FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

2001 ANNUAL RESULTS OF METRO PACIFIC CORPORATION

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CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(Unaudited)

For the period ended 31 December (In thousand pesos)	**2001**	**2000**	**1999**
Revenues	**6,860,124**	9,826,087	9,830,507
Cost of sales	**(5,513,966)**	(6,883,132)	(6,843,280)
Operating expenses	**(1,183,443)**	(1,196,801)	(953,459)
Operating profit	**162,715**	1,746,154	2,033,768
Equity in net losses of affiliated companies	**(525,541)**	(308,014)	(425,492)
Financing charges, net	**(2,245,379)**	(1,271,790)	(1,031,858)
(Loss)/profit before other expense	**(2,608,205)**	166,350	576,418
Other expense, net	**(24,515,728)**	(1,947,828)	(719,954)
Loss before taxation	**(27,123,933)**	(1,781,478)	(143,536)
Taxation	**344,625**	(726,041)	(69,862)
Loss from continuing operations	**(26,779,308)**	(2,507,519)	(213,398)
(Loss)/gain from discontinued operations	**(11,274)**	4,895,984	3,687,027
Net (loss)/income before outside interests	**(26,790,582)**	2,388,465	3,473,629
Outside interests	**3,579,873**	(154,720)	(1,069,785)
Net (loss)/income for the period	**(23,210,709)**	2,233,745	2,403,844
(Deficit)/retained earnings			
Beginning of period	**6,941,959**	4,781,231	2,413,387
Dividends accrued on preferred shares	**(175,213)**	(73,017)	(36,000)
End of period	**(16,443,963)**	6,941,959	4,781,231

(Loss)/earnings per share (in centavos)	**(125.71)**	11.62	13.25
Weighted average number of shares in issue	**18,603,473**	18,598,898	17,868,139

CONSOLIDATED BALANCE SHEETS

(Unaudited)

As at (In thousand pesos)	**31 December 2001**	**31 December 2000**
ASSETS		
Current assets		
Cash and cash equivalents	**961,558**	1,560,407
Receivables	**5,208,026**	6,786,668
Due from affiliated companies	**947,381**	2,262,678
Inventories	**68,285**	202,899
Development properties held for sale	**12,574,107**	6,614,775
Prepayments and other current assets	**5,070,298**	4,379,639
Deferred income tax asset -net	**327,462**	115,729
Total current assets	**25,157,117**	21,922,795
Long-term receivables	**729,164**	1,692,054
Investments in affiliated companies	**1,177,502**	2,884,751
Development properties	**30,375,795**	57,465,132
Property, plant and equipment	**5,954,466**	5,887,615
Goodwill	**-**	19,997
Other assets	**4,436,310**	4,574,589
Total assets	**67,830,354**	94,446,933
LIABILITIES AND EQUITY		
Current liabilities		
Loans and notes payable	**9,571,069**	4,533,891
Current portion of long-term debts	**2,941,414**	7,576,253
Current portion of long-term liabilities and provisions	**951,775**	1,884,604
Accounts payable and accrued expenses	**6,650,382**	4,946,088
Income tax payable	**20,784**	4,603
Total current liabilities	**20,135,424**	18,945,439
Long-term debts	**6,027,773**	4,327,272
Long-term liabilities and provisions	**1,906,198**	2,912,311

Equity		
Stockholders' equity		
Capital stock	**18,606,695**	18,602,120
Additional paid-in capital	**10,411,914**	10,407,065
Treasury stock	**(1,033,000)**	(1,033,000)
Retained earnings	**(16,443,963)**	6,941,959
Outside interests	**28,219,313**	33,343,767
Total equity	**39,760,959**	68,261,911
Total liabilities and equity	**67,830,354**	94,446,933

METRO PACIFIC CORPORATION ("MPC") today announced an unaudited consolidated operating loss of P3.985 billion in 2001. In addition, asset impairment provisions totaling P19.2 billion were made. MPC also announced today a major debt reduction exercise that it is undertaking with its various creditors.

