FIRST PACIFIC COMPANY LIMITED

(Incorporated in Bermuda with limited liability)

2001 Annual Results - Audited

Financial Highlights

- Turnover from continuing businesses decreased by 14.4 per cent to US$1,550.8 million (HK$12,096.2 million) from US$1,810.8 million (HK$14,124.2 million).
- Contribution from continuing businesses increased by 12.8 per cent to US$61.0 million (HK$475.8 million) from US$54.1 million (HK$422.0 million).
- Contribution from operations decreased by 11.0 per cent to US$78.8 million (HK$614.6 million) from US$88.5 million (HK$690.3 million).
- Recurring profit decreased by 12.5 per cent to US$44.6 million (HK$347.9 million) from US$51.0 million (HK$397.8 million).
- Foreign exchange losses decreased by 84.4 per cent to US$22.4 million (HK$174.7 million) from US$143.5 million (HK$1,119.3 million).
- A net loss on disposal and dilution of shareholdings and provision for investments of US$1,819.2 million (HK$14,189.8 million) was recorded in 2001 compared to a net gain of US$143.7 million (HK$1,120.9 million) recorded in 2000. The loss in 2001 includes impairment provisions of US$1,710.5 million (HK$13,341.9 million) (2000: Nil).
- Loss attributable to ordinary shareholders of US$1,797.0 million (HK$14,016.6 million) was recorded in 2001 compared to a profit of US$51.2 million (HK$399.4 million) recorded in 2000.
- Loss per share of US57.23 cents (HK446.39 cents) was recorded in 2001 compared to earnings per share of US1.75 cents (HK13.65 cents) recorded in 2000.
- The directors propose that no final dividend be paid for 2001 (2000 final dividend: US0.13 cent or HK1.00 cent per share).

2001 Annual Results

CONSOLIDATED PROFIT AND LOSS STATEMENT

For the year ended 31 December	2001 US$m	2000 (Restated)(i) US$m	2001* HK$m	2000* (Restated)(i) HK$m
Turnover - *Note 1*	**1,851.7**	2,299.2	**14,443.3**	17,933.8
Cost of sales	**(1,362.3)**	(1,561.8)	**(10,626.0)**	(12,182.0)
Gross profit	**489.4**	737.4	**3,817.3**	5,751.8
(Loss)/gain on disposal and dilution of shareholdings and provision for investments - *Note 5*	**(2,238.3)**	142.3	**(17,458.7)**	1,109.9
Other operating income	**17.1**	12.9	**133.4**	100.6
Distribution costs	**(142.0)**	(115.0)	**(1,107.6)**	(897.0)
Administrative expenses	**(150.3)**	(240.9)	**(1,172.3)**	(1,879.0)
Other operating expenses	**(17.7)**	(142.7)	**(138.1)**	(1,113.1)
Operating (loss)/profit - *Notes 1 & 2*	**(2,041.8)**	394.0	**(15,926.0)**	3,073.2
Share of profits less losses of associated companies	**11.8**	(132.4)	**92.0**	(1,032.7)
Net borrowing costs - *Note 3*	**(103.6)**	(107.7)	**(808.1)**	(840.1)
(Loss)/profit before taxation	**(2,133.6)**	153.9	**(16,642.1)**	1,200.4
Taxation - *Note 4*	**(61.4)**	(35.6)	**(478.9)**	(277.7)
(Loss)/profit after taxation	**(2,195.0)**	118.3	**(17,121.0)**	922.7

Outside interests	**398.0**	(67.1)	**3,104.4**	(523.3)
(Loss)/profit attributable to ordinary shareholders - *Note 5*	**(1,797.0)**	51.2	**(14,016.6)**	399.4

Per share data	**2001 US¢**	2000 US¢	**2001* HK¢**	2000* HK¢
Basic and diluted (loss)/earnings - *Note 6*	**(57.23)**	1.75	**(446.39)**	13.65
Dividend proposed - *Note 7*	**-**	0.13	**-**	1.00

CONSOLIDATED STATEMENT OF RECOGNIZED GAINS AND LOSSES

For the year ended 31 December	**2001 US$m**	2000 US$m	**2001* HK$m**	2000* HK$m
Exchange differences on the translation of the financial statements of foreign entities	**(14.9)**	(180.3)	**(116.2)**	(1,406.3)
Realization of property revaluation	**1.3**	24.7	**10.1**	192.6
Net losses not recognized in the profit and loss statement	**(13.6)**	(155.6)	**(106.1)**	(1,213.7)
(Loss)/profit attributable to ordinary shareholders	**(1,797.0)**	51.2	**(14,016.6)**	399.4
Total recognized losses for the year	**(1,810.6)**	(104.4)	**(14,122.7)**	(814.3)
Goodwill arising on acquisitions and written off against reserves	**-**	(312.7)	**-**	(2,439.1)
	(1,810.6)	(417.1)	**(14,122.7)**	(3,253.4)

CONSOLIDATED BALANCE SHEET

As at 31 December	**2001 US$m**	2000 (Restated)(i) US$m	**2001* HK$m**	2000* (Restated)(i) HK$m
Non-current assets				
Property and equipment	**840.2**	2,001.6	**6,553.6**	15,612.5
Associated companies	**(23.6)**	19.1	**(184.1)**	149.0
Long-term receivables	**176.3**	207.8	**1,375.1**	1,620.8
Long-term investments	**-**	5.2	**-**	40.6
Pledged deposits	**-**	50.7	**-**	395.4
	992.9	2,284.4	**7,744.6**	17,818.3
Current assets				
Cash and bank balances	**310.1**	369.5	**2,418.8**	2,882.1
Pledged deposits	**41.0**	8.0	**319.8**	62.4
Short-term investments	**11.5**	16.4	**89.7**	127.9
Accounts receivable and prepayments - *Note 8*	**328.7**	518.5	**2,563.8**	4,044.3
Inventories	**361.5**	259.0	**2,819.7**	2,020.2
	1,052.8	1,171.4	**8,211.8**	9,136.9
Current liabilities				
Accounts payable and accruals - *Note 9*	**514.0**	401.3	**4,009.2**	3,130.1
Short-term borrowings	**750.2**	526.1	**5,851.5**	4,103.6
Provision for taxation	**23.1**	27.6	**180.2**	215.3
	1,287.3	955.0	**10,040.9**	7,449.0
Net curent (liabilities)/assets	**(234.5)**	216.4	**(1,829.1)**	1,687.9
Total assets less current liabilities	**758.4**	2,500.8	**5,915.5**	19,506.2
Equity capital and reserves				
Share capital	**31.4**	31.4	**244.9**	244.9
Reserves	**(222.6)**	338.1	**(1,736.3)**	2,637.2

