even in the current challenging circumstances. Management remains focused on improving the operating capabilities of the Group's businesses to ensure that they are well positioned to take advantage of opportunities which will arise once economic and political conditions improve.

EARNINGS

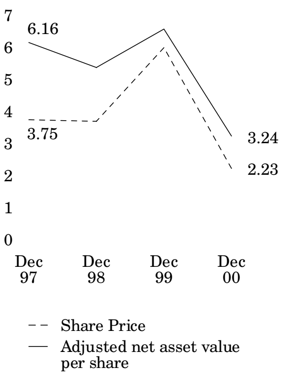
Recurrent profitability before exchange differences, a traditional gauge of progress in generating returns for shareholders, rose 23.2 per cent to US$51.0 million, reflecting the impact of net acquisitions and the improved operating performance of certain Group companies. On a per-share basis, the Group recorded recurrent earnings of U.S. 1.74 cents (HK 13.57 cents) per share, an improvement of 8.8 per cent from 1999. This reflects a stronger profit performance and an expanded equity base due to the issue of shares during the year to fund the acquisition of a further 8.0 per cent interest in Indofood.

The Group's profitability has, in part, been constrained as a result of value creating measures taken at certain operating companies, the benefit of which has not been reflected in 2000. For example, in late 1999 Smart took a strategic decision to compete aggressively in the Philippine GSM cellular market which resulted in significant marketing costs being incurred in the first half of 2000. The return on Smart's investment in the GSM market will be reflected in PLDT's future earnings as a result of its substantial share of this growing market.

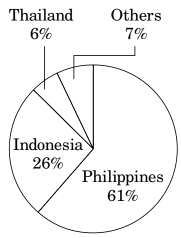
SHAREHOLDERS' EQUITY

Shareholders' equity at 31 December 2000 amounted to US$365.5 million compared to US$591.5 million at 31 December 1999, a decrease of 38.2 per cent. On a per-share basis, shareholders' equity in 2000 fell to U.S. 11.6 cents from U.S. 20.3 cents in 1999, primarily due to an adverse exchange reserve movement (US$163.2 million) and the write-off of goodwill principally on the acquisition of additional interests in PLDT and Indofood (US$169.8 million).

Share Price vs. Adjusted Net Asset Value Per Share
HK$



Adjusted Net Asset Value by Country – 31 December 2000



	US$millions
Philippines	898.0
Indonesia	380.4
Thailand	80.6
Others	102.9
Total	1,461.9

ADJUSTED NET ASSET VALUE AND INVESTED CAPITAL

The underlying worth of the Group can also be assessed by computing the adjusted net asset value of each separate business as determined by its quoted share price or, in cases where a company is not listed, its book carrying cost.

Using this approach, First Pacific's adjusted net asset value, on a per-share basis, on 31 December 2000 stood at US$0.42 or HK$3.24. Our closing share price on that day was HK$2.23, a discount of 31.3 per cent compared to the adjusted net asset value. Calculated on a pro forma basis at 5 March 2001, the Group's share price of HK$2.20 represented a discount of 33.5 per cent compared to the adjusted net asset value.

The following table summarizes the Company's adjusted net asset value, calculated at 31 December 2000 and on a pro forma basis at 5 March 2001, together with the Company's invested capital at 31 December 2000.

ADJUSTED NET ASSET VALUE PER SHARE

	Basis	Adjusted NAV 5 March 2001 US$m	**31 December 2000** Adjusted NAV US$m	**31 December 2000** Invested capital US$m
CONSUMER				
Indofood	(i)	402.3	**353.1**	706.6
Berli Jucker	(i)	74.1	**80.6**	164.2
Darya-Varia	(i)	24.7	**27.3**	52.4
TELECOMMUNICATIONS				
PLDT	(i)	691.1	**717.9**	1,247.8
Escotel	(ii)	63.0	**63.0**	63.0
PROPERTY				
Metro Pacific	(i)	186.3	**180.1**	648.8
Savills	(i)	49.2	**39.9**	34.1
HEAD OFFICE				
– Net indebtedness		(150.0)	**(150.0)**	(150.0)
– Other liabilities		(8.6)	**(8.6)**	(8.6)
TOTAL VALUATION	(iii)	1,332.1	**1,303.3**	2,758.3
NUMBER OF ORDINARY SHARES IN ISSUE (millions)		3,139.8	**3,139.8**	3,139.8
Value per share				
– U.S. dollar		0.42	**0.42**	0.88
– HK dollars		3.31	**3.24**	6.85
Company's closing share price (HK$)		2.20	**2.23**	2.23
Share price discount to HK$ value per share (%)		33.5	**31.3**	67.5

(i) Based on quoted share prices applied to the Company's economic interest.
(ii) Based on investment cost less provisions.
(iii) No value has been attributed to the Group's telecom investment in Indonesia or other sundry investments.

The above table shows that First Pacific is currently trading at a discount of approximately 30 per cent to the Company's underlying net asset value ("NAV"). In addition, the total current market value of its investments is over 50 per cent below acquisition cost.

As an investment holding company, First Pacific has historically traded at a discount to NAV. However, due to the increased risk premium assigned to Southeast Asian equities in 2000, the discount to NAV has increased significantly from 8.8 per cent at 31 December 1999 to 33.5 per cent at 5 March 2001. First Pacific management will continue to adopt "value adding" initiatives to narrow the discount to NAV through:

- Active involvement in the strategy and management of operating companies.
- Development of pan-Asian e-commerce opportunities, encompassing both internal and external customers.
- Corporate finance activity at both the Group and operating level.

The market value of the Company's investments has been significantly impacted by adverse investor sentiment towards Southeast Asia during 2000. Macroeconomic and political factors created a high degree of uncertainty in Indonesia, the Philippines and Thailand which resulted in the equity markets of those countries falling substantially over the course of the year. As a consequence, the net asset value of the Company's Southeast Asian investments also declined, such that NAV is currently below the Company's cost of investment. However, as a long-term investor, First Pacific remains committed to value creation over the period of investment, consistent with the Company's past performance.

In addition, First Pacific's interest in its principal operating companies represents an effective "controlling" stake. Accordingly, the cost of investment includes a control premium, which is not reflected in the market price of quoted entities.

CASH RETURNS ON INVESTMENT

A measure of management's success in creating long-term value for shareholders is its ability to realize attractive cash returns from its long-term investments. In recent years, First Pacific has disposed of a number of investments and has consistently recorded superior returns over the period of its shareholding. Set out below is a summary of average annual cash returns realized on the disposal of major investments in recent years.

Investment	Year of disposal	Investment period (years)	Average annual cash return (%)
Pacific Link	1997	10	23
Hagemeyer	1998	15	24
Tuntex	1999	2	40
Guardforce	1999	6	19
China telecom ventures	2000	5	4
First Pacific Davies group	2000	15	9
First Pacific Bank	2000	14	15

LIQUIDITY AND RESOURCES

(A) COMPANY NET INDEBTEDNESS

Head Office borrowings as at 31 December 2000 were US$317.9 million compared to US$511.4 million in 1999. The only remaining Head Office debt is in respect of US$267.9 million convertible bonds repayable in March 2002 and a US$50.0 million convertible note, repayable in September 2006. Further details are set out in Note 20 to the Financial Statements.

Head Office cash increased by US$72.7 million during the year to US$167.9 million at 31 December 2000. This primarily reflects the disposal of First Pacific Bank in December 2000 for cash proceeds of US$232.3 million.

CHANGES IN HEAD OFFICE NET INDEBTEDNESS

	Borrowings US$m	Cash and bank US$m	Net indebtedness US$m
At 1 January 2000	511.4	(95.2)	416.2
Movement	(193.5)	(72.7)	(266.2)
At 31 December 2000	**317.9**	**(167.9)**	**150.0**

HEAD OFFICE CASH FLOW

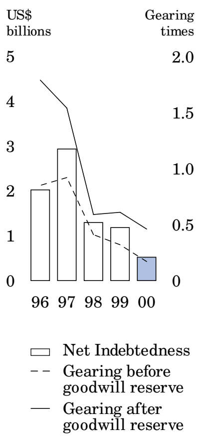
	2000 US$m	1999 US$m
Net cash inflow from operating activities	**29.4**	12.6
Net cash (outflow)/inflow from servicing of finance	**(4.5)**	5.5
Dividends paid to shareholders	**(8.9)**	(12.5)
Tax paid	**(14.6)**	–
Investments(i)	**(105.3)**	(518.6)
Proceeds on disposal(ii)	**370.1**	352.4
Financing activities		
– Net loan repayment	**(185.0)**	(15.0)
– Floating rate notes repayment	**(8.5)**	(11.0)
– Share placement and options	**–**	202.4
INCREASE IN CASH AND CASH EQUIVALENTS	**72.7**	15.8

(i) Investments in 2000 principally include the cash component for the acquisition of an 8.0 per cent interest in PLDT from Metro Pacific.
(ii) Proceeds on disposal in 2000 principally include the Group's entire interests in First Pacific Bank (US$232.3 million), China telecom ventures (US$81.8 million) and First Pacific Davies Limited (US$28.9 million).

(B) GROUP NET INDEBTEDNESS

An analysis of consolidated net indebtedness and gearing by operating company follows.

Net Indebtedness and Gearing



CONSOLIDATED NET INDEBTEDNESS AND GEARING

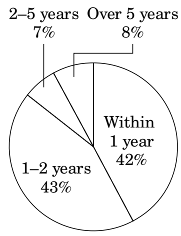
	Net indebtedness/ (cash) 2000 US$m	Net assets 2000 US$m	Gearing 2000 times	Net indebtedness/ (cash) 1999 US$m	Net assets 1999 US$m	Gearing 1999 times
Head Office(i)	**150.0**	**1,590.9**	**0.1**	416.2	1,570.8	0.3
Metro Pacific(ii)	**303.1**	**1,287.9**	**0.2**	423.5	1,494.6	0.3
Berli Jucker(iii)	**70.4**	**148.5**	**0.5**	29.9	218.3	0.1
Darya-Varia	**(1.6)**	**10.9**	**–**	(3.2)	13.9	–
Disposed companies	**–**	**–**	**–**	317.0	388.5	0.8
CONSOLIDATED BEFORE GOODWILL RESERVE	**521.9**	**3,038.2**	**0.2**	1,183.4	3,686.1	0.3
Goodwill reserve	**–**	**(1,913.9)**	**–**	–	(1,744.1)	–
CONSOLIDATED AFTER GOODWILL RESERVE	**521.9**	**1,124.3**	**0.5**	1,183.4	1,942.0	0.6

ASSOCIATED COMPANIES

	Net indebted-ness 2000 US$m	**Net assets/ (liabilities) 2000 US$m**	**Gearing 2000 times**	Net indebted-ness 1999 US$m	Net assets/ (liabilities) 1999 US$m	Gearing 1999 times
Indofood	**494.5**	**383.1**	**1.3**	536.2	420.4	1.3
PLDT (iv)	**3,730.3**	**1,746.1**	**2.1**	3,528.5	1,507.4	2.3
Escotel	**176.6**	**(46.0)**	**–**	151.1	(19.9)	–

(i) Head Office's gearing improved due to the reduction in borrowings following the disposal of First Pacific Bank and the strengthening of the capital base from the issue of US$61.1 million of shares as consideration for the acquisition of an additional 8.0 per cent interest in Indofood.
(ii) Metro Pacific's gearing improved marginally as a result of a US$120.4 million reduction in net indebtedness through asset disposals.
(iii) Berli Jucker's gearing increased principally as a consequence of raising debt finance during the year in order to return funds to shareholders.
(iv) PLDT's gearing improved to 2.1 times following the merger with Smart in March 2000 due to the cash injection from NTT as part of this transaction.

Maturity Profile of Consolidated Debt 2000

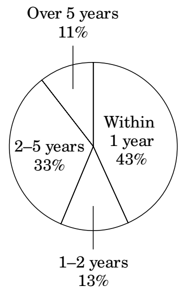


The maturity profile of consolidated debt is set out in Notes 20 and 24 to the Financial Statements and is summarized in percentage terms below. The principal change to the debt maturity profile during 2000 is the impact of US$267.9 million of convertible bonds at Head Office, which are due for repayment in March 2002.

MATURITY PROFILE OF CONSOLIDATED DEBT

	2000 %	1999 %
Within one year	**42.2**	43.2
One to two years	**43.4**	13.1
Two to five years	**6.5**	33.2
Over five years	**7.9**	10.5
Total	**100.0**	100.0

Maturity Profile of Consolidated Debt 1999



The maturity profile of the borrowings of the Group's associated companies is as follows. The change to the debt maturity profile of Indofood reflects the repayment of some US$300 million of loans and issuance of a Rupiah 1 trillion five-year bond in 2000.

	Indofood		PLDT		Escotel	
	2000 %	1999 %	**2000 %**	1999 %	**2000 %**	1999 %
Within one year	**30.1**	55.6	**8.7**	9.7	**51.5**	40.0
One to two years	**44.9**	16.5	**16.8**	5.6	**13.6**	12.9
Two to five years	**25.0**	27.9	**38.7**	34.7	**25.7**	36.7
Over five years	**–**	–	**35.8**	50.0	**9.2**	10.4
Total	**100.0**	100.0	**100.0**	100.0	**100.0**	100.0

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) COMPANY RISK

First Pacific is exposed to foreign currency fluctuations arising from its portfolio of investments. As all Head Office debts were denominated in U.S. dollars at year-end 2000, this exposure relates mainly to the receipt of cash dividends, and to the translation of non-U.S. dollar investments in subsidiary and associated companies. The Company actively reviews the potential benefits of hedging based on forecast dividend flows.

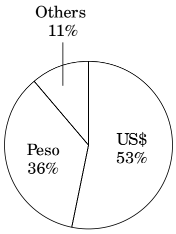
The Company does not actively seek to hedge risks arising from foreign currency translation of investments in subsidiary and associated companies due to their non-cash nature and the high cost associated with such hedging. Accordingly, First Pacific is exposed to the impact of foreign currency fluctuations on the U.S. dollar value of its investments. As all of the components of the Company's NAV (with the exception of Head Office amounts) relate to investments valued in local currencies, any depreciation of those currencies from their level at 31 December 2000 will have a negative impact on the NAV in U.S. dollar terms.

The following table illustrates the estimated impact on the Company's adjusted NAV for a 1.0 per cent depreciation against the U.S. dollar of the currencies in which the equities of subsidiary and associated companies are quoted.

Company	Effect on adjusted NAV US$m	Effect on adjusted NAV per share HK cents
PLDT	(7.2)	(1.79)
Indofood	(3.5)	(0.86)
Metro Pacific	(1.8)	(0.47)
Berli Jucker	(0.8)	(0.23)
Darya-Varia	(0.3)	(0.08)
TOTAL(i)	(13.6)	(3.43)

(i) The NAV of the Group's investment in Escotel is based on the historical U.S. dollar cost and accordingly any depreciation of the rupee would not affect the Company's adjusted NAV.

Analysis of Total Borrowings by Currency



	US$millions
US$	400.1
Peso	267.3
Others	84.0
Total	751.4

(B) GROUP RISK

First Pacific's policy is for each operating entity to borrow in local currencies where possible. However, it is often necessary for companies to borrow in U.S. dollars which results in a translation risk in their local currency results.

An analysis of consolidated net indebtedness by currency follows, together with the relevant details for the Group's associated companies.