MPC emphasizes that these asset impairment provisions are exceptional and non-cash in nature and neither impact what management believes to be the longer-term value of MPC's investments in the Bonifacio Global City, nor its ongoing debt reduction efforts.

The provisions are consistent with MPC's conservative approach and establishes book values more in line with the current softness of the Philippine property market. More importantly, it enables MPC to return to profitability assuming future land sales in the Global City are in line with prices at which recent land transactions have been concluded, which are significantly higher than the post-provisioning reduced cost base.

The major component of MPC's 2001 consolidated loss relates to asset impairment provisions of P19.2 billion, of which P16.6 billion is attributable to MPC's carrying costs of its 69.6% investment in Bonifacio Land Corporation ("BLC"). BLC has a 55% investment in the Fort Bonifacio Development Corporation ("FBDC"), developer of the Bonifacio Global City.

With this exercise, MPC has eliminated all remaining unamortized capitalized costs including interest, foreign exchange losses, and goodwill with respect to its investments in the Fort Bonifacio Global City. More importantly, it also made additional provisions equal to the development costs in the Global City, effectively reducing its value of the raw cost of land to the original P33,284 per square meter price purchased from the Government in 1995. Accordingly, the carrying cost of MPC's investment in BLC has been written down from P30.2 billion to P13.6 billion.

MPC also reduced the value of its investment in Nenaco by P520 million, bringing its actual book value from P1.4 billion to P920 million. The rest of the provisions relate mostly to other development properties.

The result of these provisions reduces MPC's total consolidated assets to P68 billion as at December 31 2001, financed by shareholder's equity including minorities of P39.8 billion and total consolidated liabilities of P28 billion, of which P18.5 billion are interest bearing.

2001 Operating Performance by Individual MPC Business

- FBDC, MPC's principal investment, ended 2001 with a net loss of P630 million, compared with a 2000 net income of P745 million.

Several income generating lease agreements for sites within the Global City were signed during 2001, building a foundation for future sustained income. A major national medical center, St. Luke's, signed a 50-year lease arrangement for a 1.6 hectare property. The mid-market retail complex Bonifacio Stopover, which opened in mid 2001, achieved a 100% occupancy rate, with plans to develop a second phase of the project in 2002. The HatchAsia office complex was completed in 2001 and is now 70% leased. A major land sale was concluded for P2.5 billion in early 2002 for a prime property adjacent to the Manila Golf Course that will be developed into a large mixed-use complex for residential and retail use.

Significant progress was made in the Bonifacio Global City's residential developments. Completion of the Pacific Plaza Towers and Essensa complexes enabled the city to host its first residents. Progress is being made on other high-rise residential projects, Bonifacio Ridge and the Regent Parkway.

- Landco, the leisure property development subsidiary of MPC, posted a consolidated net profit of P38 million, from P34 million in 2000. Its Punta Fuego luxury development was sold out by end 2001, and accelerated development has begun on two nearby luxury resort projects.

- Negros Navigation Company ("Nenaco"), MPC's container and passenger shipping subsidiary, reported an operating loss of approximately P400 million, P200 million of retrenchment costs and, in line with MPC's conservative approach, likewise recorded one-time non-cash provisions of P1.2 billion. These represent provisions for investments in its fast ferry affiliate, reducing the book values of certain ships, and stock write-offs. Nenaco has exhibited clear signs of its turnaround in 2001, as this was the first year that it did not require cash support from MPC.

- MPC (parent company alone, excluding subsidiaries) reported an operating loss of P1.6 billion, comprising mostly interest expenses on its P12 billion company debt and overhead expenses. MPC's signature high-rise residential development contributed sales of P2.6 billion during 2001. Despite continued weakness in the luxury residential condominium market, the project sustained sales interest, with approximately 77% of the 393 units now sold.

MPC's Debt Reduction Efforts

On 9 January 2002, MPC and its major shareholder, First Pacific Company Limited ("First Pacific") of Hong Kong, announced that MPC was unable to repay on 31 December 2001 a US$ 90 million loan it received in April 2001 from a wholly owned subsidiary of First Pacific. MPC had stated it had initiated development of a plan to reduce its total parent company financial obligations of P12 billion, of which approximately P5 billion represents the peso equivalent of the First Pacific loan, and that such plan would be announced by 28 February 2002.