Shareholders' equity	**(191.2)**	369.5	**(1,491.4)**	2,882.1
Outside interests	**392.2**	935.6	**3,059.2**	7,297.6
Non-current liabilities				
Loan capital and long-term borrowings	**391.4**	918.5	**3,052.9**	7,164.3
Deferred liabilities and provisions	**130.0**	247.4	**1,014.0**	1,929.7
Deferred taxation	**36.0**	29.8	**280.8**	232.5
	557.4	1,195.7	**4,347.7**	9,326.5
	758.4	2,500.8	**5,915.5**	19,506.2
Number of shares in issue (millions)	**3,139.8**	3,139.8	**3,139.8**	3,139.8

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December	**2001**	2000 (Restated)[(i)]	**2001***	2000* (Restated)[(i)]
	US$m	US$m	**HK$m**	HK$m
Operating (loss)/profit	**(2,041.8)**	394.0	**(15,926.0)**	3,073.2
Loss/(gain) on disposal and dilution of shareholdings and provision for investments	**2,238.3**	(142.3)	**17,458.7**	(1,109.9)
Exchange losses	**15.2**	102.8	**118.6**	801.8
Depreciation	**60.5**	88.0	**471.9**	686.4
Dividend income	**(0.1)**	(0.1)	**(0.8)**	(0.8)
Payments in respect of deferred liabilities and provisions	**(28.4)**	(53.6)	**(221.5)**	(418.1)
Loss/(gain) on sale of property and equipment	**2.1**	(1.3)	**16.4**	(10.1)
Increase in inventories	**(13.3)**	(80.5)	**(103.8)**	(627.9)
Increase in long-term receivables	**(45.8)**	(12.2)	**(357.3)**	(95.2)
Increase in accounts receivable and prepayments	**(1.4)**	(46.0)	**(10.9)**	(358.8)
Increase in accounts payable and accruals	**62.9**	32.5	**490.6**	253.5
Decrease in pledged deposits	**14.1**	25.2	**110.0**	196.6
Others	**(5.4)**	(35.2)	**(42.1)**	(274.6)
Less operating profit attributable to Banking operations	**-**	(34.1)	**-**	(265.9)
Cash generated from operations	**256.9**	237.2	**2,003.8**	1,850.2
Interest paid	**(139.3)**	(130.4)	**(1,086.5)**	(1,017.1)
Hong Kong profits tax paid	**(0.1)**	(0.2)	**(0.8)**	(1.6)
Overseas taxation paid	**(30.9)**	(51.5)	**(241.0)**	(401.7)
Net cash inflow from operating activities	**86.6**	55.1	**675.5**	429.8
Additions of property and equipment	**(132.4)**	(177.0)	**(1,032.7)**	(1,380.6)
Increased investments in				
- subsidiary companies	**-**	(23.0)	**-**	(179.4)
- associated companies	**-**	(7.2)	**-**	(56.2)
- short-term investments and others	**(13.5)**	(15.6)	**(105.3)**	(121.7)
Sale of property and equipment	**18.8**	28.5	**146.6**	222.3
Disposals of				
- subsidiary companies	**129.4**	211.2	**1,009.3**	1,647.4
- associated companies	**48.2**	-	**376.0**	-
- short-term investments	**19.0**	81.8	**148.2**	638.0
Reduced interest in associated companies	**-**	24.5	**-**	191.1
Loans (to)/repaid by associated companies	**(4.3)**	87.9	**(33.5)**	685.6
Interest received	**30.1**	37.6	**234.7**	293.3
Dividends				
- received from associated companies and				

long-term investments	**2.7**	6.4	**21.1**	50.0
- received from Banking operations	**-**	4.0	**-**	31.2
Net cash inflow from investing activities	**98.0**	259.1	**764.4**	2,021.0
Net cash inflow before financing activities	**184.6**	314.2	**1,439.9**	2,450.8
Proceeds of new borrowings	**340.4**	626.4	**2,655.1**	4,885.9
Borrowings repaid	**(549.3)**	(957.1)	**(4,284.5)**	(7,465.4)
Payment in connection with the shares repurchased by subsidiary companies	**(7.5)**	-	**(58.5)**	-
Shares issued to outside interests by subsidiary companies	**-**	0.2	**-**	1.6
Dividends				
- paid to outside interests in subsidiary companies	**(8.6)**	(13.3)	**(67.1)**	(103.7)
- paid to shareholders	**(4.0)**	(8.9)	**(31.2)**	(69.5)
Net cash outflow from financing activities	**(229.0)**	(352.7)	**(1,786.2)**	(2,751.1)
Decrease in cash and cash equivalents	**(44.4)**	(38.5)	**(346.3)**	(300.3)
Cash and cash equivalents at 1 January	**360.6**	491.7	**2,812.7**	3,835.3
Exchange translation	**(6.1)**	(92.6)	**(47.6)**	(722.3)
Cash and cash equivalents at 31 December	**310.1**	360.6	**2,418.8**	2,812.7
Representing				
Cash and bank balances	**310.1**	369.5	**2,418.8**	2,882.1
Overdrafts	**-**	(1.0)	**-**	(7.8)
Other short-term borrowings with an original maturity of less than 90 days	**-**	(7.9)	**-**	(61.6)
Cash and cash equivalents at 31 December	**310.1**	360.6	**2,418.8**	2,812.7