ANALYSIS OF CONSOLIDATED NET INDEBTEDNESS

	US$	Peso	Baht	HK$	Rupiah	Other[i]	**Total**
	US$m	US$m	US$m	US$m	US$m	US$m	**US$m**
Total borrowings	400.1	267.3	20.5	–	0.1	63.4	**751.4**
Cash and bank balances	(94.9)	(31.1)	(12.7)	(89.1)	(1.7)	–	**(229.5)**
Net Indebtedness/ (Cash)	305.2	236.2	7.8	(89.1)	(1.6)	63.4	**521.9**
Representing							
Head Office	239.1	–	–	(89.1)	–	–	**150.0**
Metro Pacific	66.9	236.2	–	–	–	–	**303.1**
Berli Jucker	(0.8)	–	7.8	–	–	63.4	**70.4**
Darya-Varia	–	–	–	–	(1.6)	–	**(1.6)**
Net Indebtedness/ (Cash)	305.2	236.2	7.8	(89.1)	(1.6)	63.4	**521.9**

ASSOCIATED COMPANIES

	US$	Peso	Baht	HK$	Rupiah	Other[i]	**Total**
	US$m	US$m	US$m	US$m	US$m	US$m	**US$m**
Indofood	417.4	–	–	–	76.3	0.8	**494.5**
PLDT	3,468.0	82.7	–	–	–	179.6	**3,730.3**
Escotel	75.2	–	–	–	–	101.4	**176.6**

(i) For Berli Jucker and PLDT, "other" represents Japanese yen. For Escotel, "other" represents Indian rupee.

Details of Head Office net indebtedness are set out on page 43.

Metro Pacific has borrowings denominated in U.S. dollars since its property projects have been funded through international equity markets. Its remaining U.S. dollar debt primarily represents a convertible bond which is due for repayment in 2001. Going forward, Metro Pacific will seek funding in peso denominated borrowings where possible, while recognizing that long-term finance may be best secured through U.S. dollar equity-linked instruments.

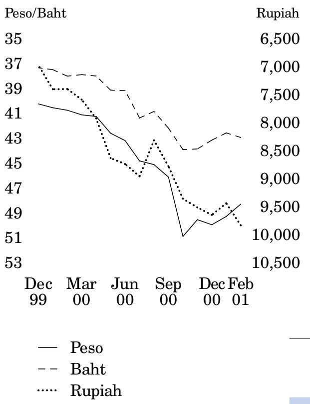
Berli Jucker's borrowings are primarily in Japanese yen. Berli Jucker has fully hedged its currency exposure into baht.

Indofood hedges its U.S. dollar debt through foreign currency swap agreements, revenue from exports and U.S. dollar deposits. In addition, US$253.0 million U.S. dollar denominated borrowings were repaid in July 2000 to further reduce its exposure to movements in the rupiah exchange rate. At the end of 2000, approximately 82 per cent of Indofood's US$417.4 million of U.S. dollar denominated net borrowings were hedged through foreign currency swap agreements which mature on various dates between 2001 and 2005.

PLDT carries U.S. dollar debt primarily because international vendors of telecommunications equipment quote prices and require payment in U.S. dollars. In addition, large funding requirements often cannot be satisfied in local currency due to an inherent lack of depth in the financial markets in the Philippines. As a result, finance frequently needs to be sourced from the international capital market, principally in U.S. dollars. PLDT's U.S. dollar borrowings are unhedged as it is not possible in the Philippines to hedge significant U.S. dollar balances. However, substantial revenues of PLDT are either denominated in, or linked to, the U.S. dollar. For example, PLDT's U.S. dollar denominated international inbound revenue accounted for approximately US$185.5 million or 18.7 per cent of the company's total revenue in 2000. In addition, under certain circumstances, PLDT is able to adjust its monthly recurring rates for the fixed line service by 1.0 per cent for every Peso 0.1 change in the U.S. dollar exchange rate.

Escotel carries U.S. dollar borrowings for similar reasons to PLDT. Approximately 50 per cent of the debt has been hedged.

Key Regional Currency Closing Rates Against the U.S. Dollar



As a result of the relatively large unhedged U.S. dollar net indebtedness, particularly in the Philippines, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated impact, arising from unhedged U.S. dollar net indebtedness, on the Group's reported profitability for a 1.0 per cent depreciation of the principal operating currencies of subsidiary and associated companies against the U.S. dollar. This does not reflect the indirect impact on the Group's operational results as a consequence of changes in revenues and cost of sales due to fluctuation in U.S. dollar exchange rates.

	US$ Net indebted-ness US$m	Hedged amount(i) US$m	Unhedged amount(i) US$m	Profit impact of 1% currency depreciation US$m	**Group profit impact(ii) US$m**
PLDT	3,468.0	–	3,468.0	(34.7)	**(5.8)**
Metro Pacific	66.9	–	66.9	(0.7)	**(0.4)**
Total Philippines	3,534.9	–	3,534.9	(35.4)	**(6.2)**
Indofood	417.4	343.0	74.4	(0.7)	**(0.2)**
Darya-Varia(iii)	9.0	–	9.0	(0.1)	**(0.1)**
Total Indonesia	426.4	343.0	83.4	(0.8)	**(0.3)**
Escotel (India)	75.2	37.6	37.6	(0.4)	**(0.2)**
Head Office (Hong Kong)	239.1	–	239.1	–	**–**
Berli Jucker (Thailand)	(0.8)	–	(0.8)	–	**–**
Total					**(6.7)**

(i) Excludes the impact of "natural hedges".
(ii) Net of tax effect.
(iii) Represents inter-company funding from Head Office.

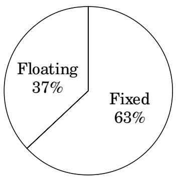
In summary, the Group manages exposure to exchange movements to the extent to which it is possible or practicable, including the following:

- PLDT's revenues are linked to the U.S. dollar, which partially compensates for the effects of the Peso's depreciation on unhedged U.S. dollar debt.

- Metro Pacific continues to explore ways to reduce its U.S. dollar debt through its on-going disposal of non-core assets and, where possible, replace U.S. dollar debt with Peso borrowings.

- Indofood is investigating options to repay more of its U.S. dollar denominated debt in 2001, thereby eliminating its unhedged exposure.

Interest Rate Profile



	US$millions
Fixed	473.5
Floating	277.9
Total	751.4

INTEREST RATE RISK

The Company and the majority of its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable rate borrowings. An analysis of consolidated net indebtedness and interest rate profile, together with details for associated companies, follows:

	Net indebtedness			
	Fixed interest borrowings US$m	Variable interest borrowings US$m	Cash and bank US$m	**Total US$m**
Head Office	317.9	–	(167.9)	**150.0**
Metro Pacific	154.9	194.6	(46.4)	**303.1**
Berli Jucker	0.6	83.3	(13.5)	**70.4**
Darya-Varia(i)	0.1	–	(1.7)	**(1.6)**
CONSOLIDATED NET INDEBTEDNESS	473.5	277.9	(229.5)	**521.9**

(i) Excludes inter-company funding from Head Office of US$9.0 million.

ASSOCIATED COMPANIES

	Net indebtedness			
	Fixed interest borrowings US$m	Variable interest borrowings US$m	Cash and bank US$m	**Total US$m**
Indofood	177.5	515.7	(198.7)	**494.5**
PLDT	2,557.4	1,366.5	(193.6)	**3,730.3**
Escotel	29.2	149.3	(1.9)	**176.6**

As a result of variable interest rate debt at a number of operating companies, the Group's results are sensitive to fluctuations in interest rates. The following table illustrates the estimated impact on the Group's reported profitability of a 1.0 per cent increase in average annual interest rates for those entities which hold variable interest rate debt.

	Variable interest borrowings US$m	Profit impact of 1% increase in interest rates US$m	**Group profit impact[(i)] US$m**
Metro Pacific	194.6	(1.9)	**(1.1)**
Berli Jucker	83.3	(0.8)	**(0.5)**
Indofood	515.7	(5.2)	**(1.7)**
PLDT	1,366.5	(13.7)	**(2.3)**
Escotel	149.3	(1.5)	**(0.7)**
TOTAL			**(6.3)**

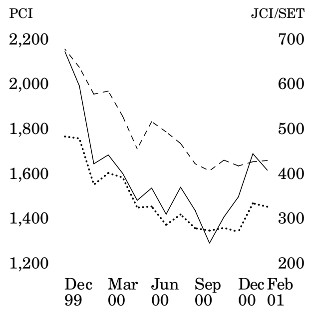
(i) Net of tax effect.

EQUITY MARKET RISK

As the majority of its investments are in listed entities, the Company is exposed to fluctuations in the equity values for those companies in which it has invested. In addition, the value of the Company's investments may be impacted by sentiment towards specific countries or geographical areas. For example, as PLDT represents approximately 15 per cent of the Philippine Composite Index, it is often taken as a proxy for market sentiment towards Philippine equities as a whole. Indofood represents approximately four per cent of the Jakarta Composite Index.

First Pacific's listed investments are principally in the Philippines, Indonesia and Thailand. Accordingly, in addition to operating factors within the Company's control, the Company also has an equity market risk in respect of sentiment towards those countries. Changes in the stock market indices of the Philippines, Indonesia and Thailand during 2000 may be summarized as follows:

Stock Market Indices



— Philippine Composite Index (PCI)
- - Jakarta Composite Index (JCI)
····· Thai SET Index (SET)

	Philippine Composite Index	Jakarta Composite Index	Thailand SET Index
Index at 31 December 1999	2,142.97	676.919	481.92
Index at 31 December 2000	1,494.50	416.321	269.19
Decline during 2000	30.3%	38.5%	44.1%
Index at 5 March 2001	1,616.54	426.127	300.24
Increase since 2000	8.2%	2.4%	11.5%

As noted above, the weakness in the above markets during 2000 has had a significant impact on First Pacific's share price. The Company attempts to mitigate its exposure to equity market risk by ensuring that its operating companies remain amongst the best managed in Southeast Asia. As a consequence of this and their inherently strong cash flows, management believes that First Pacific's businesses are significantly undervalued and are well positioned to benefit from any recovery in local equity markets.

contents

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

First Pacific Company Limited (the Company) is an investment and management company. Its principal activities are Consumer, Telecommunications and Property.

An analysis of the Group's turnover and contribution to operating profit for the year by principal activities and markets is set out in Note 1 to the Financial Statements.

INCORPORATION

The Company was incorporated on 25 May 1988 in Bermuda with limited liability.

SHARE CAPITAL AND RESERVES

Details of changes in the share capital of the Company and the reserves of the Company and the Group (the Company and its subsidiary companies) are set out in Notes 15 to 18 to the Financial Statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

In December 2000, 221.8 million new shares were issued by the Company at a price of HK$2.15 per share, being the 10-day average share price on or before the completion date, to finance the acquisition of an additional 8.0 per cent interest in Indofood.

Except as described or referred to above, there has been no purchase, sale or redemption of any of the Company's listed securities during the year by the Company or any of its subsidiary companies.

In December 2000, the Group redeemed early and canceled the remaining US$8.5 million face value of its 2003 floating rate notes at par.

In December 2000, the Group acquired 421.2 million shares of FPB Bank Holding Company Limited at a price of HK$3.50 (US$0.45) per share from MIMET FOTIC Investment Limited. These shares, together with the Group's original 514.8 million shareholding, were sold to The Bank of East Asia Limited at the same price, also in December 2000.

Except as described or referred to above, there has been no issue, redemption or conversion of any convertible securities or options in issue by the Company's subsidiary companies.

RESULTS AND APPROPRIATIONS

The consolidated results of the Company, and particulars of appropriations therefrom which have been made or recommended, are shown in the Consolidated Profit and Loss Statement on page 62 and in Note 6 to the Financial Statements.

CHARITABLE CONTRIBUTIONS

The Group made charitable contributions totaling US$0.5 million in 2000 (1999: US$1.5 million). A description of the range of the Group's contribution to the communities in which it operates, including charitable activities, can be found on pages 16 to 17 of this Annual Report.

PROPERTY AND EQUIPMENT

Details of changes in the Group's property and equipment are provided in Note 8 to the Financial Statements.

BANK LOANS, OVERDRAFTS, LOAN CAPITAL AND OTHER BORROWINGS

Particulars of the bank loans, overdrafts, loan capital and other borrowings of the Company and the Group are provided in Notes 20 and 24 to the Financial Statements.

DIRECTORS

The names of the Directors who held office at 31 December 2000 are set out in the table below. Directors who retire may offer themselves for re-election. Details of the remuneration of Directors are provided in Note 31(A) to the Financial Statements.

As at the date of this report, the Company has 13 Directors, of whom seven are Non-executive Directors. These Non-executive Directors serve for a term of one year, and each is subject to re-election at the Company's annual general meeting. None of the Directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda in respect of the Company's share capital.

INTERESTS OF THE EXECUTIVE CHAIRMAN AND OTHER DIRECTORS

Information in respect of the interests of the Executive Chairman and other Directors in the share capital of the Company as at 31 December 2000, disclosed pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (SDI Ordinance), is detailed below.

		Ordinary shares	Ordinary share options
Sutanto Djuhar	30.0 per cent interest		
Tedy Djuhar	10.0 per cent interest		
Ibrahim Risjad	10.0 per cent interest		
Anthoni Salim	10.0 per cent interest all via First Pacific Investments Limited(i)	910,229,364(C)	–
Anthoni Salim	33.3 per cent interest via First Pacific Investments (BVI) Limited (ii) (iii)	582,076,361(C)	–
Anthoni Salim	41.8 per cent interest via PT Holdiko Perkasa (iv)	25,919,000(C)	–
Manuel V. Pangilinan		11,136,759(P)	12,498,000(P)
Michael J.A. Healy		147,990(P)	2,968,000(P)
Ronald A. Brown		2,452,640(P)	3,864,000(P)
David G. Eastlake		108,241(P)	2,060,000(P)
Ricardo S. Pascua		3,000,009(P)	–
Edward A. Tortorici		12,624,129(P)	6,476,000(P)
James C. Ng		–	–
David W.C. Tang, OBE		–	–
Prof. Edward K. Y. Chen, CBE, JP		–	–

(C) = Corporate interest, (P) = Personal interest

(i) Soedono Salim, the former Chairman, and Sudwikatmono, a former Non-executive Director, own 30.0 per cent and 10.0 per cent interests, respectively, in the capital of First Pacific Investments Limited.
(ii) Soedono Salim, the former Chairman, owns a 33.3 per cent interest in First Pacific Investments (BVI) Limited.
(iii) First Pacific Investments (BVI) Limited also owns a US$50,000,000 convertible note of the Company. Details of the convertible note are set out in Note 20(B).
(iv) Soedono Salim, the former Chairman, owns a 16.3 per cent interest in PT Holdiko Perkasa.

The interests of the Executive Chairman and other Directors in the capital of the Company's associated corporations (within the meaning of the SDI Ordinance) at 31 December 2000 were as follows.

– Manuel V. Pangilinan owned 14,948,064 common shares(P) in Metro Pacific Corporation ("MPC") and 20,300 common shares(P) in Philippine Long Distance Telephone Company ("PLDT"). In addition, he is entitled to 97,571 stock options(P) in PLDT.

– Michael J.A. Healy owned 625,000 ordinary shares(P) in PT Indofood Sukses Makmur Tbk ("Indofood").

– Ronald A. Brown owned 20,000 ordinary shares(P) in PT Darya-Varia Laboratoria and 582,500 ordinary shares(P) in Indofood.

– Ricardo S. Pascua owned 16,881,026 common shares(P) in MPC, 6,424 common shares(P) in PLDT and 370,000 common shares(P) in Fort Bonifacio Development Corporation ("FBDC"). In addition, he was entitled to 45,067,368 stock options(P) in MPC and 15,582,000 stock options(P) in FBDC.

– Edward A. Tortorici owned 3,051,348 common shares(P) in MPC, 96,880 common shares(P) in PLDT and 2,450,000 ordinary shares(P) in Indofood.

– Sutanto Djuhar owned 15,520,335 ordinary shares(C) in Indofood.

– Tedy Djuhar owned 15,520,335 ordinary shares(C) in Indofood.