As part of the plan's development, MPC conducted an extensive review of all its financial obligations, both secured and unsecured, and the values of all its assets and those of its subsidiaries. This exercise confirmed that, while MPC is presently unable to repay the First Pacific loan as well as certain other loan obligations that matured earlier this year, MPC has more than sufficient asset values to cover its liabilities.

MPC has developed alternative debt reduction approaches, which it continues to discuss with its creditors on a bilateral basis. The plan intends to balance all stakeholder interests. It includes the possible sale of certain assets to specific creditors for immediate relief. It contemplates the use of unencumbered assets to possibly secure certain debts that may not be secured. MPC will also request extended grace periods for interest and principal repayments, lower interest rates, and the conversion of short term loans into longer term facilities. The plan also allows conversion of certain debts into equity in individual group businesses, for those creditors who share management's belief in the inherent, long-term value and potential of these companies. Another important component of the plan is to work with creditors to free up saleable assets in order to provide immediate liquidity for MPC's operating cash requirements, and secure debts instead with other assets, mostly properties, that could be developed to generate enhanced values. This will provide a bigger source of cash that will be used to retire debt and fund MPC's operations moving forward. The ongoing and systematic consultations with all creditors are being done with a view towards finalizing MPC's overall debt reduction solution and arriving at a rational debt restructuring plan.

While the sale of MPC's shares in BLC will continue to remain a debt reduction option, management efforts will focus on enhancing and realizing the values of its investments in the Bonifacio Global City.

Experienced Management Team Leads Restructuring Efforts

As recently announced, after the resignation of Mr. Ricardo S. Pascua as MPC Group President at the end of 2001, Mr. Manuel V. Pangilinan assumed the roles of MPC President and CEO.

The MPC management team was further strengthened in early 2002 by the addition of Mr. Edward A. Tortorici and Mr. Augie Palisoc Jr., both long-serving senior officers of First Pacific Company Limited of Hong Kong, both with extensive international restructuring experience. Mr. Tortorici, Executive Director of First Pacific, recently joined MPC's Board of Directors. In 1998, Mr. Palisoc presided over the turnaround of then-MPC subsidiary, Steniel Manufacturing Corporation. They are working closely with Mr. Jose Maria Lim, MPC's Chief Financial Officer.

MPC has also appointed EGF and Associates, a well-respected local finance organization that specializes in debt restructuring, as its financial advisor. EGF's Managing Partner, Mr. Eric G. Filamor, has successfully restructured several large Philippine companies, including cellular provider Pilipino Telephone Co. Ltd. (PILTEL). MPC also continues to engage the Picazo Law Offices, who are experienced in corporate restructuring exercises.

Group Operations to Continue During Restructuring Period

MPC stresses that individual business operations of the group will remain largely unaffected during the restructuring period. Sales of its premier high-rise development continue apace with a total of 304 units sold thus far. A significant number of new leases and new projects are on schedule in the Bonifacio Global City including an expansion of the Bonifacio Stopover complex to include many new restaurants, and the construction of the MC Home Depot complex on a 2.6 hectare site. Landco continues the development and sales of new high-end resort projects, including Terrazas de Punta Fuego. Nenaco will continue to accelerate its turnaround and augment improvements made in 2001.

Comments on 2001 Results and Restructuring

"We firmly believe that the vast majority of the MPC creditor base recognizes the inherent values of our assets, which are significantly higher than our overall debt. The immediate challenge for MPC is to work hand in hand with its creditors, who understand the difficulties of today's Philippine property market, and protect the long term value of the Global City. I am confident that our individual businesses will weather this current climate, and emerge stronger and better positioned to benefit from an upturn in the economy and the real estate sector," said MPC Chairman Manuel V. Pangilinan.

By Order of the Board
First Pacific Company Limited
Manuel V. Pangilinan
Executive Chairman

1 March, 2002

Please also refer to the published version of this announcement in South China Morning Post and *Hong Kong Economic Times.*