\+ *Changes in working capital are stated after excluding movements due to acquistions and disposals of subsidiary companies.*

Analysis of changes in financing

	Share capital and share premium US$m	Outside interests US$m	Bank and other borrowings US$m	**2001 Total financing US$m**	2000 (Restated)(i) Total financing US$m	**2001* Total financing HK$m**	2000* (Restated)(i) Total financing HK$m
At January	940.1	935.6	1,435.7	**3,311.4**	4,796.8	**25,828.9**	37,415.0
Attributable to Banking operations	-	-	-	**-**	(219.8)	**-**	(1,714.4)
Sources of financing activities	940.1	935.6	1,435.7	**3,311.4**	4,577.0	**25,828.9**	35,700.6
Exchange translation	-	(38.8)	(15.7)	**(54.5)**	(436.9)	**(425.1)**	(3,407.9)
Net cash outflow	-	(8.6)	(208.9)	**(217.5)**	(343.8)	**(1,696.5)**	(2,681.6)
Increased shareholding in a subsidiary company	-	-	-	**-**	61.1	**-**	476.6
Balances in disposed subsidiary companies	-	(31.2)	(68.5)	**(99.7)**	(596.3)	**(777.7)**	(4,651.1)
Attributable (loss)/profit	-	(398.0)	-	**(398.0)**	49.8	**(3,104.4)**	388.4
Other movements	-	(66.8)	(1.0)	**(67.8)**	0.5	**(528.8)**	3.9
At 31 December	940.1	392.2	1,141.6	**2,473.9**	3,311.4	**19,296.4**	25,828.9

(i) *Refer to Note 12*

* *The Company maintains its accounts and reports to its shareholders in United States dollars. The figures shown in Hong Kong dollars are for illustration only and are based on a fixed exchange rate of 7.8 Hong Kong dollars to one United States dollar.*

Notes:-

1. Segmental Information

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

By principal activities - 2001

	Consumer US$m	Telecom-munications US$m	Property US$m	Disposed businesses^ US$m	Head Office US$m	**2001 Total US$m**	**2001* Total HK$m**
Profit and loss							
Turnover	1,414.9	1.5	134.4	300.9	-	**1,851.7**	**14,443.3**
Segment results	195.2	(9.1)	(1.1)	25.0	(13.5)	**196.5**	**1,532.7**
Loss on disposal and dilution of shareholdings and provision for investments						**(2,238.3)**	**(17,458.7)**
Operating loss						**(2,041.8)**	**(15,926.0)**
Share of profits less losses of associated companies	(0.6)	9.5	(0.6)	3.5	-	**11.8**	**92.0**
Net borrowing costs						**(103.6)**	**(808.1)**
Loss before taxation						**(2,133.6)**	**(16,642.1)**
Taxation						**(61.4)**	**(478.9)**
Loss after taxation						**(2,195.0)**	**(17,121.0)**
Outside interests						**398.0**	**3,104.4**
Loss attributable to ordinary shareholders						**(1,797.0)**	**(14,016.6)**
Assets and liabilities							
Segment assets	1,208.2	7.6	637.6	-	215.9	**2,069.3**	**16,140.5**
Associated companies	2.4	(75.7)	49.7	-	-	**(23.6)**	**(184.1)**
Total assets	1,210.6	(68.1)	687.3	-	215.9	**2,045.7**	**15,956.4**
Total liabilities	877.5	3.1	498.2	-	465.9	**1,844.7**	**14,388.6**
Other information							
Capital expenditure	76.1	2.7	61.8	7.6	-	**148.2**	**1,156.0**
Depreciation	34.4	0.5	8.7	16.8	0.1	**60.5**	**471.9**
Impairment charge - *Note 5*	299.6	565.8	1,188.5	-	100.0	**2,153.9**	**16,800.4**

By principal markets -2001

	Indonesia US$m	Philippines US$m	Others US$m	Disposed businesses^ US$m	Head Office US$m	**2001 Total US$m**	**2001* Total HK$m**
Turnover	1,414.9	134.4	1.5	300.9	-	**1,851.7**	**14,443.3**
Segment results	195.2	(1.1)	(9.1)	25.0	(13.5)	**196.5**	**1,532.7**
Total assets	1,210.6	743.2	(124.0)	-	215.9	**2,045.7**	**15,956.4**
Capital expenditure	76.1	61.8	2.7	7.6	-	**148.2**	**1,156.0**

^ *Represents Berli Jucker, Darya-Varia and Savills plc.*

By principal activities - 2000

	Consumer US$m	Telecom-munications US$m	Property US$m	Disposed businesses# US$m	Head Office US$m	2000 Total US$m	2000* Total HK$m
Profit and loss							
Turnover	1,490.3	80.5	240.0	488.4	-	2,299.2	17,933.8
Segment results	188.2	(17.4)	30.9	56.0	(6.0)	251.7	1,963.3
Gain on disposal and dilution of shareholdings less provision for investments						142.3	1,109.9
Operating profit						394.0	3,073.2
Share of profits less losses of associated companies	-	(133.7)	(7.0)	8.3	-	(132.4)	(1,032.7)
Net borrowing costs						(107.7)	(840.1)
Profit before taxation						153.9	1,200.4
Taxation						(35.6)	(277.7)
Profit after taxation						118.3	922.7
Outside interests						(67.1)	(523.3)
Profit attributable to ordinary shareholders						51.2	399.4
Assets and liabilities							
Segment assets	1,223.5	2.7	1,693.0	323.7	193.8	3,436.7	26,806.2
Associated companies	3.3	(69.6)	69.9	15.5	-	19.1	149.0
Total assets	1,226.8	(66.9)	1,762.9	339.2	193.8	3,455.8	26,955.2
Total liabilities	956.6	-	549.4	154.6	490.1	2,150.7	16,775.5
Other information							
Capital expenditure	55.1	87.2	91.3	21.4	0.1	255.1	1,989.8
Depreciation	38.9	14.2	10.9	23.8	0.2	88.0	686.4