– Ibrahim Risjad owned 6,406,180 ordinary shares(P) in Indofood.

– Anthoni Salim owned 758,845 ordinary shares(C) in Indofood.

(C) = Corporate interest, (P) = Personal interest

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance shows that as at 31 December 2000, the company had been notified of the following substantial shareholders' interests, being 10.0 per cent or more of the company's issued share capital.

A) First Pacific Investments Limited (FPIL-Liberia), which is incorporated in the Republic of Liberia and is majority owned by four Non-executive Directors of the Company. Their beneficial indirect interests in the Company, through FPIL-Liberia, as at 31 December 2000, were: Sutanto Djuhar 8.70 per cent, Tedy Djuhar 2.90 per cent, Ibrahim Risjad 2.90 per cent, and Anthoni Salim 2.90 per cent.

B) First Pacific Investments (BVI) Limited (FPIL-BVI), which is incorporated in the British Virgin Islands is 33.3 per cent owned by one Non-executive Director of the Company. His beneficial indirect interest in the Company, through FPIL-BVI, as at 31 December 2000, was: Anthoni Salim 6.18 per cent.

C) The Capital Group Companies, Inc held 475,685,288 First Pacific shares, representing 15.15 per cent of the Company's issued share capital.

As at 31 December 2000, FPIL-Liberia beneficially owned 910,229,364 ordinary shares in its name. These shares have been included in the interests of four Non-executive Directors' corporate interests via FPIL-Liberia as referred to on page 55 of this Report. The remaining 582,076,361 ordinary shares are beneficially owned by FPIL-BVI and have been included in the corporate interests of one Non-executive Director, Anthoni Salim.

CONTRACTS OF SIGNIFICANCE

No contracts of significance in relation to the Company's business to which the Company or its subsidiary companies were parties, and in which a Director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Except for the share option schemes of the Company and its subsidiary companies, at no time during the year were the Company, its holding company, its subsidiary companies or its fellow subsidiary companies parties to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CONNECTED TRANSACTIONS

Significant related party transactions, which also constitute connected transactions under the Listing Rules, requiring to be disclosed in accordance with Chapter 14 of the Listing Rules, are disclosed in Note 33(A) to (G) to the Financial Statements.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has maintained throughout the year insurance coverage for all Directors and Officers of the Company and its related companies, save in those instances where individual companies have maintained their own coverage.

EMPLOYMENT POLICIES

The Company has a policy of non-discrimination in respect of the age, religion, gender, disability or marital status of employees and prospective employees. This ensures that individuals are treated equally, given their skills and abilities, in terms of career development and opportunities for advancement.

AUDITORS

The Financial Statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Ronald A. Brown
EXECUTIVE DIRECTOR AND COMPANY SECRETARY

5 March 2001

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF FIRST PACIFIC COMPANY LIMITED
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)

We have audited the Financial Statements on pages 59 to 93 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's Directors are responsible for the preparation of Financial Statements which give a true and fair view. In preparing Financial Statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those Financial Statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the Financial Statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the Financial Statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
CERTIFIED PUBLIC ACCOUNTANTS, HONG KONG

5 March 2001

PRINCIPAL ACCOUNTING POLICIES

The Group comprises First Pacific Company Limited and its subsidiary companies.

A) BASIS OF PREPARATION

The Financial Statements have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants, the disclosure requirements of the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The accounts are prepared under the historical cost convention.

B) BASIS OF CONSOLIDATION

The consolidated Financial Statements include the accounts of the Company and its subsidiary companies made up to 31 December. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The results of subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The gain or loss on the disposal of a subsidiary company represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill which was not previously charged or recognized in the consolidated profit and loss statement.

Outside interests represent the interests of outside shareholders in the operating results and net assets of subsidiary companies.

In the Company's balance sheet, the investments in subsidiary companies are stated at cost less provision, if necessary, for any permanent diminution in value. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

C) INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Cost is calculated using the first-in first-out basis or the weighted-average basis. The cost of goods purchased for resale includes costs incurred in bringing the goods to their present location. Net realizable value is determined on the basis of current anticipated sales prices less estimates of costs to completion and selling expenses.

D) PROPERTY AND EQUIPMENT

Land and buildings are stated at cost or valuation less accumulated depreciation. Freehold land is stated at cost or valuation and is not depreciated. Other property and equipment is stated at cost less accumulated depreciation calculated on the straight-line basis at annual rates estimated to write off their book values over their expected useful lives. Details of depreciation rates are given in Note 8(A).

Major costs incurred in restoring fixed assets to their normal working condition are charged to the consolidated profit and loss statement. Improvements are capitalized and depreciated over their expected useful lives to the Group.

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated profit and loss statement. Any property revaluation reserve balance remaining attributable to the relevant asset is transferred to the revenue reserve. With reference to Statement of Standard Accounting Practice No. 17 paragraph 72, land and buildings have not been revalued to fair value as at the balance sheet date.

E) DEVELOPMENT PROPERTIES

Development properties are investments in land and buildings under construction, and are carried at cost less provisions for any permanent diminution in value. Cost includes the original cost of the land and buildings, borrowing costs incurred in respect of development, construction expenditure and other direct costs. Profit is recognized on sales of properties as a percentage of the total estimated profit to completion, with the percentage used being the proportion of costs incurred to the estimated total costs.

F) ASSOCIATED COMPANIES

An associated company is a company, not being a subsidiary company, in which the Group has a substantial long-term interest in the equity voting rights and over which the Group is in a position to exercise significant influence in its management, including participation in the financial and operating policy decisions.

Investments in associated companies are stated in the consolidated balance sheet at the Group's share of net assets, and in the Company's balance sheet at cost less provisions for any permanent diminution in value. Income from associated companies is stated in the consolidated profit and loss statement as the Group's share of profits less losses of associated companies, and in the Company's profit and loss statement to the extent of dividends received and receivable.

G) INVESTMENTS

Investments are stated at cost less any provision for diminution in value. Income is accounted for only to the extent of dividends received and receivable.

The carrying values of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline, other than a temporary decline has occurred, the carrying amount of such an investment is reduced to its fair value. The amount of the reduction is recognized as an expense in the consolidated profit and loss statement.

H) DEFERRED TAXATION

Deferred taxation is provided using the liability method in respect of material timing differences between profit as computed for taxation purposes and profit as stated in the Financial Statements, except where it is considered that no liability will arise in the foreseeable future.

I) ACCOUNTING FOR ACQUISITIONS AND DISPOSALS

I) RESULTS The results of businesses acquired or sold are accounted for from or to the effective date of acquisition or disposal.

II) FAIR VALUE ADJUSTMENTS AND ACQUISITION PROVISIONS On the acquisition of a business or an interest in an associated company, the acquisition cost is allocated to the fair value of the separable net assets acquired.

III) GOODWILL represents the excess of costs of acquisition over the fair value of the Group's share of the separable net assets of businesses and interests in associated companies acquired and, in the year of acquisition, is included in a goodwill reserve which is deducted from shareholders' equity. The carrying amount of the goodwill reserve is reviewed on a regular basis. As appropriate, any deemed permanent impairment is recorded in the consolidated profit and loss statement for the year. Any impaired goodwill will not be reinstated. On disposal, any remaining attributable goodwill previously deducted from shareholders' equity on acquisition is reinstated and included in determining the gain or loss in the consolidated profit and loss statement.

J) FOREIGN CURRENCIES

The profit and loss statements of overseas subsidiary and associated companies are translated into U.S. dollars using average rates of exchange for the period. Balance sheets are translated at closing rates. Where hedging arrangements are in place, the transactions to which they are related are translated at the rate determined by those arrangements.

Exchange differences, arising on the retranslation at closing rates of the opening net assets and the profits for the year retained by overseas subsidiary and associated companies, and on foreign currency borrowings used to finance long-term foreign equity investments, are taken to reserves.

Foreign currency transactions are translated into U.S. dollars at rates approximating those prevalent at the relevant transaction dates. Monetary assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date.

Exchange differences are included in the carrying amount of an asset and are recognized in the consolidated profit and loss statement when the asset is disposed of, or over the expected useful life of the asset under the following conditions:

i) where exchange differences fall within the definition of borrowing costs (see (N) below); or

ii) where it is not practically feasible to hedge a foreign currency and this affects liabilities arising directly on the recent acquisition of the related asset invoiced in the foreign currency.

All other exchange differences are dealt with in the consolidated profit and loss statement.

K) TURNOVER

Turnover represents the amounts received and receivable from the sale of goods and the rendering of services to third parties, falling within the ordinary activities of the Group's businesses. Turnover from sales is recognized when ownership of goods sold has transferred to the buyer. Turnover from services is recognized when it can be measured reliably by reference to stage of completion for the rendering of services.

L) OPERATING LEASES

Leases, where substantially all of the risks and rewards of ownership of assets remain with the leasing company, are accounted for as operating leases. Rentals payable and receivable under operating leases are recorded in the consolidated profit and loss statement on a straight line basis over the lease term.

M) RETIREMENT BENEFITS

The Group operates defined contribution and defined benefit retirement schemes. The costs of defined contribution schemes are charged to the consolidated profit and loss statement as and when contributions fall due. The costs of defined benefit schemes are charged against profit on a systematic basis with any surpluses and deficits allocated so as to spread them over the expected remaining service lives of the employees affected.

N) BORROWING COSTS

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Other costs include exchange differences on foreign currency borrowings and redemption premiums on convertible instruments. Exchange differences arising from foreign currency borrowings are included to the extent that they are regarded as an adjustment to interest costs, and/or where borrowings in local currency are not available and it is not practically feasible to hedge the foreign currency borrowings. Redemption premiums on convertible instruments are provided for over the life of the instruments when it is probable that the premium will become payable.

Borrowing costs are expensed in the consolidated profit and loss statement in the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

O) RELATED PARTIES

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or where two parties are subject to common control or common significant influence.

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the year ended 31 December	Note	**2000** **US$m**	1999 US$m
Turnover	1	**808.9**	1,231.5
Cost of sales		**(507.3)**	(690.6)
Gross Profit		**301.6**	540.9
Gain on disposal and dilution of shareholdings less provision for investments		**145.5**	98.5
Other operating income		**8.6**	27.0
Distribution costs		**(27.9)**	(32.4)
Administrative expenses		**(160.1)**	(214.6)
Other operating expenses		**(58.7)**	(167.4)
Operating Profit	2	**209.0**	252.0
Share of profits less losses of associated companies		**(84.4)**	67.5
Net borrowing costs	3	**(58.0)**	(83.0)
Profit Before Taxation		**66.6**	236.5
Taxation	4	**(9.9)**	(48.9)
Profit After Taxation		**56.7**	187.6
Outside interests		**(5.5)**	(49.4)
Profit Attributable to Ordinary Shareholders	5	**51.2**	138.2
Ordinary share dividends paid and proposed	6	**(7.7)**	(15.0)
Retained Profit for the Year	17	**43.5**	123.2
Earnings Per Share (U.S. Cents)	7		
Basic		**1.75**	5.34
Diluted		**1.75**	5.32

The principal accounting policies on pages 59 to 61 and the Notes on pages 66 to 93 form an integral part of the Financial Statements.

CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

For the year ended 31 December	Note	**2000** **US$m**	1999 US$m
Exchange differences on the translation of the financial statements of foreign entities	17	**(180.3)**	(0.9)
Realization of property revaluation		**24.7**	–
Net Losses Not Recognized in the Profit and Loss Statement		**(155.6)**	(0.9)
Profit attributable to ordinary shareholders		**51.2**	138.2
Total Recognized (Losses)/Gains for the Year		**(104.4)**	137.3
Goodwill arising on acquisitions during the year	18	**(312.7)**	(851.0)
		(417.1)	(713.7)

The principal accounting policies on pages 59 to 61 and the Notes on pages 66 to 93 form an integral part of the Financial Statements.

CONSOLIDATED BALANCE SHEET

As at 31 December	Note	2000 US$m	1999 US$m
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	8	**1,464.1**	2,605.9
Associated companies	10	**109.1**	133.6
Long-term investments	11	**5.2**	17.6
Long-term receivables	12	**115.3**	147.7
		1,693.7	2,904.8
ASSETS, OTHER THAN PROPERTY AND EQUIPMENT, ATTRIBUTABLE TO BANKING OPERATIONS		**–**	2,873.2
CURRENT ASSETS			
Cash and bank balances		**229.5**	280.4
Short-term investments		**–**	75.0
Accounts receivable and prepayments	13	**344.4**	576.9
Inventories	14	**54.8**	86.7
		628.7	1,019.0
TOTAL ASSETS		**2,322.4**	6,797.0
EQUITY AND LIABILITIES			
EQUITY CAPITAL AND RESERVES			
Share capital	15	**31.4**	29.1
Share premium	16	**908.7**	849.8
Revenue and other reserves	17	**1,339.3**	1,456.7
Shareholders' equity before goodwill reserve		**2,279.4**	2,335.6
Goodwill reserve	18	**(1,913.9)**	(1,744.1)
Shareholders' equity		**365.5**	591.5
Outside interests	19	**758.8**	1,350.5
NON-CURRENT LIABILITIES			
Loan capital and long-term borrowings	20	**434.2**	832.1
Deferred liabilities and provisions	21	**215.6**	360.8
Deferred taxation	22	**7.7**	12.6
		657.5	1,205.5
LIABILITIES ATTRIBUTABLE TO BANKING OPERATIONS		**–**	2,624.7
CURRENT LIABILITIES			
Accounts payable and accruals	23	**215.0**	373.9
Short-term borrowings	24	**317.2**	631.7
Provision for taxation	25	**4.4**	11.7
Dividends	6	**4.0**	7.5
		540.6	1,024.8
TOTAL LIABILITIES		**1,198.1**	4,855.0
TOTAL EQUITY AND LIABILITIES		**2,322.4**	6,797.0

The principal accounting policies on pages 59 to 61 and the Notes on pages 66 to 93 form an integral part of the Financial Statements.

Manuel V. Pangilinan
EXECUTIVE CHAIRMAN

Michael J.A. Healy
CHIEF OPERATING OFFICER AND FINANCE DIRECTOR

5 March 2001

COMPANY BALANCE SHEET

As at 31 December	Note	**2000** **US$m**	1999 US$m
Assets			
Non-Current Assets			
Subsidiary companies	9	**1,445.4**	1,491.9
Associated companies	10(C)	**27.9**	26.3
		1,473.3	1,518.2
Current Assets			
Cash and bank balances		**138.6**	15.7
Accounts receivable and prepayments	13	**2.4**	4.2
		141.0	19.9
Total Assets		**1,614.3**	1,538.1
Equity and Liabilities			
Equity Capital and Reserves			
Share capital	15	**31.4**	29.1
Share premium	16	**908.7**	849.8
Revenue reserve	17	**619.0**	600.9
Shareholders' equity		**1,559.1**	1,479.8
Non-Current Liability			
Loan capital and long-term borrowings	20(B)	**50.0**	50.0
Current Liabilities			
Accounts payable and accruals	23	**1.2**	0.8
Dividends	6	**4.0**	7.5
		5.2	8.3
Total Liabilities		**55.2**	58.3
Total Equity and Liabilities		**1,614.3**	1,538.1

The principal accounting policies on pages 59 to 61 and the Notes on pages 66 to 93 form an integral part of the Financial Statements.