By principal markets - 2000

	Indonesia US$m	Philippines US$m	Others US$m	Disposed businesses# US$m	Head Office US$m	2000 Total US$m	2000* Total HK$m
Turnover	1,490.3	320.5	-	488.4	-	2,299.2	17,933.8
Segment results	188.2	13.5	-	56.0	(6.0)	251.7	1,963.3
Total assets	1,226.8	1,821.2	(125.2)	339.2	193.8	3,455.8	26,955.2
Capital expenditure	55.1	178.5	-	21.4	0.1	255.1	1,989.8

Represents Berli Jucker, Darya-Varia, Savills plc, SPORTathlon and First Pacific Bank.

2. Operating (loss)/profit

For the year ended 31 December	**2001 US$m**	2000 US$m	**2001* HK$m**	2000* HK$m
Operating (loss)/profit is stated after crediting				

Net rental income from investment properties	**0.2**	1.8	**1.6**	14.0
Operating lease income less outgoings	**0.6**	1.3	**4.7**	10.1
Dividends from unlisted investments	**0.1**	0.1	**0.8**	0.8
Gain on sale of property and equipment	**-**	1.3	**-**	10.1
Unrealized gain on short-term investments	**0.5**	0.7	**3.9**	5.5
and charging				
Employee remuneration	**159.4**	231.3	**1,243.3**	1,804.1
Depreciation	**60.5**	88.0	**471.9**	686.4
Doubtful debt provisions	**7.6**	21.3	**59.3**	166.1
Net exchange loss on monetary items	**15.2**	102.8	**118.6**	801.8
Operating lease rentals				
- Land and buildings	**1.1**	7.1	**8.6**	55.4
- Hire of plant and equipment	**7.4**	6.9	**57.7**	53.8
- Other	**0.3**	0.1	**2.3**	0.8
Auditors' remuneration				
- Audit services	**1.1**	1.4	**8.6**	10.9
- Other services	**0.5**	0.4	**3.9**	3.1
Loss on sale of property and equipment	**2.1**	-	**16.4**	-

3. Net borrowing costs

For the year ended 31 December	2001 US$m	2000 US$m	2001* HK$m	2000*/# HK$m
Loan capital	**11.1**	37.5	**86.6**	292.5
Bank loans, overdrafts and other loans	**108.2**	127.1	**844.0**	991.4
Total interest expense	**119.3**	164.6	**930.6**	1,283.9
Other borrowing costs	**20.4**	40.8	**159.1**	318.2
Total borrowing costs	**139.7**	205.4	**1,089.7**	1,602.1
Less borrowing costs capitalized	**(9.8)**	(53.3)	**(76.5)**	(415.7)
Less interest income	**(26.3)**	(44.4)	**(205.1)**	(346.3)
Net borrowing costs	**103.6**	107.7	**808.1**	840.1

\# *Excluding interest expense and interest income for the Group's Banking operations (included in Turnover).*

4. Taxation

Hong Kong profits tax has been provided at the rate of 16.0 per cent (2000: 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.

For the year ended 31 December	2001 US$m	2000 US$m	2001* HK$m	2000* HK$m
Subsidiary companies				
Current taxation				
- Overseas	**35.5**	42.0	**276.9**	327.7
- Hong Kong	**-**	3.8	**-**	29.6
Deferred taxation - Overseas	**14.0**	18.8	**109.2**	146.6
Subtotal	**49.5**	64.6	**386.1**	503.9
Associated companies				
Current taxation				
- Overseas	**4.9**	11.5	**38.2**	89.7
- Hong Kong	**-**	0.9	**-**	7.0

Deferred taxation - Overseas	**7.0**	(41.4)	**54.6**	(322.9)
Subtotal	**11.9**	(29.0)	**92.8**	(226.2)
Total	**61.4**	35.6	**478.9**	277.7

Excluding the effects of disposals and impairment provisions, which were not subject to tax, the effective tax rate for 2001 was 38.0 per cent (2000: 38.2 per cent).

5. **(Loss)/profit attributable to ordinary shareholders**

(Loss)/profit attributable to ordinary shareholders includes impairment provisions of US$1,710.5 million (HK$13,341.9 million) (2000: Nil) and exchange losses of US$22.4 million (HK$174.7 million) (2000: US$143.5 million) (HK$1,119.3 million) as set out below.

Analysis of impairment provisions **For the year ended 31 December**	**2001** **US$m**	2000 US$m	**2001*** **HK$m**	2000* HK$m
(Loss)/gain on disposal and dilution of shareholdings and provision for investments	**(2,238.3)**	142.3	**(17,458.7)**	1,109.9
Less: loss/(gain) on disposal and dilution of shareholdings and others	**102.2**	(142.3)	**797.1**	(1,109.9)
Included in operating loss	**(2,136.1)**	-	**(16,661.6)**	-
Included in associated companies' results	**(17.8)**	-	**(138.8)**	-
Subtotal	**(2,153.9)**	-	**(16,800.4)**	-
Impairment provisions attributable to outside interests	**443.4**	-	**3,458.5**	-
Total	**(1,710.5)**	-	**(13,341.9)**	-

An annual review of the carrying costs of PLDT, Indofood and Metro Pacific is performed in order to assess whether their book values continue to be appropriate. Due to the country risks associated with the Philippines and Indonesia and the depreciation of their currencies since the dates of acquisition, the estimated values of these investments are currently significantly below their book values. Therefore, impairment provisions totaling US$1.7 billion were recognised in the 2001 Financial Statements to reduce the book values of these investments to levels more consistent with current market values.