Manuel V. Pangilinan
EXECUTIVE CHAIRMAN

Michael J.A. Healy
CHIEF OPERATING OFFICER AND FINANCE DIRECTOR

5 March 2001

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December	Note	2000 US$m	1999 US$m
Net Cash (Outflow)/Inflow from Operating Activities	26(A)	**(12.1)**	192.7
Interest			
– received		**16.2**	17.8
– paid		**(65.1)**	(105.9)
Dividends			
– received from Banking operations		**4.0**	–
– received from associated companies and long-term investments		**6.4**	7.1
– paid to shareholders		**(8.9)**	(12.5)
– paid to outside interests in subsidiary companies		**(10.7)**	(1.3)
Net Cash Outflow from Returns on Investments and Servicing of Finance		**(58.1)**	(94.8)
Hong Kong profits tax paid		**(0.2)**	(0.2)
Overseas taxation paid		**(29.7)**	(9.9)
Total Tax Paid	25	**(29.9)**	(10.1)
Net Cash (Outflow)/Inflow before Investing Activities		**(100.1)**	87.8
Additions of property and equipment		**(127.1)**	(219.3)
Acquisitions of			
– subsidiary companies		**–**	(5.3)
– associated companies		**–**	(383.8)
Increased investments in			
– subsidiary companies		**–**	(30.2)
– associated companies	27	**(30.2)**	(79.2)
– long-term investments and others		**–**	(3.0)
Sale of property and equipment		**26.4**	10.0
Disposals of			
– subsidiary companies	28(A)	**211.2**	164.2
– investments	28(B)	**81.8**	74.3
Reduced interest in			
– subsidiary companies		**–**	159.9
– associated companies	28(C)	**24.5**	0.2
Loans repaid by/(to) associated companies		**87.9**	(4.8)
Net Cash Inflow/(Outflow) from Investing Activities		**274.5**	(317.0)
Net Cash Inflow/(Outflow) before Financing Activities		**174.4**	(229.2)
Proceeds from new borrowings		**371.6**	696.1
Borrowings repaid		**(571.0)**	(773.5)
Shares issued through placement		**–**	199.9
Shares issued through the exercise of share options		**–**	2.5
Shares issued to outside interests by subsidiary companies		**0.2**	150.4
Net Cash (Outflow)/Inflow from Financing Activities	26(B)	**(199.2)**	275.4
(Decrease)/Increase in Cash and Cash Equivalents		**(24.8)**	46.2
Cash and cash equivalents at 1 January		**267.5**	224.4
Exchange translation		**(22.1)**	(3.1)
Cash and Cash Equivalents at 31 December		**220.6**	267.5
Representing			
Cash and bank balances	26(D)	**229.5**	280.4
Overdrafts	26(E)	**(1.0)**	(2.8)
Other short-term borrowings with an original maturity of less than 90 days	26(E)	**(7.9)**	(10.1)
Cash and Cash Equivalents at 31 December		**220.6**	267.5

The principal accounting policies on pages 59 to 61 and the Notes on pages 66 to 93 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. TURNOVER AND SEGMENTAL INFORMATION

	2000 US$m	1999 US$m
Turnover		
Sale of goods	**534.1**	664.1
Rendering of services	**274.8**	567.4
Total	**808.9**	1,231.5
Included in Rendering of Services is Turnover Relating to Banking Operations of US$114.3 Million (1999 US$89.2 Million) Which is Stated After Crediting		
Interest income	**216.7**	209.2
Finance lease and hire-purchase income	**21.9**	20.5
and Charging		
Interest expense	**145.3**	154.9

SEGMENTAL INFORMATION

An analysis of the Group's turnover and operating profit by principal activities and markets is as follows.

	Turnover		Operating profit	
Principal activities	**2000 US$m**	1999 US$m	**2000 US$m**	1999 US$m
Consumer	**331.8**	339.9	**25.2**	36.5
Telecommunications	**80.5**	307.2	**(18.2)**	46.1
Property	**282.3**	495.2	**3.7**	66.5
Banking	**114.3**	89.2	**35.1**	9.2
Head Office and others	**–**	–	**163.2**	93.7
Total	**808.9**	1,231.5	**209.0**	252.0

	Turnover		Operating profit	
Principal markets	**2000 US$m**	1999 US$m	**2000 US$m**	1999 US$m
Philippines	**320.5**	624.7	**(14.6)**	109.4
Indonesia	**50.5**	45.7	**1.8**	7.3
Thailand	**281.3**	294.2	**23.4**	29.2
Hong Kong	**156.6**	266.9	**35.2**	12.4
Head Office and others	**–**	–	**163.2**	93.7
Total	**808.9**	1,231.5	**209.0**	252.0

2. OPERATING PROFIT

	2000 US$m	1999 US$m
Operating Profit is Stated After Crediting		
Net rental income from investment properties	**1.8**	1.9
Operating lease income less outgoings	**1.3**	1.1
Dividends from unlisted investments	**0.1**	0.4
Gain on sale of property and equipment	**0.4**	–
and Charging		
Employee remuneration	**124.8**	190.3
Depreciation	**49.1**	117.7
Doubtful debt provisions	**19.8**	52.8
Net exchange loss on monetary items	**18.8**	3.7
Operating lease rentals		
– Land and buildings	**7.1**	17.7
– Hire of plant and equipment	**1.0**	5.3
– Other	**0.1**	0.7
Auditors' remuneration	**1.3**	2.0
Loss on sale of property and equipment	**–**	1.0

3. NET BORROWING COSTS

Net borrowing costs exclude interest expense and interest income for the Group's Banking operations (included in Turnover).

	2000 US$m	1999 US$m
Loan capital		
– wholly repayable within five years	**36.5**	12.6
– not wholly repayable within five years	**1.0**	0.2
Subtotal	**37.5**	12.8
Bank loans, overdrafts and other loans		
– wholly repayable within five years	**51.0**	71.7
– not wholly repayable within five years	**2.2**	23.0
Subtotal	**53.2**	94.7
Total Interest Expense	**90.7**	107.5
Other borrowing costs		
– Exchange differences	**17.8**	2.0
– Redemption premium on convertible instruments	**23.0**	23.2
Total Borrowing Costs	**131.5**	132.7
Less borrowing costs capitalized in		
– property investments	**(49.1)**	(18.1)
– plant and equipment	**(4.2)**	(6.9)
Less interest income	**(20.2)**	(24.7)
Net Borrowing Costs	**58.0**	83.0

4. TAXATION

Hong Kong profits tax has been provided at the rate of 16.0 per cent (1999: 16.0 per cent) on the estimated assessable profits for the year. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary and associated companies operate.

	2000 US$m	1999 US$m
Subsidiary Companies		
Current taxation		
– Hong Kong profits tax	**3.8**	1.0
– Overseas taxation	**12.2**	11.8
Deferred taxation		
– Hong Kong profits tax	**–**	0.1
– Overseas taxation	**5.8**	2.2
Subtotal	**21.8**	15.1
Associated Companies		
Current taxation		
– Hong Kong profits tax	**0.9**	0.3
– Overseas taxation	**14.6**	15.2
Deferred taxation		
– Overseas taxation	**(27.4)**	18.3
Subtotal	**(11.9)**	33.8
Total	**9.9**	48.9

Included above is taxation for Banking operations of US$3.5 million (1999: US$0.5 million).

5. PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

Profit attributable to ordinary shareholders includes substantial exchange (losses)/gains as set out below.

ANALYSIS OF EXCHANGE (LOSSES)/GAINS

	2000 US$m	1999 US$m
Subsidiary companies	**(36.6)**	(5.7)
Less capitalized within net borrowing costs	**17.8**	2.0
Included in other operating expenses	**(18.8)**	(3.7)
Associated companies	**(185.7)**	1.4
Subtotal	**(204.5)**	(2.3)
Exchange differences attributable to taxation and outside interests	**61.0**	6.5
Total	**(143.5)**	4.2

An analysis of exchange (losses)/gains by principal operating company is set out below. Exchange losses arose primarily on the translation of unhedged U.S. dollar denominated borrowings of PLDT and Indofood as a result of the significant depreciation of the peso and the rupiah during 2000.

	2000 US$m	1999 US$m
PLDT	**(103.7)**	(8.3)
Indofood	**(23.5)**	14.6
Others	**(16.3)**	(2.1)
Total	**(143.5)**	4.2

The profit attributable to ordinary shareholders includes US$23.5 million (1999: US$19.5 million) in respect of the Company. After the deduction of dividends totaling US$7.7 million, the Company's retained profit for the year amounted to US$15.8 million (Note 17).

6. ORDINARY SHARE DIVIDENDS

	U.S. cent per share		US$m	
	2000	1999	**2000**	1999
Interim dividend paid	**0.13**	0.26	**3.7**	7.5
Final dividend proposed	**0.13**	0.26	**4.0**	7.5
Total	**0.26**	0.52	**7.7**	15.0

The interim dividend was settled in scrip with a shareholder's option to receive settlement in cash. The final dividend will be paid wholly in cash consistent with the Company's revised policy. The 1999 final dividend and the 2000 interim dividend, US$1.5 million and US$0.8 million, respectively, were settled in scrip.

7. EARNINGS PER SHARE

	2000 Basic	1999 Basic
Earnings per share are based on		
– profit attributable to ordinary shareholders of (US$m)	**51.2**	138.2
– and an average number of shares in issue of (million)	**2,923.9**	2,586.9
resulting in earnings per share of (U.S. cents)	**1.75**	5.34

As the impact of convertible instruments is anti-dilutive, both the basic and diluted earnings per share figures are the same for 2000. In 1999, the diluted earnings per share was U.S. 5.32 cents.

8. PROPERTY AND EQUIPMENT

	Investment properties US$m	Development properties US$m	Land and buildings US$m	Telecommunications equipment US$m	Machinery, equipment and vessels US$m	**Consolidated Total US$m**
COST OR VALUATION						
At 1 January 2000	32.8	1,436.6	319.2	733.3	493.4	**3,015.3**
Exchange translation	(0.1)	(279.2)	(34.7)	(15.7)	(63.0)	**(392.7)**
Disposal of subsidiary companies(i)	(32.3)	–	(115.8)	(794.6)	(140.7)	**(1,083.4)**
Additions	–	85.1	0.4	80.2	34.3	**200.0**
Disposals	(0.4)	(23.4)	(3.4)	(3.2)	(29.5)	**(59.9)**
Reclassifications	–	(42.1)	–	–	–	**(42.1)**
AT 31 DECEMBER 2000	**–**	**1,177.0**	**165.7**	**–**	**294.5**	**1,637.2**
REPRESENTING						
Cost	–	1,177.0	57.1	–	294.5	**1,528.6**
Directors' valuation 1995	–	–	21.6	–	–	**21.6**
Independent valuation 1995	–	–	87.0	–	–	**87.0**
TOTAL	**–**	**1,177.0**	**165.7**	**–**	**294.5**	**1,637.2**
ACCUMULATED DEPRECIATION						
At 1 January 2000	–	–	35.8	132.4	241.2	**409.4**
Exchange translation	–	–	(4.8)	(1.7)	(32.2)	**(38.7)**
Disposal of subsidiary companies(i)	–	–	(9.4)	(141.3)	(70.3)	**(221.0)**
Charge for the year	–	–	5.1	12.7	31.3	**49.1**
Disposals	–	–	(0.3)	(2.1)	(23.3)	**(25.7)**
AT 31 DECEMBER 2000	**–**	**–**	**26.4**	**–**	**146.7**	**173.1**
NET BOOK AMOUNT AT 31 DECEMBER 2000	**–**	**1,177.0**	**139.3**	**–**	**147.8**	**1,464.1**
AT 31 DECEMBER 1999	32.8	1,436.6	283.4	600.9	252.2	2,605.9

(i) Disposal of subsidiary companies includes the deconsolidation of Smart and First Pacific Davies Limited following their disposal to PLDT and Savills, respectively.

A) Principal annual rates of depreciation:

Investment and development properties and freehold land	Nil
Freehold buildings	2% to 5%
Leasehold land and buildings	Lesser of period of lease, or 2%
Telecommunications equipment	5% to 10%
Machinery, equipment and vessels	2% to 33.3%

B) Principal development properties as at 31 December 2000:

Location in the Philippines	Approximate gross development area (sq.m.)[i]	Group's economic interest %	Type	Status	Estimated completion date
Batulao, Batangas	9,940,000	34.7	R	Planning	–
Costa De Madera, San Juan, Batangas	3,600,000	37.1	Ro	Planning	–
Lakewood, Cabanatuan	2,167,277	27.4	R	Under construction	2003
Fort Bonifacio, Metro Manila	1,377,870	29.4	C,R	Under construction	2020
Calasiao, Pampanga	1,860,000	38.7	R	Planning	–
Punta Fuego, Batangas	489,640	26.6	R,Ro	Under construction	2002
Talisay, Cebu	312,649	24.2	R	Under construction	2003
Urdaneta, Pangasinan	329,183	27.4	R	Under construction	2001
San Fernando, Pampanga	2,342,432	23.4	R	Planning	–
Pacific Plaza Towers, Metro Manila	4,851	80.6	R	Under construction	2001
Stonecrest, San Pedro, Laguna	343,060	24.2	R	Under construction	2001

R = Residential, Ro = Resort, C = Commercial
(i) Total area for development and sale as subdivisions, including lots sold under installment terms where full payment has not been made, and land designated for parks and open spaces.

C) Net book amount of land and buildings:

	2000 US$m	1999 US$m
Freehold – outside Hong Kong	**137.8**	192.0
Long-term leasehold (over 50 years) – Hong Kong	**1.5**	91.4
Total	**139.3**	283.4

D) As at 31 December 2000, capitalized interest and exchange differences included in the net book value of development properties amounted to US$131.7 million (1999: US$96.1 million) and US$80.0 million (1999: US$90.9 million), respectively.

9. SUBSIDIARY COMPANIES

	Company	
	2000 US$m	1999 US$m
Unlisted shares at cost	**991.7**	986.8
Loans to subsidiary companies	**898.7**	979.6
Balances with subsidiary companies	**(440.1)**	(469.6)
Less provisions for permanent diminution	**(4.9)**	(4.9)
Total	**1,445.4**	1,491.9

The Company's listed subsidiaries are held through intermediate holding companies.

Loans to subsidiary companies are unsecured, interest bearing at a range of zero per cent to 9.5 per cent per annum and have no fixed terms of repayment.

Balances with subsidiary companies are unsecured, interest bearing at a range of zero per cent to 8.9 per cent per annum and have no fixed terms of repayment.

Details of subsidiary companies, which in the opinion of the Directors materially affect the results or net assets of the Group, are set out in tabular form on the inside back cover.

10. ASSOCIATED COMPANIES

	Consolidated	
	2000	1999
	US$m	US$m
Shares at cost		
– Listed	**2,016.1**	1,513.4
– Unlisted	**90.0**	100.8
Share of post acquisition reserves	**(160.8)**	32.2
Share of goodwill on acquisitions of associated companies	**(1,864.6)**	(1,545.5)
Loans to associated companies	**28.4**	32.7
TOTAL	**109.1**	133.6

A) In March 2000, the Group's 50.3 per cent economic interest in Smart was sold in return for new shares issued by PLDT. As a result of the merger, the Group's economic interest in PLDT increased to 23.1 per cent from 17.5 per cent.

In September 2000, First Pacific acquired Metro Pacific's 8.0 per cent economic interest in PLDT for consideration totaling US$263.8 million. Consequently, the Group's economic interest in PLDT increased further to 24.6 per cent.

B) In December 2000, the Group acquired an additional 8.0 per cent economic interest in Indofood for US$61.1 million by issuing 221.8 million new shares, valued at HK$2.15 per share. As a result, the Group's economic interest in Indofood increased to 48.0 per cent from 40.0 per cent.

C) The Company's interest in associated companies includes unlisted investments of US$27.9 million (1999: US$26.3 million) located outside Hong Kong.

D) As at 31 December 2000, unlisted investments comprised US$0.4 million (1999: US$0.4 million) located within Hong Kong, and US$89.6 million (1999: US$100.4 million) located outside Hong Kong. Listed investments of US$2,016.1 million (1999: US$1,513.4 million) were situated outside Hong Kong.