The estimated values of PLDT and Indofood have been calculated by reference to discounted cash flow models. The discount rates used ranged from 13.5 per cent to 17.5 per cent for PLDT and 16.5 per cent to 18.5 per cent for Indofood. The estimated value of Metro Pacific represents the US$98.2 million loan plus accrued interest extended to Metro Pacific by Larouge, a wholly-owned subsidiary of First Pacific.

An analysis of the impact of impairment provisions on consolidated balance sheet categories is set out below.

For the year ended 31 December	**2001** **US$m**	2000 US$m	**2001*** **HK$m**	2000* HK$m
Impairment charge for				
- Property and equipment	**(689.6)**	-	**(5,378.9)**	-
- Goodwill reserve	**(874.0)**	-	**(6,817.2)**	-
- Exchange reserve	**(264.0)**	-	**(2,059.2)**	-
- Inventories	**(92.3)**	-	**(719.9)**	-
- Other tangible assets	**(216.2)**	-	**(1,686.4)**	-
Total	**(2,136.1)**	-	**(16,661.6)**	-

Analysis of exchange losses For the year ended 31 December	2001 US$m	2000 US$m	2001* HK$m	2000* HK$m
Subsidiary companies	**(15.2)**	(120.6)	**(118.6)**	(940.7)
Less capitalized within net borrowing costs	**-**	17.8	**-**	138.9
Included in other operating expenses	**(15.2)**	(102.8)	**(118.6)**	(801.8)
Associated companies	**(19.8)**	(152.1)	**(154.4)**	(1,186.4)
Subtotal	**(35.0)**	(254.9)	**(273.0)**	(1,988.2)
Exchange differences attributable to taxation and outside interests	**12.6**	111.4	**98.3**	868.9
Total	**(22.4)**	(143.5)	**(174.7)**	(1,119.3)

An analysis of exchange losses 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 depreciation of the peso and the rupiah during 2001 and 2000.

	2001 US$m	2000 US$m	2001* HK$m	2000* HK$m
PLDT	**(12.3)**	(103.7)	**(95.9)**	(808.9)
Indofood	**(2.8)**	(23.5)	**(21.8)**	(183.3)
Others	**(7.3)**	(16.3)	**(57.0)**	(127.1)
Total	**(22.4)**	(143.5)	**(174.7)**	(1,119.3)

The (loss)/profit attributable to ordinary shareholders includes loss of US$589.1 million (HK$4,595.0 million) (2000: profit of US$23.5 million or HK$183.3 million) in respect of the Company.

6. **Basic and diluted (loss)/earnings per share**

For the year ended 31 December	2001 U.S.	2000 U.S.	2001* HK	2000* HK
(Loss)/earnings per share are based on - (loss)/profit attributable to ordinary shareholders of ($m)	**(1,797.0)**	51.2	**(14,016.6)**	399.4
- and an average number of shares in issue of (millions)	**3,139.8**	2,923.9	**3,139.8**	2,923.9
resulting in (loss)/earnings per share of (cents)	**(57.23)**	1.75	**(446.39)**	13.65

As the impact of convertible instruments is anti-dilutive, the basic and diluted (loss)/earnings per share figures are the same in 2001 and 2000.

7. **Ordinary share dividends**

	U.S. cent per share		US$m		HK cent per share		HK$m	
	2001	2000	**2001**	2000	**2001***	2000*	**2001***	2000*
Interim dividend paid	**-**	0.13	**-**	3.7	**-**	1.00	**-**	28.9
Final dividend paid	**-**	0.13	**-**	4.0	**-**	1.00	**-**	31.2
Total	**-**	0.26	**-**	7.7	**-**	2.00	**-**	60.1

8. **Accounts receivable and prepayments**

Included in accounts receivable and prepayments are trade receivables of US$169.0 million (HK$1,318.2 million) (2000: US$228.6 million or HK$1,783.1 million) with an ageing profile as follows:

At 31 December	2001 US$m	2000 US$m	2001* HK$m	2000* HK$m
Less than 30 days	**144.2**	156.1	**1,124.7**	1,217.6
30-60 days	**7.7**	16.8	**60.1**	131.0
60-90 days	**4.2**	4.7	**32.8**	36.7
Over 90 days	**12.9**	51.0	**100.6**	397.8
Total	**169.0**	228.6	**1,318.2**	1,783.1

For Indofood, there are 60 days of credit for sub-distributors/wholesalers and between 15-60 days of credit for other customers. For Metro Pacific, contract receivables are collectible by installments for periods ranging from two to 10 years.

9. Accounts payable and accruals

Included in accounts payable and accruals are trade payables of US$182.3 million (HK$1,421.9 million) (2000: US$176.8 million or HK$1,379.0 million) with on ageing profile as follows:

At 31 December	2001 US$m	2000 US$m	2001* HK$m	2000* HK$m
Less than 30 days	**100.7**	136.1	**785.5**	1,061.6
30-60 days	**28.7**	20.7	**223.9**	161.4
60-90 days	**14.6**	11.4	**113.8**	88.9
Over 90 days	**38.3**	8.6	**298.7**	67.1
Total	**182.3**	176.8	**1,421.9**	1,379.0

10. Contingent liabilities

Contingent liabilities in respect of subsidiary companies are set out below.

At 31 December	2001 US$m	2000 US$m	2001* HK$m	2000* HK$m
Guarantees for credit facilities given to				
- Associated companies	**100.1**	100.4	**780.8**	783.1
- Others	**2.6**	19.3	**20.3**	150.6
Total	**102.7**	119.7	**801.1**	933.7

Guarantees in respect of associated companies relates to credit facilities extended to Escotel, which are guaranteed by the Escotel's shareholders on a pro-rata basis. Guarantees of US$100.1 million (HK$780.8 million) at 31 December 2001 represents the Group's 49% share of Escotel's bank borrowings.