E) As at 31 December 2000, the market valuation of listed investments was US$1,112.0 million (1999: US$1,505.5 million) and dividends received and receivable were US$5.8 million (1999: US$6.7 million).

F) Loans to associated companies are unsecured, interest bearing at a range of zero per cent to 14.5 per cent per annum and have no fixed terms of repayment.

G) Details of associated companies, which in the opinion of the Directors, materially affect the results or net assets of the Group, are set out in tabular form on the inside back cover.

Additional information in respect of the Group's principal associated companies, as prepared under HK GAAP, is set out below.

	Consumer	Telecommunications		Property	Banking
	Indofood	PLDT	Escotel	Savills	First e-Bank
	US$m	US$m	US$m	US$m	US$m
Operating Results					
Turnover	1,490.3	1,334.5	35.7	283.7	22.7
Profit/(Loss) before taxation	135.4	(519.9)	(30.5)	35.0	(24.9)
Profit/(Loss) after taxation	92.5	(383.9)	(30.5)	25.1	(24.9)
Net profit/(loss)	77.3	(337.0)	(30.5)	24.3	(24.9)
Net Assets/(Liabilities)					
Current assets	593.4	847.4	12.7	147.6	146.5
Long-term assets	626.7	4,140.6	144.8	58.5	77.1
Total Assets	1,220.1	4,988.0	157.5	206.1	223.6
Current liabilities	(414.5)	(1,195.9)	(133.3)	(103.7)	(212.5)
Long-term liabilities and provisions	(534.0)	(3,761.2)	(307.5)	(36.5)	–
Total Liabilities	(948.5)	(4,957.1)	(440.8)	(140.2)	(212.5)
Outside interests	(63.2)	192.8	–	(1.3)	–
At 31 December	208.4	223.7	(283.3)	64.6	11.1
Capital Expenditure Commitments					
Authorized but not contracted for	8.8	384.5	–	–	–
Contracted but not provided for	16.2	314.4	26.6	–	–
At 31 December	25.0	698.9	26.6	–	–
Contingent Liabilities	19.3	–	–	–	–

Total net liabilities of Escotel arose principally as a consequence of the Group's accounting policy of attributing to goodwill the excess of costs of acquisition of telecommunications businesses over the fair value of separable net assets, and attributing no value to acquired telecommunications licenses.

Escotel has a financial accounting year ending on 31 March which is not coterminous with the Group. Savills changed its year-end from 30 April to 31 December during the year.

11. LONG-TERM INVESTMENTS

	Consolidated	
	2000	1999
	US$m	US$m
Unlisted investments at cost	**11.9**	30.5
Less provisions	**(6.7)**	(12.9)
Total	**5.2**	17.6

The Group's long-term investments are unlisted and held outside Hong Kong.

Dividends received and receivable totaled US$0.1 million (1999: US$0.4 million) and related to unlisted investments outside Hong Kong.

As at 31 December 2000, the underlying values of the Group's unlisted long-term investments are, in the opinion of the Directors, not less than their book values.

12. LONG-TERM RECEIVABLES

	Consolidated	
	2000	1999
	US$m	US$m
Long-term receivables	**188.2**	215.1
Less current portion included in accounts receivable and prepayments	**(72.9)**	(67.4)
Total	**115.3**	147.7

Long-term receivables relate primarily to sales of property on interest bearing (between 10.0 per cent and 21.0 per cent) installment terms (between two and 10 years) and are secured by the relevant property.

13. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	Consolidated		Company	
	2000	1999	**2000**	1999
	US$m	US$m	**US$m**	US$m
Trade receivables	**141.2**	314.6	**–**	–
Other receivables and prepayments	**210.4**	271.3	**2.4**	4.2
Less provisions	**(7.2)**	(9.0)	**–**	–
Total	**344.4**	576.9	**2.4**	4.2

For consumer businesses, there are 60 days of credit for sub-distributors/wholesalers and between 15–60 days of credit for other customers.

For property businesses, contract receivables are collectible by installments for periods ranging from two to 10 years.

At 31 December 2000, the aging analysis of the trade receivables is as follows:

	Consolidated	
	2000	1999
	US$m	US$m
Less than 30 days	**30.5**	62.6
30–60 days	**44.5**	91.4
60–90 days	**12.7**	23.1
Over 90 days	**53.5**	137.5
Total	**141.2**	314.6

14. INVENTORIES

	Consolidated	
	2000	1999
	US$m	US$m
Finished goods	**34.6**	54.9
Raw materials	**19.4**	30.7
Work in progress	**2.6**	4.0
Less provisions	**(1.8)**	(2.9)
Total	**54.8**	86.7

15. SHARE CAPITAL

	Consolidated and Company 2000 US$m	1999 US$m
Authorized		
3,499,000,000 (1999: 3,499,000,000) ordinary shares of U.S. 1 cent each	**35.0**	35.0
Issued and fully paid		
At 1 January	**29.1**	23.8
Shares issued for the acquisition of Indofood	**2.2**	2.6
Shares issued through placement	**–**	2.5
Shares issued through the exercise of share options	**–**	0.2
Shares issued in lieu of dividends	**0.1**	–
At 31 December		
3,139,772,765 (1999: 2,910,816,732) ordinary shares of U.S. 1 cent each	**31.4**	29.1

In December 2000, 221.8 million ordinary shares of US$0.01 each were issued at a value of HK$2.15 per share as consideration for the acquisition of an additional 8.0 per cent interest in Indofood.

Details of Directors' and employees' share options are set out in Note 31.

16. SHARE PREMIUM

	Consolidated and Company 2000 US$m	1999 US$m
At 1 January	**849.8**	458.9
Shares issued for the acquisition of Indofood	**58.9**	191.2
Shares issued through placement	**–**	197.4
Shares issued through the exercise of share options	**–**	2.3
At 31 December	**908.7**	849.8

17. REVENUE AND OTHER RESERVES

	Revenue reserve US$m	Property revaluation reserve US$m	Exchange reserve US$m	Consolidated Total 2000 US$m	Company 2000 US$m
At 1 January 2000	1,600.0	26.0	(169.3)	**1,456.7**	**600.9**
Exchange translation	–	–	(180.3)	**(180.3)**	**–**
Disposals of subsidiary companies	24.4	(24.4)	17.1	**17.1**	**–**
Transfer upon disposal of property	0.3	(0.3)	–	**–**	**–**
Shares issued in lieu of dividends	2.3	–	–	**2.3**	**2.3**
Retained profit/(accumulated loss) for the year					
– Company	15.8	–	–	**15.8**	**15.8**
– Subsidiary companies	89.5	–	–	**89.5**	**–**
– Associated companies	(61.8)	–	–	**(61.8)**	**–**
At 31 December 2000	**1,670.5**	**1.3**	**(332.5)**	**1,339.3**	**619.0**
Including accumulated reserves of associated companies	**(130.5)**	**–**	**(42.5)**	**(173.0)**	**–**

	Revenue reserve US$m	Property revaluation reserve US$m	Exchange reserve US$m	Consolidated Total 1999 US$m	Company 1999 US$m
At 1 January 1999	1,475.6	26.0	(196.2)	1,305.4	595.2
Exchange translation	–	–	(0.9)	(0.9)	–
Reduced interest in subsidiary companies	–	–	27.8	27.8	–
Shares issued in lieu of dividends	1.2	–	–	1.2	1.2
Retained profit for the year					
– Company	4.5	–	–	4.5	4.5
– Subsidiary companies	92.4	–	–	92.4	–
– Associated companies	26.3	–	–	26.3	–
At 31 December 1999	1,600.0	26.0	(169.3)	1,456.7	600.9
Including accumulated reserves of associated companies	2.4	–	17.6	20.0	–

Property revaluation reserve includes nil (1999: US$4.0 million) in respect of investment properties.

The revenue reserve of the Company is distributable.

An analysis of the exchange reserve by principal operating company is set out below.

	2000 US$m	1999 US$m
Metro Pacific	**(253.0)**	(181.5)
PLDT	**(35.5)**	(0.5)
Berli Jucker	**(24.8)**	(5.6)
Indofood	**(23.6)**	15.1
Darya-Varia	**(19.7)**	(16.2)
Metrosel	**(13.4)**	(13.4)
Escotel	**37.7**	27.9
Others	**(0.2)**	4.9
TOTAL	**(332.5)**	(169.3)

18. GOODWILL RESERVE

	Consolidated	
	2000 US$m	1999 US$m
At 1 January	**1,744.1**	976.0
Goodwill arising during the year on		
– increased investments in associated companies (Note 27)	**274.2**	–
– acquisitions of associated companies	**38.5**	809.1
– acquisitions of subsidiary companies	**–**	9.1
– increased investments in subsidiary companies	**–**	32.8
Goodwill reinstated on		
– disposals of subsidiary companies (Note 28(A))	**(130.4)**	(59.8)
– reduced interest in associated companies (Note 28(C))	**(12.5)**	–
– reduced interest in subsidiary companies	**–**	(16.9)
– dilution of interest in a subsidiary company	**–**	(6.2)
AT 31 DECEMBER	**1,913.9**	1,744.1

An analysis of the goodwill reserve by principal operating company is set out below.

	2000 US$m	1999 US$m
PLDT	**1,021.5**	792.3
Indofood	**652.7**	569.5
Escotel	**163.4**	163.4
Berli Jucker	**30.9**	30.6
Metro Pacific	**26.5**	81.6
FPDSavills	**10.8**	81.8
Darya-Varia	**8.1**	8.1
First Pacific Bank	**–**	16.8
TOTAL	**1,913.9**	1,744.1

19. OUTSIDE INTERESTS

	Consolidated 2000 US$m	1999 US$m
At 1 January	**1,350.5**	1,385.2
Exchange translation	**(162.6)**	(32.5)
Acquisitions of subsidiary companies	**–**	(0.5)
Disposals of subsidiary companies	**(404.4)**	(2.1)
Shares issued and change in attributable interests	**(10.6)**	(47.5)
Share of profit for the year	**5.5**	49.4
Attributable dividends	**(19.6)**	(0.6)
Others	**–**	(0.9)
AT 31 DECEMBER	**758.8**	1,350.5

An analysis of the outside interests by principal operating company is set out below.

	2000 US$m	1999 US$m
Metro Pacific	**728.6**	1,077.9
Berli Jucker	**30.0**	44.0
First Pacific Bank	**–**	219.8
Others	**0.2**	8.8
TOTAL	**758.8**	1,350.5

20. LOAN CAPITAL AND LONG-TERM BORROWINGS

	Note	Interest rate	Redemption date	Consolidated 2000 US$m	1999 US$m
UNSECURED LOANS					
Loan capital					
– Convertible bonds	(A)	2.0%	2002	**267.9**	267.9
– Convertible note	(B)	2.0%	2006	**50.0**	50.0
– Convertible bonds	(C)	2.5%	2001	**72.1**	78.9
– Convertible long-term commercial paper	(D)	10.0%	2001	**38.4**	49.4
– Convertible notes	(E)	9.5%	2002	**30.0**	37.6
– Convertible preferred shares	(F)	10.0%	2002	**14.4**	17.9
– Floating rate notes	(G)			**–**	8.5
Bank loans				**15.5**	62.1
Other loans				**9.5**	7.9
Subtotal				**497.8**	580.2
SECURED LOANS					
Loan capital					
– Long-term commercial paper	(H)	13.0%	2001–2002	**11.0**	24.8
Bank loans				**34.5**	240.5
Other loans				**21.8**	39.9
Subtotal				**67.3**	305.2
Total loan capital and long-term borrowings				**565.1**	885.4
Less current portion included in short-term borrowings (Note 24)				**(130.9)**	(53.3)
TOTAL				**434.2**	832.1

The maturity profile of the Group's loan capital and long-term borrowings is as follows:

	Loan capital		Bank loans		Other loans		Consolidated	
							Total	Total
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999
	US$m	US$m	**US$m**	US$m	**US$m**	US$m	**US$m**	US$m
Not exceeding one year	**117.5**	11.2	**4.6**	39.5	**8.8**	2.6	**130.9**	53.3
More than one year but not exceeding two years	**316.3**	136.9	**8.1**	49.5	**1.5**	5.1	**325.9**	191.5
More than two years but not exceeding five years	**–**	336.9	**27.6**	109.3	**21.0**	40.1	**48.6**	486.3
More than five years	**50.0**	50.0	**9.7**	104.3	**–**	–	**59.7**	154.3
TOTAL	**483.8**	535.0	**50.0**	302.6	**31.3**	47.8	**565.1**	885.4
Representing amounts repayable								
– wholly within five years	**433.8**	485.0	**40.3**	198.3	**31.3**	47.8	**505.4**	731.1
– not wholly within five years	**50.0**	50.0	**9.7**	104.3	**–**	–	**59.7**	154.3
TOTAL	**483.8**	535.0	**50.0**	302.6	**31.3**	47.8	**565.1**	885.4

Details of loan capital are set out below. Bank and other loans are repayable in various annual installments at a weighted average annual rate of interest of 9.1 per cent (1999: 10.2 per cent).

A) CONVERTIBLE BONDS Issued by First Pacific Capital (1997) Limited totaling US$350.0 million on 27 March 1997, these bonds bear interest at two per cent and are guaranteed by the Company. A total of US$82.1 million of the bonds have already been redeemed. The bonds are convertible into shares of the Company at HK$12.25 per share, at a fixed exchange rate of HK$7.7477: US$1, up to 13 March 2002. In the event of non-conversion, these bonds will be redeemed at 134.1 per cent of the par value. At 31 December 2000, a premium provision of US$67.8 million had been established for the purpose of redemption.

B) CONVERTIBLE NOTE Issued by the Company on 17 September 1999, this note bears interest at a rate of two per cent, payable semi-annually in arrears, and is repayable at par on 12 September 2006. The note can be converted into shares of the Company at HK$8.40 per share, at a fixed exchange rate of HK$7.765:US$1, at any time by the holder. The issuer has the option to convert the note at any time after 17 September 2002.

C) CONVERTIBLE BONDS Guaranteed by Metro Pacific, the bonds are convertible into shares of Metro Pacific (at Pesos 5.08 per share, at a fixed exchange rate of Pesos 26.195: US$1) between June 1996 and March 2003. Any remaining bonds will be redeemed at par in April 2003. The issuer has the option to redeem at par at any time after October 1998 provided that certain conditions are fulfilled, and the bondholder at 128.9 per cent of the par value in April 2001. At 31 December 2000, a premium provision of US$18.1 million had been established for the purpose of redemption.

D) CONVERTIBLE LONG-TERM COMMERCIAL PAPER Issued by Bonifacio Land totaling Pesos 3.1 billion (US$61.1 million) on 28 May 1996, of which, Pesos 1.1 billion (US$22.7 million) was acquired by Metro Pacific on 23 August 1999. The holders have the option to convert into Bonifacio Land shares at a ratio of one paper unit (Pesos 480) to one share. In the event of nonconversion, the principal, together with interest calculated at 10.0 per cent compounded annually, will be payable in full in May 2001.

E) CONVERTIBLE NOTES Issued by Metro Pacific totaling Pesos 1.5 billion (US$30.0 million) during September and October 1999, the notes are convertible into shares of Metro Pacific between September 1999 and October 2002 at a conversion price of Pesos 2.25 per share. In the event of nonconversion, these notes will be redeemed, with a premium of 8.7 per cent of the par value, in October 2002. At 31 December 2000, a premium provision of US$1.0 million had been established for the purpose of redemption.

F) CONVERTIBLE PREFERRED SHARES Issued by Metro Pacific on 23 July 1999, these preferred shares are peso denominated, carry a dividend rate of 10 per cent and can be converted, within three years from the date of issue into shares of Metro Pacific at a conversion price of Pesos 2.25 per share. In the event of nonconversion, these preferred shares will be redeemed after three years with a premium that will equate to a cumulative yield over the full term of 15 per cent. At 31 December 2000, a premium provision of US$0.9 million had been established for the purpose of redemption.

G) FLOATING RATE NOTES The remaining notes of US$8.5 million were redeemed early in December 2000.

H) LONG-TERM COMMERCIAL PAPER Issued by Metro Pacific totaling Pesos 550 million (US$11.0 million), these papers are secured over shares in certain subsidiary companies of Metro Pacific.

21. DEFERRED LIABILITIES AND PROVISIONS

	Consolidated	
	2000	1999
	US$m	US$m
Redemption premium on convertible instruments	**87.8**	64.8
Reorganization and rationalization	**47.6**	83.8
Deferred income	**41.4**	62.5
Long-term payables	**24.9**	116.4
Others	**49.0**	104.0
Subtotal	**250.7**	431.5
Less current portion included in accounts payable and accruals	**(35.1)**	(70.7)
TOTAL	**215.6**	360.8

22. DEFERRED TAXATION

	Consolidated	
	2000	1999
	US$m	US$m
At 1 January	**12.6**	15.7
Exchange translation	**(2.3)**	(0.5)
Acquisition of subsidiary companies	**–**	(0.7)
Disposal of subsidiary companies	**(5.8)**	(0.1)
Additions	**3.7**	–
Payment and utilization	**(0.5)**	(1.8)
AT 31 DECEMBER	**7.7**	12.6

Provision is made for taxation expected to be payable in respect of planned distributions of retained profits of overseas subsidiary and associated companies. Except for the matters described below, deferred taxation has been fully provided for.

Taxation losses available at 31 December 2000, to reduce future income tax arising in the entities to which they relate, amount to US$49.8 million (1999: US$119.9 million) in respect of non-Hong Kong tax losses, and US$88.7 million (1999: US$105.1 million) in respect of Hong Kong tax losses. No deferred tax assets have been recognized in respect of these losses.

23. ACCOUNTS PAYABLE AND ACCRUALS

	Consolidated		Company	
	2000	1999	**2000**	1999
	US$m	US$m	**US$m**	US$m
Trade payables	**61.5**	145.2	**–**	–
Other payables and accruals	**153.5**	228.7	**1.2**	0.8
TOTAL	**215.0**	373.9	**1.2**	0.8

At 31 December 2000, the aging analysis of the trade payables is as follows:

	Consolidated	
	2000	1999
	US$m	US$m
Less than 30 days	**22.7**	51.1
30–60 days	**19.2**	39.9
60–90 days	**11.0**	19.8
Over 90 days	**8.6**	34.4
TOTAL	**61.5**	145.2

24. SHORT-TERM BORROWINGS

	Consolidated	
	2000	1999
	US$m	US$m
Bank loans and overdrafts		
– Secured	**126.3**	376.7
– Unsecured	**60.0**	167.2
Total bank loans and overdrafts	**186.3**	543.9
Unsecured other loans and advances	**–**	34.5
Current portion of loan capital and long-term borrowings (Note 20)	**130.9**	53.3
TOTAL	**317.2**	631.7

Included is US$8.9 million (1999: US$12.9 million) of debt with an original maturity of less than 90 days.

Certain bank loans and overdrafts are secured by the Group's property and equipment with a net book amount of US$47.6 million (1999: US$218.9 million) and interest in subsidiary and associated companies.

25. PROVISION FOR TAXATION

	Consolidated 2000 US$m	1999 US$m
At 1 January	**11.7**	7.8
Exchange translation	**(1.4)**	0.1
Acquisition of subsidiary companies	**–**	1.6
Disposal of subsidiary companies	**(1.7)**	(1.2)
Provision for taxation on estimated assessable profits for the year	**12.5**	12.3
Transfer from deferred taxation	**0.5**	1.2
Reclassifications	**12.7**	–
Total	**34.3**	21.8
Tax paid	**(29.9)**	(10.1)
At 31 December	**4.4**	11.7

26. CONSOLIDATED CASH FLOW STATEMENT

A) RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2000 US$m	1999 US$m
Operating profit	**209.0**	252.0
Gain on disposal and dilution of shareholdings less provision for investments	**(145.5)**	(98.5)
Exchange losses	**18.8**	3.7
Dividend income	**(0.1)**	(0.4)
Depreciation	**49.1**	117.7
Payments in respect of deferred liabilities and provisions	**(53.6)**	(56.4)
(Gain)/loss on sale of property and equipment	**(0.4)**	1.0
Increase in inventories	**(16.0)**	(7.0)
Decrease in long-term receivables	**3.5**	51.9
Increase in accounts receivable and prepayments	**(21.9)**	(42.7)
Decrease in accounts payable and accruals	**(22.9)**	(8.3)
Others	**2.0**	(11.7)
Less operating profit attributable to Banking operations	**(34.1)**	(8.6)
Net Cash (Outflow)/Inflow from Operating Activities	**(12.1)**	192.7

Changes in working capital are stated after excluding movements due to acquisitions and disposals of subsidiary companies.

B) ANALYSIS OF CHANGES IN FINANCING

	Share capital and share premium US$m	Outside interests US$m	Bank and other borrowings US$m	**Total financing US$m**
At 1 January 2000	878.9	1,350.5	1,450.9	**3,680.3**
Attributable to Banking operations	–	(219.8)	–	**(219.8)**
Sources of financing activities	878.9	1,130.7	1,450.9	**3,460.5**
Exchange translation	–	(162.6)	(93.4)	**(256.0)**
Net cash inflow/(outflow)	–	0.2	(199.4)	**(199.2)**
Increased shareholding in an associated company	61.1	–	–	**61.1**
Balances in disposed subsidiary companies	–	(173.7)	(422.6)	**(596.3)**
Attributable profit less dividends	–	(25.9)	–	**(25.9)**
Other movements	0.1	(9.9)	7.0	**(2.8)**
At 31 December 2000	940.1	758.8	742.5	**2,441.4**

	Share capital and share premium US$m	Outside interests US$m	Bank and other borrowings US$m	Total financing US$m
At 1 January 1999	482.7	1,385.2	1,520.7	3,388.6
Attributable to Banking operations	–	(215.9)	–	(215.9)
Sources of financing activities	482.7	1,169.3	1,520.7	3,172.7
Exchange translation	–	(32.5)	(24.4)	(56.9)
Net cash inflow/(outflow)	202.4	150.4	(77.4)	275.4
Acquisition of an associated company	193.8	–	50.0	243.8
Balances in acquired subsidiary companies	–	(0.5)	0.3	(0.2)
Balances in disposed subsidiary companies	–	(2.1)	(36.0)	(38.1)
Attributable profit less dividends	–	49.4	–	49.4
Goodwill arising during the year	–	(0.9)	–	(0.9)
Other movements	–	(202.4)	17.7	(184.7)
At 31 December 1999	878.9	1,130.7	1,450.9	3,460.5

C) MAJOR NON-CASH TRANSACTIONS

The consideration for the purchase of an additional 8.0 per cent interest in Indofood comprised 221.8 million new ordinary shares valued at US$61.1 million.

On 18 September 2000, First Pacific acquired Metro Pacific's 8.0 per cent interest in PLDT. Of the total consideration of US$263.8 million, approximately US$121.1 million has been accounted for by settlement of an intercompany loan from First Pacific to Metro Pacific.

D) RESTRICTED CASH

The Group has pledged bank deposits of US$8.0 million (1999: US$30.4 million) as security for the Group's banking facilities.

E) ANALYSIS OF BANK AND OTHER BORROWINGS

	2000	1999
	US$m	US$m
Loan capital and long-term borrowings	**434.2**	832.1
Short-term borrowings	**317.2**	631.7
Amounts reclassified as cash and cash equivalents		
– Overdrafts	**(1.0)**	(2.8)
– Other short-term borrowings with an original maturity of less than 90 days	**(7.9)**	(10.1)
TOTAL	**742.5**	1,450.9

27. ACQUISITIONS AND INVESTMENTS

INCREASED INVESTMENTS IN ASSOCIATED COMPANIES

	Indofood	PLDT	Savills and others	**2000**
	US$m	US$m	US$m	**US$m**
CONSIDERATION				
Cash and cash equivalents	23.0	–	7.2	**30.2**
Equity share issue	61.1	–	–	**61.1**
Fair value of subsidiary companies disposed of	–	257.3	23.8	**281.1**
Decrease in consideration payable	(22.4)	–	–	**(22.4)**
TOTAL CONSIDERATION	61.7	257.3	31.0	**350.0**
Net assets acquired at fair value	17.0	47.0	11.8	**75.8**
GOODWILL (Note 18)	44.7	210.3	19.2	**274.2**

On 24 March 2000, PLDT issued 35.1 million new common shares at a value of approximately US$931.2 million in exchange for all of the issued share capital of Smart, including the Group's 50.3 per cent interest. As a result of the transaction, the Group's economic interest in PLDT increased to 23.1 per cent from 17.5 per cent.

On 7 April 2000, First Pacific combined First Pacific Davies Limited with Savills in return for 7.8 million new shares in Savills and HK$225.0 million (US$28.9 million) in cash. The Group's interest in Savills increased to just under 30.0 per cent from 19.8 per cent. Following the subsequent disposal of a 10.0 per cent interest, the Group's interest in Savills become 19.9 per cent.

On 15 December 2000, First Pacific acquired from the Liem Investors 146,440,690 Indofood shares, representing approximately an 8.0 per cent interest in Indofood. First Pacific issued 221,818,023 new shares valued at HK$2.15 per share (US$61.1 million) to the Liem Investors as consideration for the acquisition.

28. DISPOSALS AND DIVESTMENTS

A) DISPOSALS OF SUBSIDIARY COMPANIES

	Smart US$m	First Pacific Davies Limited US$m	First Pacific Bank US$m	Others US$m	**Total 2000 US$m**	Total FPD Guardforce others 1999 US$m
Net Assets						
Property and equipment	702.7	8.8	118.1	32.8	**862.4**	64.2
Associated companies	(74.0)	5.7	–	(1.3)	**(69.6)**	1.4
Long-term investments	17.7	–	–	–	**17.7**	–
Long-term receivables	4.9	–	–	0.4	**5.3**	0.1
Assets, other than property and equipment, attributable to Banking operations	–	–	2,854.2	–	**2,854.2**	–
Cash and cash equivalents	38.9	24.3	–	3.0	**66.2**	3.4
Accounts receivable and prepayments	117.5	32.9	–	14.7	**165.1**	38.3
Inventories	27.9	0.3	–	9.0	**37.2**	14.9
Outside interests	(159.4)	(0.8)	(230.6)	(13.6)	**(404.4)**	(2.1)
Loan capital and long-term borrowings	(182.0)	–	–	(25.7)	**(207.7)**	(10.8)
Deferred liabilities and provisions	(68.6)	(3.7)	–	(14.1)	**(86.4)**	(1.4)
Deferred taxation	(13.7)	0.4	–	7.5	**(5.8)**	(0.1)
Liabilities attributable to Banking operations	–	–	(2,579.9)	–	**(2,579.9)**	–
Accounts payable and accruals	(26.2)	(36.2)	10.3	(14.0)	**(66.1)**	(27.4)
Amount due to Group companies	(87.6)	–	–	–	**(87.6)**	–
Short-term borrowings	(203.7)	(10.5)	–	(0.7)	**(214.9)**	(25.2)
Provision for taxation	(0.8)	(1.5)	–	0.6	**(1.7)**	(1.2)
Total Net Assets Disposed Of	93.6	19.7	172.1	(1.4)	**284.0**	54.1
Goodwill reinstated from reserves (Note 18)	29.6	77.6	16.8	6.4	**130.4**	59.8
Exchange reserve reinstated	17.1	–	–	–	**17.1**	–
Gain/(loss) on disposal	117.0	(41.1)	43.4	7.7	**127.0**	53.7
Consideration						
Cash and cash equivalents	–	33.3	232.3	11.8	**277.4**	167.6
Additional interest in associated companies	257.3	22.9	–	0.9	**281.1**	–
Total Consideration	257.3	56.2	232.3	12.7	**558.5**	167.6
Net (Outflow)/Inflow of Cash and Cash Equivalents Per Consolidated Cash Flow Statement	(38.9)	9.0	232.3	8.8	**211.2**	164.2

Details of the disposals of Smart and First Pacific Davies Limited are set out in Note 27.

B) DISPOSALS OF INVESTMENTS mainly represents the sale of the Group's entire interest in China telecom ventures. At 31 December 2000, there was an outstanding receivable balance of US$7.8 million in respect of the disposal of these investments.

C) REDUCED INTEREST IN ASSOCIATED COMPANIES mainly represents the disposal of a 10.0 per cent interest in Savills (US$22.6 million) and certain associated companies of Berli Jucker (US$1.9 million).

29. COMMITMENTS AND CONTINGENT LIABILITIES

A) CAPITAL EXPENDITURE Commitments in respect of subsidiary companies not provided for in the Financial Statements are set out below.

	Consolidated	
	2000	1999
	US$m	US$m
Authorized but not contracted for	**4.7**	139.5
Contracted but not provided for	**19.2**	157.1
TOTAL	**23.9**	296.6

Commitments are in respect of:

	Consolidated	
	2000	1999
	US$m	US$m
Consumer	**2.7**	3.8
Telecommunications	**–**	215.9
Property	**21.2**	75.9
Banking	**–**	1.0
TOTAL	**23.9**	296.6

At 31 December 2000, there were no Company commitments in respect of capital expenditure (1999: Nil).

B) LEASING COMMITMENTS Annual commitments under operating lease agreements are set out below.

	Consolidated	
	2000	1999
	US$m	US$m
LAND AND BUILDINGS, EXPIRING		
– within one year	**0.6**	3.9
– between two and five years inclusive	**0.1**	5.5
– in over five years	**0.8**	2.9
Total land and buildings	**1.5**	12.3
PLANT AND OTHER, EXPIRING		
– within one year	**–**	0.6
– between two and five years inclusive	**–**	2.0
– in over five years	**–**	0.1
Total plant and other	**–**	2.7
TOTAL	**1.5**	15.0

C) CONTINGENT LIABILITIES

	Consolidated		Company	
	2000	1999	**2000**	1999
	US$m	US$m	**US$m**	US$m
Guarantees for credit facilities given to				
– wholly owned subsidiaries	**–**	–	**–**	193.5
– non-wholly owned subsidiaries	**–**	–	**1.0**	104.4
– associated companies	**100.4**	91.6	**100.4**	91.6
TOTAL	**100.4**	91.6	**101.4**	389.5

30. EMPLOYEE INFORMATION

A) REMUNERATION

	2000	1999
	US$m	US$m
Basic salaries	**86.7**	143.0
Bonuses	**20.4**	21.7
Benefits in kind	**12.0**	16.8
Pension contribution	**5.7**	8.8
Total	**124.8**	190.3
Average Number of Employees	**12,344**	25,385

The above includes remuneration paid to Directors. Detailed disclosures in respect of Directors remuneration are set out in Note 31.

B) RETIREMENT BENEFITS There are no schemes that are individually significant to the Group.

C) LOANS TO OFFICERS Particulars of loans made by the Group to Officers and disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows.

	Balance outstanding		Maximum balance during
	31 December	1 January	the year
	US$m	US$m	US$m
Aggregate amount outstanding – 2000	**0.8**	**16.2**	**16.2**
– 1999	16.2	15.4	19.4

The loans outstanding at 31 December 2000 are unsecured, interest free and have no fixed terms of repayment.