At 31 December 2001, there were no contingent liabilities in respect of the Group's associated companies.

11. Employee information

	2001 US$m	2000 US$m
Remuneration	**159.4**	231.3

Average number of employees	**52,252**	52,187

The above includes remuneration paid to Directors.

The remuneration of Executive Directors and senior executives are 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.

12. Prior year adjustments

In 2001, the Group changed its accounting policies in respect of the definition of subsidiaries and accounting for dividends proposed after the period end. These changes were required as a result of the introduction of SSAP 32 and SSAP 9 (Revised) respectively which became effective from 1 January 2001. In addition, the Group has opted to adopt early SSAP 15 (Revised) regarding the presentation of the cash flow statement. Details of the requirements of these new accounting standards are summarised below.

- SSAP 32 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" requires companies to consolidate those investees that it has the power to control even in the absence of majority shareholding or voting power. SSAP 32 defines control as "the power to govern the financial and operating policies of another enterprise so as to obtain benefit from its activities". Accordingly, Indofood, which was previously accounted for as an associated company, is now treated as a subsidiary under SSAP 32. This change has no effect either on the profit attributable to ordinary shareholders or the shareholders' equity of the Group.

- SSAP 9 (Revised) "Events After the Balance Sheet Date", has been amended such that dividends proposed after the balance sheet date no longer meet the definition of a liability at the balance sheet date. Accordingly, no liability is recognized at the balance sheet date in respect of proposed dividends.

- SSAP 15 (Revised) "Cash Flow Statements" has been revised to classify cash flows under operating, investing or financing activities. Although adoption is required for periods beginning on or after 1 January 2002, the Group has opted to adopt the revised standard in its 2001 financial statements.

In order to reflect the requirements of the new accounting standards, these changes have been applied retrospectively and their impact on figures reported for prior periods is summarized as follows.

	As previously reported For the year ended 31 December 2000	Restatement		As restated For the year ended 31 December 2000	As previously reported For the year ended 31 December 2000*	Restatement		As restated For the year ended 31 December 2000*
		SSAP 32	SSAP 15 (Revised)			SSAP 32*	SSAP 15 (Revised)*	
	US$m	US$m	US$m	US$m	HK$m	HK$m	HK$m	HK$m
Profit and loss statement								

Turnover	808.9	1,490.3	-	2,299.2	6,309.4	11,624.4	-	17,933.8
Operating profit	209.0	185.0	-	394.0	1,630.2	1,443.0	-	3,073.2
Profit after taxation	56.7	61.6	-	118.3	442.3	480.4	-	922.7
Profit attributable to ordinary shareholders	51.2	-	-	51.2	399.4	-	-	399.4
Cash flow statement								
Net cash (outflow)/inflow from								
- operating activities	(12.1)	249.3	(182.1)	55.1	(94.4)	1,944.5	(1,420.3)	429.8
- investing activities	274.5	(63.4)	48.0	259.1	2,141.1	(494.5)	374.4	2,021.0
- financing activities	(199.2)	(131.3)	(22.2)	(352.7)	(1,553.8)	(1,024.1)	(173.2)	(2,751.1)

	As previously reported For the year ended 31 December 2000 US$m	Restatement SSAP 32 US$m	SSAP 9 (Revised) US$m	As restated As at 31 December 2000 US$m	As previously reported As at 31 December 2000* HK$m	Restatement SSAP 32* HK$m	SSAP 9 (Revised)* HK$m	As restated As at 31 December 2000* HK$m
Balance Sheet								
Total assets	2,322.4	1,133.4	-	3,455.8	18,114.7	8,840.5	-	26,955.2
Total liabilities	1,198.1	956.6	(4.0)	2,150.7	9,345.2	7,461.5	(31.2)	16,775.5
Shareholders' equity	365.5	-	4.0	369.5	2,850.9	-	31.2	2,882.1
Outside interests	758.8	176.8	-	935.6	5,918.6	1,379.0	-	7,297.6

13. Subsequent events

A. On 9 January 2002, the Company announced that its wholly-owned subsidiary, Larouge, had been advised by Metro Pacific that Metro Pacific was unable to repay the US$90.0 million loan (HK$702.0 million) (together with US$8.2 million (HK$64.0 million) of accrued interest), which had been extended by Larouge to Metro Pacific in April 2001. The loan was due and payable on 31 December 2001, and is secured by a pledge over a 50.4 per cent equity interest that Metro Pacific owns in Bonifacio Land Corporation ("BLC").

In light of this non-payment, Larouge will co-manage with Metro Pacific the on-going sale of its 69.6 per cent controlling stake in BLC which was announced in October 2001. When agreement is reached for such a sale, Larouge intends to offer the 50.4 per cent interest in BLC, which it holds as a secured creditor, as part of the sale transaction.

B. On 1 March 2002, Metro Pacific announced its intention to implement a debt reduction plan which may include the sale of assets, discussions with creditors for extended interest and principal repayment grace periods, the conversion of short-term loans into longer facilities and the conversion of certain debts into equity of Metro Pacific's subsidiaries. If successfully implemented, this plan will reduce the overall indebtedness of the Metro Pacific group and/or extend the maturity profile of certain debts to match anticipated future revenue streams.

C. The Group repurchased and canceled US$117.3 million (HK$914.9 million) of convertible bonds from the market at a total cost of US$157.5 million (HK$1.2 billion) in January 2002 through a combination of cash on hand and the drawdown of US$190.0 million (HK$1.48 billion) from a US$200.0 million (HK$1.56 billion) facility provided by ING Bank NV.

After the conclusion of the open market purchase exercise, there remain outstanding convertible bonds in the principal amount of US$130.5 million (HK$1.02 billion). These convertible bonds will be redeemed at their full redemption value payable at maturity on 27 March 2002, plus accured interest, at a total cost of approximately US$176.3 million (HK$1.38 billion). On 31 January 2002, First Pacific deposited sufficient funds with the appointed trustee of the convertible bonds, for the purpose of redeeming in full all of the outstanding bonds upon maturity.

14. Comparative figures

Amounts have been reclassified and comparatives have been restated, as appropriate, in accounting for the consolidation of Indofood and dividends proposed after the year end and in the presentation of the cash flow statement (Note 12). In addition, as required by SSAP 30, the goodwill reserve is no longer presented as a separate item on the balance sheet but is included within the revenue reserve. Such reclassifications and restatements have the effect of increasing the shareholders' equity as at 31 December 2000 from US$365.5 million (HK$2.85 billion) to US$369.5 million (HK$2.88 billion) but have no effect on the previously reported profit attributable to ordinary shareholders.

REVIEW OF BUSINESSES

Below is an analysis of results by individual company.

Contribution Summary

	Turnover		**Contribution to Group (loss)/profit[(i)]**	
	2001 US$m	2000 US$m	**2001 US$m**	2000 US$m
Indofood	**1,414.9**	1,490.3	**48.1**	55.7
PLDT^	**-**	-	**42.8**	25.6
Smart[(ii)]	**-**	80.5	**-**	(9.0)
Metro Pacific	**134.4**	240.0	**(14.6)**	(6.4)
Escotel^	**-**	-	**(6.2)**	(11.8)
Infrontier	**1.5**	-	**(9.1)**	-
From continuing businesses	**1,550.8**	1,810.8	**61.0**	54.1
From disposed businesses[(iii)]	**300.9**	488.4	**17.8**	34.4
From operations	**1,851.7**	2,299.2	**78.8**	88.5
Corporate overhead			**(12.4)**	(13.2)
Net finance charges			**(21.0)**	(25.7)
Other (expenses)/income			**(0.8)**	1.4
Recurring profit			**44.6**	51.0
Exchange losses			**(22.4)**	(143.5)
(Loss)/gain on disposal and dilution of shareholdings and provision for investments			**(1,819.2)**	143.7
(Loss)/profit attributable to ordinary shareholders			**(1,797.0)**	51.2

^ *Associated companies.*

(i) *After taxation and outside interests, where appropriate.*

(ii) *Merged with PLDT on 24 March 2000.*

(iii) *Represents Berli Jucker, Darya-Varia, Savills plc, First Pacific Bank and SPORTathlon.*

PT Indofood Sukses Makmur Tbk is the leading processed-foods group in Indonesia. It is based in Jakarta, and is listed on the Jakarta and Surabaya stock exchanges. The principal businesses of Indofood are Instant Noodles, Flour and Edible Oils & Fats, and it also has interests in Snack Foods, Baby Foods, Food Seasonings and Distribution. First Pacific held a 48.7 per cent economic interest in Indofood at 31 December 2001 which, as a consequence of Indofood's continuing share buy back program, has now increased to 49.2 per cent. Further information on Indofood can be found at www.indofood.co.id.

Indofood contributed a profit of US$48.1 million (HK$375.2 million) (2000: US$55.7 million HK$434.5 million), positioning Indofood as the largest contributor to Group profits. Indofood's net sales revenue increased by 15 per cent to Rupiah 14.6 trillion (US$1,414.9 million HK$11.0 billion), against Rupiah 12.7 trillion (US$1,490.3 million HK$11.6 billion) recorded in 2000. All of Indofood's divisions recorded increased sales revenues, with the exception of Baby Foods which did not record comparable aid-related sales in 2001. Indofood's principal divisions of Noodles, Flour and Edible Oils & Fats recorded growth of 11 per cent, 29 per cent and four per cent, respectively, in rupiah terms.

During the year the rupiah declined to 10,400 against the U.S. dollar in December 2001, from 9,650 at the start of 2001. This resulted in increasing the costs of imported U.S. dollar denominated raw materials - principally wheat, packaging materials and fuel oil – thereby eroding Indofood's gross margin to 26.4 per cent (2000: 29.4 per cent). Despite this, Indofood's gross profit improved by three per cent to Rupiah 3.9 trillion (US$0.4 billion HK$3.1 billion). Increased transportation and salary costs contributed to the decline in Indofood's rupiah operating margin to 13.9 per cent (2000: 18.9 per cent).

Despite the contraction in operating profit, Indofood's reported rupiah net income grew by 15 per cent to Rupiah 746.3 billion (US$72.5 million HK$565.5 million) principally because of lower foreign exchange losses due to lower balances of U.S. dollar denominated debt. Indofood continued to generate strong cash flows, recording EBITDA of US$232.9 million (HK$1.8 billion) – equivalent to US$19 million (HK$148.2 million) per month – in 2001. This enabled Indofood to repay some US$200 million (HK$1.6 billion) of debt during the year, thereby improving Indofood's debt to equity ratio to 1.6 times (2000: 2.1 times) and its net gearing ratio to 1.3 times (2000: 1.5 times).

Philippine Long Distance Telephone Company is the leading telecommunications provider in the Philippines. Through its three principal business groups – Fixed Line, Wireless and Information and Communications Technology – PLDT offers a wide range of telecommunications services across the country's most extensive fiber optic backbone, fixed line and cellular network. PLDT is based and listed in Manila, and has ADRs listed on the New York Stock Exchange and the Pacific Exchange located in San Francisco, California. First Pacific holds an economic interest of 24.4 per cent, and a voting interest of 31.5 per cent in PLDT. Further information on PLDT can be found at www.pldt.com.ph.