31. DIRECTORS AND SENIOR EXECUTIVES

The Company aims to attract, motivate, reward and retain high-caliber executives in a manner consistent with the creation of long-term value for shareholders. The remuneration package for senior executives, including Executive Directors, consists of the following:

SALARY AND BENEFITS

Salary reflects an executive's experience, responsibility and market value. Increases are based on effective management of the Company and on increased responsibility. Benefits principally comprise housing allowance, educational support and health care, and are consistent with those provided by comparable companies.

BONUS AND LONG-TERM INCENTIVES

Bonuses are based on targets linked to profit and individual accomplishments against objectives, and do not necessarily correlate with annual profit movements. Long-term incentives comprise share options and/or monetary payments that link reward to added shareholder value. The value of the long-term incentive offered to each executive is related to job grade and contribution to the management of the business. Long-term monetary incentive awards are disclosed once vested and paid, and are apportioned over the performance cycle.

FEES

Fees are paid to only two independent Non-executive Directors in accordance with the Company's Memorandum of Association and Bye-laws.

PENSION CONTRIBUTIONS

The Company operates a defined contribution scheme, in respect of which contributions are determined on the basis of salary and length of service.

REMUNERATION, SHARE OPTIONS AND DIRECTORS' INTERESTS

Remuneration of Executive Directors and senior executives is determined annually by the Executive Chairman and certain Non-executive Directors who are advised by compensation and benefit consultants. The Executive Chairman's salary is reviewed by Non-executive Directors representing the major shareholders.

Executive Directors' and senior executives' remuneration disclosed in Notes (A) and (C) exclude the benefits arising from the exercise of share options.

A) DIRECTORS' REMUNERATION

Executive Directors	Total 2000 US$m	Total 1999 US$m
Non-performance based		
– Salary and benefits	**4.0**	5.4
– Fees	**–**	0.1
– Pension contributions	**0.3**	0.4
– Compensation for contract severance (i)	**1.8**	–
Performance based		
– Bonus and long-term monetary incentive awards (ii)	**5.9**	1.2
TOTAL (iii) (iv)	**12.0**	7.1

(i) Represents an amount paid to a Director, under a "change of control" provision of his service contract, upon the disposal of a subsidiary company.
(ii) Includes an amount of approximately US$1.8 million paid to the Executive Chairman in respect of deferred incentive awards relating to prior years' performance.
(iii) Not included above or below are:
– an amount of approximately US$1.0 million which is reimburseable by an associated company in respect of the services of the Executive Chairman; and
– an ex-gratia payment of approximately US$0.7 million, representing the proceeds from a "Key Man" insurance policy, made to the estate of a former Director.
(iv) Not included above or below is an amount of approximately US$1.1 million paid by the Company to the former Managing Director in respect of deferred incentive awards relating to the period in which he served as a Director.

The table below shows the number of Directors whose remuneration was within the bands stated.

	2000 Number	1999 Number
US$NIL–US$125,000	**6**	9
US$381,001–US$445,000	**1**	–
US$445,001–US$509,000	**–**	1
US$509,001–US$573,000	**–**	1
US$573,001–US$637,000	**–**	1
US$637,001–US$701,000	**1**	1
US$829,001–US$893,000	**–**	1
US$1,085,001–US$1,149,000	**1**	2
US$1,213,001–US$1,277,000	**1**	–
US$1,405,001–US$1,469,000	**1**	–
US$1,661,001–US$1,725,000	**–**	1
US$1,725,001–US$1,789,000	**1**	–
US$2,109,001–US$2,173,000	**1**	–
US$3,069,001–US$3,133,000	**1**	–

The Company's independent Non-executive Directors received a total of US$30,000 (1999: US$40,000) in fees for meetings attended in 2000, and emoluments of US$76,923 (1999: US$77,420) for consultancy services provided to the Company in 2000.

B) DIRECTORS' SHARE OPTIONS The Company had at 31 December 2000 outstanding ordinary share options granted to the Executive Chairman and Executive Directors. All outstanding options are exercisable within 10 years of their various dates of issue. Under the current share option scheme, the Board of Directors can grant to full-time executives of the Company options to subscribe in aggregate for shares representing up to 10 per cent of the issued share capital of the Company from time to time.

The aggregate number of options awarded, individual entitlements and option exercise prices were determined by a Special Compensation Committee of the Board of Directors pursuant to Chapter 17 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

The table below gives particulars of the options granted to the Directors.

Directors	Date of issue	Number of share options	Fully vested by	Option exercise price HK$	Market price at date of grant HK$
Manuel V. Pangilinan	19 December 1996	12,498,000	January 2000	9.47	9.60
Michael J.A. Healy	19 December 1996	964,000	January 2000	9.47	9.60
	25 June 1999	2,004,000	June 2003	5.38	6.80
Ronald A. Brown	19 December 1996	1,360,000	January 2000	9.47	9.60
	25 June 1999	2,504,000	June 2003	5.38	6.80
David G. Eastlake	1 February 1997	562,000	February 2001	10.61	10.50
	25 June 1999	1,498,000	June 2003	5.38	6.80
Edward A. Tortorici	16 July 1997	920,000	July 1998	9.22	9.15
	25 June 1999	5,556,000	January 2004	6.72	6.80

C) SENIOR EXECUTIVES' REMUNERATION AND SHARE OPTIONS As similar remuneration schemes operate for the senior executives of the Group, their remuneration may exceed that of the Company's Directors. No (1999: two) senior executives were among the Group's five highest earning employees.

	2000 US$m	1999 US$m
Non-performance based		
– Salary and benefits	–	1.2
– Pension contributions	–	0.1
Performance based		
– Bonus and long-term monetary incentive awards	–	1.3
TOTAL	–	2.6

The table below shows the remuneration of the two senior executives who were among the Group's five highest earning employees in 1999.

Remuneration bands	**2000 Number**	1999 Number
US$1,277,001–US$1,341,000	–	1
US$1,341,001–US$1,405,000	–	1

At 31 December 2000, 12,226,000 options granted to senior executives of the Company were outstanding, details of which are set out below.

Number of share options	7,496,000	4,198,000	532,000
Option exercise price (HK$)	5.38	9.47	9.66

During 2000, no options were exercised by senior executives, 1,648,000 options were granted and 1,764,000 options were canceled.

32. MAJOR CUSTOMERS AND SUPPLIERS

Due to the considerable diversification of the Group's businesses, no customers or suppliers represent more than 30.0 per cent of the Group's turnover or purchases.

33. RELATED PARTY TRANSACTIONS

Significant related party transactions entered by the Group during the year ended 31 December 2000, which also constitute connected transactions under the Listing Rules, are disclosed in Notes (A) to (G). Other related party transactions, which do not constitute connected transactions under the Listing Rules, are disclosed in Notes (H) to (J).

A) On 28 February 2000, the Company announced that an agreement for sale and purchase was entered into between FPB Bank Holding Company Limited ("FPB"), a 41.3 per cent owned subsidiary of the Company and Mr. James C. Ng, a director of both the Company and FPB, pursuant to which FPB agreed to sell a property located at Tai Tam, Hong Kong, for a total cash consideration of US$3.1 million (HK$24.5 million), based upon two independent third party valuations.

B) On 24 March 2000, the Company and Metro Pacific separately announced that each had sold their respective interests in Smart in exchange for new PLDT shares after obtaining all government and regulatory approvals. As a result, the Group's economic interest in PLDT increased to 23.1 per cent.

C) On 29 June 2000, the Company announced the sale of its 53.0 per cent interest in the JSS Pinnacle Group Limited ("JSSPinnacle") and of certain businesses and assets of First Pacific Davies (UK) Limited ("FPDUK") and UK Pacific Holdings Limited ("UKPAC") for £2.5 million (US$3.8 million) to a management led consortium headed by Godfrey Blott, a former director of First Pacific Davies Limited. JSSPinnacle, FPDUK and UKPAC were subsidiaries of the Company engaged in providing property management services for residential and commercial properties located in the London area.

D) On 12 July 2000, the Company announced that it had agreed to purchase Metro Pacific's entire interest in PLDT, representing approximately 8.0 per cent of PLDT's issued capital, for Pesos 12.1 billion (US$263.8 million). Under the terms of the agreement, First Pacific acquired Metro Pacific's direct and indirect interests, totaling 13,438,220 PLDT shares, at Pesos 900 (US$20) per share. On 10 August 2000, the Company's independent shareholders approved the transaction at a special general meeting. After obtaining all government and regulatory approvals, the transaction was formally completed on 18 September 2000. As a result, the Group's economic interest in PLDT increased to 24.6 per cent.

E) On 7 September 2000, the Company announced that it had agreed to acquire, from the Liem Investors, an additional 8.0 per cent interest in Indofood. Total consideration for the transaction amounted to US$61.1 million, settled by the issue of 221.8 million new First Pacific shares, valued at HK$2.15 per share. After obtaining approval from the Company's independent shareholders on 16 October 2000, the transaction was formally completed on 15 December 2000. As a result, the Group's economic interest in Indofood increased to 48.0 per cent.

F) On 20 November 2000, the Company announced that it had agreed to sell its entire 41.25 per cent interest in FPB Bank Holding Company Limited ("FPB") to The Bank of East Asia Limited ("BEA") for cash consideration equivalent to a price of HK$3.50 (US$0.45) per share. In order to facilitate the transaction, the Company agreed to purchase MIMET FOTIC Investment Limited's ("MFIL") entire 33.75 per cent attributable interest in FPB at the same price. Since both the Company and MFIL were substantial shareholders of FPB, this transaction required approval from the Company's shareholders which was obtained on 13 December 2000. The acquisition of MFIL's 33.75 per cent interest in FPB was formally completed on 19 December 2000 and the combined interest in FPB of 75.0 per cent, was offered to BEA on 21 December 2000. The transaction was completed on 28 December 2000.

G) On 20 December 2000, the Company and FPB Bank Holding Company Limited ("FPB") entered into an agreement for the transfer of the FPB's 3.6 per cent interest in China Investment Incorporations (BVI) Limited, whose primary asset is the China Club in Hong Kong to the Company for a consideration of approximately US$0.3 million.

H) On 8 December 2000, the Company entered into a sale and purchase agreement with FPB to acquire all of its interest, being 5,000,000 Class B shares, in the capital of Bank Consortium Holding Limited at a consideration of HK$1 plus future disposal price.

I) As at 31 December 2000, PT Salim Ivomas Pratama ("SIMP"), a subsidiary of Indofood, and certain of SIMP's indirect subsidiaries had pledged deposits totaling Rupiah 489.1 billion (US$50.7 million) in favor of Bank Danamon International ("BDI"), which is supervised by the Indonesian Bank Restructuring Agency ("IBRA"). At the time of the transaction, IBRA was a shareholder in First Pacific. The deposits were pledged as security in connection with loans advanced by BDI to certain companies, which are indirectly owned by PT Holdiko Perkasa (a Salim company that is under supervision by IBRA). PT Holdiko Perkasa is in discussions with BDI to replace SIMP's deposits with an alternative security acceptable to BDI.

J) In the ordinary course of business, Indofood has engaged in trade and financial transactions with certain of its associated and affiliated companies, the majority of which are related to the Salim family either through direct and/or common share ownership. Mr. Soedono Salim is a former director and Mr. Anthoni Salim is a current director while both are also substantial shareholders of the Company.

Indofood believes that these transactions are conducted under normal terms/prices and conditions similar to those with non-related parties. The more significant of such transactions with these related parties are summarized below.

As at 31 December Nature of transactions	**2000** **US$m**	1999 US$m
BALANCE SHEET ITEMS		
Cash and cash equivalents with affiliated companies	**–**	281.2
Accounts receivable – trade		
– from associated companies	**3.8**	4.8
– from affiliated companies	**2.8**	1.4
Accounts receivable – non-trade		
– from associated companies	**–**	0.5
– from affiliated companies	**35.0**	24.2
Accounts payable – trade		
– to associated companies	**1.3**	1.0
– to affiliated companies	**21.6**	30.5
Accounts payable – non-trade		
– to affiliated companies	**0.1**	0.6
Short-term bank loans and overdrafts from affiliated companies	**–**	164.2
Long-term bank loans from affiliated companies	**–**	0.2

Nature of transactions	**Year ended 31 December 2000 US$m**	Quarter ended 31 December 1999 US$m
PROFIT AND LOSS ITEMS		
Sales of finished goods		
– to affiliated companies	**18.2**	20.2
– to associated companies	**37.7**	15.2
Purchase of raw materials		
– from affiliated companies	**84.1**	55.7
– from associated companies	**9.6**	–
Interest income		
– Loans to affiliated companies	**0.2**	0.4
– Deposits placed at affiliated companies	**–**	4.7
Interest expense		
– Loans from affiliated companies	**–**	3.1
– Finance lease obligations due to affiliated companies	**0.2**	0.2
Royalty income from affiliated companies	**0.3**	0.1
Management and technical services fee expenses to affiliated companies	**0.7**	0.2
Management and technical services fee income		
– from affiliated companies	**1.4**	0.5
– from associated companies	**0.3**	–
Insurance premiums paid to affiliated companies	**0.1**	0.3
Rental expense to affiliated companies	**0.7**	0.4
Principal only swap transaction with affiliated companies	**–**	0.6

Approximately four per cent of Indofood's sales and nine per cent of its purchases were made to/from these related companies.

HK GAAP and IAS Reconciliation

HK GAAP AND IAS

The Financial Statements of the Company are prepared in accordance with Hong Kong Generally Accepted Accounting Principles (HK GAAP). For the benefit of international investors, there follows a reconciliation between HK GAAP and International Accounting Standards (IAS) which sets out the principal differences between HK GAAP and IAS that would materially impact consolidated profit attributable to ordinary shareholders and shareholders' equity.

Goodwill, which is the difference between the consideration paid and the fair value of the identifiable net assets acquired, can be deducted from shareholders' equity under HK GAAP. This is the accounting treatment adopted by the Group. IAS requires such purchased goodwill to be recorded as an asset on the balance sheet and amortized through the profit and loss statement over the estimated useful life of the goodwill, which should not exceed 20 years.

HK GAAP requires that deferred tax liabilities and assets be recorded on the basis of the probability that such timing differences will reverse in the foreseeable future (partial recognition). However, deferred tax assets are recognized under HK GAAP only in very restrictive circumstances. IAS requires that liabilities and assets in respect of deferred taxation be accounted for in full (full recognition), except where it is "more likely than not" that an asset will not be realized. Therefore, under IAS, deferred tax assets should be recognized if it is probable a tax benefit will be realized.

Under HK GAAP, ordinary dividends are provided for in the same period in which they are recommended. Under IAS, dividends are not provided for until declared.

The following is a summary of the estimated material adjustments between HK GAAP and IAS.

IAS RECONCILIATION

	2000 US$m	1999 US$m
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS AS REPORTED UNDER HK GAAP	**51.2**	138.2
Estimated material IAS adjustments		
– Reversal of goodwill reinstated on disposals and dilutions	**82.2**	13.7
– Purchased goodwill amortization(i)	**(91.2)**	(68.5)
– Net deferred tax liabilities recognized	**–**	(1.5)
ESTIMATED PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS UNDER IAS	**42.2**	81.9

	U.S. cents	U.S. cents
ESTIMATED BASIC EARNINGS PER SHARE UNDER IAS	**1.4**	3.2

	2000 US$m	1999 US$m
SHAREHOLDERS' EQUITY AS REPORTED UNDER HK GAAP	**365.5**	591.5
Estimated material IAS adjustments		
– Capitalization of purchased goodwill	**1,785.0**	1,621.1
– Proposed dividends	**4.0**	7.5
– Net deferred tax liabilities recognized	**(18.1)**	(14.4)
ESTIMATED SHAREHOLDERS' EQUITY UNDER IAS	**2,136.4**	2,205.7

	U.S. cents	U.S. cents
ESTIMATED SHAREHOLDERS' EQUITY PER SHARE UNDER IAS	**68.0**	75.8

(i) Assumes goodwill is amortized over 20 years.

Glossary of Terms

FINANCIAL TERMS

DEFINED BENEFIT SCHEME A retirement scheme in which the rules specify the benefits to be paid and the scheme is financed accordingly. Generally, benefits are determined by a formula which takes account of the years of service and final salary of each member.

DEFINED CONTRIBUTION SCHEME A retirement scheme under which the benefits are directly determined by the value of contributions paid in respect of each member.

EBITDA Earnings before interest, tax, depreciation and amortization.

NET ASSETS Total assets less total liabilities, equivalent to the sum of shareholders' equity and outside interests.

NET INDEBTEDNESS Total of short-term and long-term borrowings, including loan capital, net of cash and bank balances.

RECURRING PROFIT Profit attributable to ordinary shareholders excluding gain on disposal and dilution of shareholdings less provision for investments and exchange differences.

FINANCIAL RATIOS

CURRENT RATIO Current assets/current liabilities.

DIVIDEND PAYOUT RATIO Ordinary share dividends paid and proposed/recurring profit.

EARNINGS PER SHARE (BASIC) Profit attributable to ordinary shareholders/weighted average number of shares outstanding during the year.

GEARING RATIO Net indebtedness/net assets.

INTEREST COVER Profit before taxation (excluding gain on disposal and dilution of shareholdings less provision for investments and exchange differences) and net financing charges/net financing charges.

ORDINARY SHAREHOLDERS' EQUITY PER SHARE Ordinary shareholders' equity/year end outstanding number of ordinary shares.

RETURN ON AVERAGE NET ASSETS Profit after taxation (excluding gain on disposal and dilution of shareholdings less provision for investments and exchange differences)/average net assets.

RETURN ON ORDINARY SHAREHOLDERS' AVERAGE EQUITY Recurring profit/average ordinary equity before goodwill reserve.

TELECOMMUNICATIONS TERMS

ANALOG Technology that carries traffic in the form of a continuous electronic signal.

BROADBAND A communication line that has a greater bandwidth than a voice line, which allows voice, video and data signals to travel at a faster speed.

CDMA Code Division Multiple Access. Refers to a digital cellular system that separates communications by code. Voice is broken into digitized bits and groups of bits are tagged with a code that is unique with a single cell.

CELLULAR Wireless network configured in cells, which supports a high number of users by reusing the same frequency in each cell.

CELLULAR PENETRATION The number of cellular telephones per hundred inhabitants.

CHURN RATE The rate, usually expressed on a monthly basis, at which existing subscribers cancel their service.

DIGITAL Transmission technology that carries signals as a stream of binary bits rather than in a continuous form.

GSM Global System for Mobile Communication. A digital cellular network technology, widely used in Europe and Asia, that operates in the 900 MHz or 1,800 MHz range.

INTERNATIONAL GATEWAY FACILITY A switch (or telephone exchange) that routes calls between the domestic and the international networks.

LOCAL EXCHANGE CARRIER Refers to an entity primarily providing transmission and switching of telecommunications services, but is not limited to voice-to-voice service, within a contiguous geographic area anywhere in the country.

NATIONAL LONG DISTANCE Pertains to the telecom service, which transfers a call from one exchange to another within domestic geographical boundaries.

SWITCHING SYSTEM The network system where traffic is routed between customers. Also known as telephone exchange or central office.

Information for Investors

FINANCIAL DIARY

Preliminary announcement of 2000 results	5 March 2001
Annual report posted to shareholders	28 April 2001
Last day to register for final dividend	16 May 2001
Annual General Meeting	28 May 2001
Payment of final dividend	29 May 2001
Preliminary announcement of 2001 interim results	3 September 2001*
Interim report posted to shareholders	8 September 2001*
Last day to register for interim dividend	21 September 2001*
Payment of interim dividend	22 October 2001*
Financial year end	31 December 2001
Preliminary announcement of 2001 results	4 March 2002*

*Subject to confirmation

HEAD OFFICE

24th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong
Telephone: (852) 2842 4388
Fax: (852) 2845 9243
Email: info@firstpac.com.hk

REGISTERED OFFICE

Cedar House, 41 Cedar Avenue
Hamilton HM12, Bermuda
Telephone: (1 441) 295 2244
Fax: (1 441) 292 8666

TO CONSOLIDATE SHAREHOLDINGS

Write to our principal share registrar and transfer office in Bermuda at:
Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, Bermuda
Or the Hong Kong branch at:
Central Registration Hong Kong Limited
Rooms 1901–5, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

STOCK CODES	The Stock Exchange of Hong Kong: 142 Bloomberg: 142 HK Reuters: 0142.HK ADR Code: FPAFY CUSIP reference number: 335889200
TO RECEIVE ADDITIONAL INFORMATION, CONTACT	Rebecca G. Brown Executive Vice President Group Corporate Communications First Pacific Company Limited 24th Floor, Two Exchange Square 8 Connaught Place Central, Hong Kong Telephone: (852) 2842 4374 Fax: (852) 2845 9243 Email: info@firstpac.com.hk
TO RECEIVE THE CHINESE VERSION OF THIS REPORT, CONTACT	Group Corporate Communications First Pacific Company Limited 24th Floor, Two Exchange Square 8 Connaught Place Central, Hong Kong Telephone: (852) 2842 4424 Fax: (852) 2845 9243 Email: info@firstpac.com.hk
WEB SITE	www.firstpacco.com
SHARE LISTINGS	First Pacific's shares are listed on The Stock Exchange of Hong Kong and are traded over-the-counter in the U.S. in the form of American Depositary Receipts issued by The Bank of New York.
AUDITORS	PricewaterhouseCoopers 22nd Floor, Prince's Building Central, Hong Kong
SOLICITORS	Richards Butler 20th Floor, Alexandra House Central, Hong Kong
PRINCIPAL BANKERS	ING Bank NV ABN AMRO Bank NV Bank of America The Hongkong and Shanghai Banking Corporation Limited JPMorgan Standard Chartered Bank

Ten-Year Statistical Summary

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
RESULTS (US$ millions)										
Turnover	**808.9**	1,231.5	2,894.4	8,308.4	7,025.7	5,249.7	3,804.6	3,217.8	2,913.7	2,527.9
Profit for the year	**51.2**	138.2	360.5	212.0	204.7	260.5	135.3	101.2	63.1	34.5
Profit attributable to ordinary shareholders	**51.2**	138.2	360.5	212.0	204.2	257.0	130.3	94.5	55.5	28.7
Recurring profit	**51.0**	41.4	40.5	166.2	201.7	152.5	109.5	79.4	56.6	31.3
Ordinary share dividends	**7.7**	15.0	13.8	51.9	64.1	49.7	34.4	25.5	17.8	14.7
PER ORDINARY SHARE DATA (U.S. cents)										
Earnings										
– Basic	**1.75**	5.34	15.21	8.98	8.73	12.50	7.06	5.88	3.74	2.06
– Diluted	**1.75**	5.32	15.12	8.89	8.59	11.78	6.37	4.54	2.92	1.70
– Basic recurring	**1.74**	1.60	1.71	7.04	8.62	7.42	5.93	4.94	3.81	2.25
– Diluted recurring	**1.74**	1.76	1.70	6.99	8.49	7.06	5.40	3.88	2.96	1.83
Dividends	**0.26**	0.52	0.58	2.19	2.71	2.24	1.79	1.47	1.15	1.03
Ordinary shareholders' equity	**11.64**	20.32	34.18	2.72	8.48	18.77	10.42	8.30	1.39	1.92
FINANCIAL RATIOS										
Return on average net assets (%)	**1.96**	2.82	3.41	14.75	18.53	18.47	18.69	18.45	17.86	11.67
Return on ordinary shareholders' average equity (%)	**2.21**	2.01	2.58	11.86	14.90	15.33	16.85	16.03	14.18	8.57
Dividend payout ratio (%)	**15.09**	36.26	34.14	31.25	31.80	32.61	31.42	32.11	31.42	47.12
Dividend cover (times)	**6.63**	2.76	2.93	3.20	3.14	3.07	3.18	3.11	3.18	2.13
Interest cover (times)	**3.19**	2.73	2.38	3.65	4.78	5.02	4.98	5.25	3.59	2.50
Current ratio (times)	**1.16**	0.99	0.89	1.17	1.06	1.34	1.23	1.22	1.21	1.27
Gearing ratio (times)										
– Consolidated before goodwill reserve	**0.17**	0.32	0.41	0.92	0.85	0.60	0.65	0.64	0.87	0.92
– Consolidated after goodwill reserve	**0.46**	0.61	0.59	1.54	1.79	0.99	1.13	1.09	1.73	1.83
– Company	**0.10**	0.28	0.38	0.82	0.41	0.16	0.33	0.34	0.31	0.38
CONSOLIDATED BALANCE SHEET DATA (US$ millions)										
Capital expenditure	**200.0**	304.2	374.1	887.3	500.9	388.1	218.8	132.6	181.4	215.2
Total assets	**2,322.4**	6,797.0	7,646.3	11,386.3	8,491.8	6,821.1	6,089.6	4,996.1	4,432.3	3,837.5
Net indebtedness	**521.9**	1,183.4	1,296.3	2,937.1	2,024.8	1,238.6	817.8	634.7	694.3	648.2
Total liabilities	**1,198.1**	4,855.0	5,449.0	9,487.7	7,361.7	5,567.4	5,363.6	4,416.1	4,030.1	3,482.4
Total assets less current liabilities	**1,781.8**	5,772.2	6,592.3	8,232.8	5,614.9	5,000.6	4,880.4	4,154.8	3,671.4	3,110.7
Net assets	**1,124.3**	1,942.0	2,197.3	1,898.6	1,130.1	1,253.7	726.0	580.0	402.2	355.1
Shareholders' equity before goodwill reserve	**2,279.4**	2,335.6	1,788.1	1,353.6	1,449.6	1,282.9	814.9	668.3	517.7	488.3
Shareholders' equity	**365.5**	591.5	812.1	64.5	200.0	458.5	285.2	251.3	171.5	140.2
COMPANY BALANCE SHEET DATA (US$ millions)										
Total assets	**1,614.3**	1,538.1	1,084.5	1,115.8	909.9	801.0	520.4	452.1	447.9	510.6
Net indebtedness (i)	**150.0**	416.2	408.0	880.3	326.9	118.5	159.2	139.9	125.4	137.6
Total liabilities	**55.2**	58.3	6.6	38.8	102.2	41.9	38.3	40.0	43.9	153.0
Shareholders' equity	**1,559.1**	1,479.8	1,077.9	1,077.0	807.7	759.1	482.1	412.1	404.0	357.6
OTHER INFORMATION (at 31 December)										
Number of shares in issue (millions)	**3,139.8**	2,910.8	2,375.6	2,367.3	2,358.2	2,310.0	1,936.2	1,822.4	1,547.8	1,441.1
Weighted average no. of shares in issue (millions)										
– Basic	**2,923.9**	2,586.9	2,370.9	2,362.2	2,339.0	2,056.8	1,846.8	1,606.7	1,484.9	1,392.3
– Diluted	**2,923.9**	2,603.3	2,383.7	2,416.1	2,375.0	2,212.3	2,125.4	2,176.5	2,076.7	1,892.7
Share price (HK$)	**2.225**	6.000	3.700	3.750	10.050	8.600	5.650	4.225	1.090	1.000
Market capitalization (US$ millions)	**895.6**	2,239.1	1,126.9	1,138.1	3,038.4	2,546.9	1,402.5	987.1	216.3	184.8
Number of shareholders	**5,581**	5,632	6,116	5,077	4,897	5,063	5,479	6,000	8,681	6,755
Number of employees	**8,560**	22,210	30,673	51,270	52,880	45,911	30,808	26,060	19,823	19,621

(i) Includes net indebtedness of certain wholly owned financing and holding companies.

See page 96 for a glossary of terms.

Summary of Principal Investments

As at 31 March 2001

Investment	Place of incorporation/ principal area of operation	Reporting currency	Issued number of shares	Economic interest	Voting interest	Principal activities
CONSUMER						
PT Indofood Sukses Makmur Tbk	Indonesia	Rupiah	9.2 billion	48.0	48.0	Jakarta-based Indofood is Indonesia's leading processed-foods group. Listed on the Jakarta and Surabaya stock exchanges, Indofood's principal businesses are Instant Noodles, Flour and Edible Oils and Fats, as well as Snack Foods, Baby Foods, Food Seasonings and Distribution. Further information on Indofood can be found at www.indofood.co.id The First Pacific Group acquired an additional 8.0 per cent interest in December 2000. The Group's average economic shareholding during 2000 was 40.0 per cent.
Berli Jucker Public Company Limited	Thailand	Baht	158.8 million	83.5	83.5	Berli Jucker is based and listed in Bangkok. It focuses on the manufacturing, marketing and distribution of glass, consumer, technical and imaging products. Further information on Berli Jucker can be found at www.berlijucker.co.th
PT Darya-Varia Laboratoria Tbk	Indonesia	Rupiah	560.0 million	89.5	89.5	Darya-Varia, which is based and listed in Jakarta, is a leading, fully integrated health care company engaged in the manufacture, marketing and distribution of prescription and over-the-counter medicines. Further information on Darya-Varia can be found at www.darya-varia.com
TELECOMMUNICATIONS						
Philippine Long Distance Telephone Company	Philippines	Pesos	168.5 million	24.6	31.7	PLDT is the leading supplier of domestic and international telecommunications services in the Philippines. Actively pursuing a convergence strategy, PLDT is based and listed in Manila and has ADRs listed on the New York Stock Exchange and the Pacific Exchange. Its three principal business groups – fixed line, wireless and Internet/multimedia – provide a comprehensive menu of products and services across the most extensive broadband and integrated networks in the country. Further information on PLDT can be found at www.pldt.com.ph In March 2000, the First Pacific Group's economic and voting interests increased to 23.1 per cent and 31.7 per cent, respectively, following PLDT's acquisition of 100 per cent of Smart. In September 2000, First Pacific's economic interest further increased to 24.6 per cent through the acquisition of Metro Pacific's approximate 8.0 per cent interest in PLDT. Voting interest remained unchanged at 31.7 per cent. The Group's average economic shareholding during 2000 was 22.1 per cent.
Escotel Mobile Communications Limited	India	Rupees	366.0 million	49.0	49.0	Escotel, which is based in New Delhi, provides GSM cellular telephone services in Uttar Pradesh (West), Haryana and Kerala. Further information on Escotel can be found at www.escotelmobile.com
Infrontier Limited	Bermuda/ Asia	US$	12.0 thousand	100.0	100.0	Infrontier, a start-up business based in Hong Kong, provides Internet- and wireless-based solutions and services to companies in Asia. Further information on Infrontier can be found at www.infrontier.com
PROPERTY						
Metro Pacific Corporation	Philippines	Pesos	18.6 billion	80.6	80.6	Metro Pacific, which is based and listed in Manila, has interests principally in Property (Bonifacio Land Corporation, Landco Pacific and Pacific Plaza Towers). It also has interests in Banking (First e-Bank) and Transportation (Negros Navigation). Further information on Metro Pacific can be found at www.metropacific.com

DESIGN BY **ADDISON** **WWW.ADDISON.COM**
FEATURE SECTION PHOTOGRAPHY BY **DAVID DREBIN** COMMUNITY SECTION PHOTOGRAPHY BY **PAUL HU** EXECUTIVE PHOTOGRAPHY BY **LINCOLN POTTER**
PRINTED BY **ROMAN FINANCIAL PRESS LIMITED**
A CHINESE VERSION OF THIS ANNUAL REPORT IS AVAILABLE FROM THE COMPANY UPON REQUEST. 如有需要，可向本公司索取本年報之中文版本

FIRST PACIFIC