PLDT's contribution grew by 67 per cent to US$42.8 million (HK$333.8 million) (2000: US$16.6 million HK$129.5 million), as PLDT's Wireless business turned a year 2000 operating loss of Pesos 3.5 billion (US$79.2 million HK$617.8 million) into a 2001 operating income of Pesos 2.9 billion (US$56.6 million HK$441.5 million).

Cellular, which accounts for 96 per cent of the total revenues of Wireless, fuelled the recovery and growth of this segment, principally through the 75 per cent gain in cellular revenues from Smart. Underpinning this was strong subscriber growth as Smart closed the year with 4.9 million

(2000: 2.9 million) subscribers while Piltel, reseller of Smart's GSM service under its Talk 'N Text brand, closed with 1.5 million (2000: 0.7 million) subscribers. Over the year, Smart and Piltel more than doubled their combined GSM subscriber base to almost six million (2000: 2.7 million), with Piltel growing its Talk 'N Text subscriber base to 1.3 million subscribers, from 0.4 million subscribers one year ago.

Subscriber growth has been driven in part by the phenomenal growth of the Philippines' cellular phone culture and, in particular, the popularity of SMS, or text messaging, as a preferred means of communicating. During 2001, 12.3 billion (2000: 3.9 billion) outgoing messages were sent over Smart's network, which translates to 33.8 million messages per day during 2001. The ratio of text to voice calls now stands at nine text to one voice, and SMS revenues have risen accordingly to Pesos 6.2 billion (US$121.5 million HK$947.7 million) in 2001.

Fixed Line, PLDT's foundation business segment, recorded respectable growth despite the phenomenal success of Cellular, subscribers of which now outnumber Fixed Line subscribers by three to one. Fixed Line revenues reached Pesos 46.9 billion (US$918.4 million HK$7.2 billion) in 2001, up two per cent, with growth largely from Local Exchange and Data services which, together, make up 56.8 per cent of Fixed Line revenues.

Local Exchange benefited from the increase in the average number of billed lines in service and currency linked adjustments, while Data services continued to expand its range of services which resulted in a corresponding growth in revenues. Revenues from Data, which is PLDT's fastest growth segment, continue to grow in size and significance and now represent 10 per cent of total Fixed Line revenues.

Fixed Line's International and National Long Distance businesses have returned weaker results in 2001. Despite inbound international minutes improving 18 per cent, declining international settlement rates eroded revenues. Outbound call volumes grew by 20 per cent, however revenues declined on lower prices. National Long Distance revenues were adversely affected by lower call volumes, which have been negatively impacted by alternate means of communicating, and price reductions introduced to encourage use.

PLDT's Information and Communications Technology interests are operated through ePLDT, a wholly owned subsidiary of PLDT. A recently formed entity, ePLDT is in its nascent stage of development and is currently loss making. However ePLDT continues to roll out its services such that revenues, while modest in absolute terms, have almost doubled over 2001 and now contribute almost one per cent of PLDT's operating revenues.

During 2001 PLDT undertook a series of liability management initiatives designed to address its maturing debts. Between 2002 and 2004 PLDT has US$1.3 billion (HK$10.1 billion) of debt obligations maturing of which approximately half will be serviced through internally generated cash flows. To this end, PLDT pared back capex spend to Pesos 9.7 billion (US$190.0 million HK$1.5 billion) and has reduced cash spend over successive quarters. These cost containment initiatives will continue, and PLDT is in on-going discussions with lenders, having recently secured a US$149.0 million (HK$1.2 billion) facility from Kreditanstalt fur Wiederaufbau (KfW) of Germany.

Metro Pacific Corporation, which is based and separately listed in Manila, has interests principally in Property (Bonifacio Land Corporation, Landco Pacific and Pacific Plaza Towers). The First Pacific Group holds an economic interest of 80.6 per cent. Further information on Metro Pacific can be found at www.metropacific.com.

Metro Pacific recorded a loss of US$14.6 million (HK$113.9 million), against a loss of US$6.4 million (HK$49.9 million) in 2000, reflecting a depressed Philippine real estate market and the completion of Big Delta, prompting the recognition in April 2000 of the remaining revenues and profits from prior land sales.

Bonifacio Land concluded two land sales in 2001, however these were insufficient to generate comparable revenues to those recognized over recent years over the development of Big Delta. Toward the end of 2001, agreement was reached on the sale of a five-hectare area, adjacent to the Manila Golf Course, for Pesos 2.5 billion, with the site earmarked for mixed-use development. This sale was concluded in early 2002. The Bonifacio Stopover and HatchAsia developments were both completed and occupied during the year, and lease agreements were made with new Global City locators, most notably a 50-year lease with St. Luke's to build a medical complex.

There was continued interest in Pacific Plaza Towers, Metro Pacific's signature residential project in the Bonifacio Global City, with cumulative sales reaching 293 units by year-end (2000: 220 units). However, a depressed property market put Pacific Plaza Towers' margins under pressure. Landco Pacific improved its turnover as its Punta Fuego luxury development was completed and sold, however the property market conditions also contributed to the erosion of Landco Pacific's margins. Nenaco improved its operating profit as it reaped the benefits of cost cutting measures and introduced efficiencies.

Escotel Mobile Communications Limited, which is based in New Delhi, provides GSM cellular telephone services in Uttar Pradesh (West), Haryana and Kerala. The First Pacific Group holds an economic interest of 49.0 per cent. Further information on Escotel can be found at www.escotelmobile.com.

Escotel reduced its losses by almost half, contributing a loss of US$6.2 million (HK$48.4 million) in 2001. Revenues were up 50 per cent to Rupees 2.5 billion (US$53.5 million HK$417.3 million) as Escotel added subscribers at an average rate of 13 thousand per month. Over 2001, Escotel's subscriber base grew 54 per cent to close the year at 441,504 (2000: 286,800), accounting for over eight per cent of the overall Indian cellular market, and it continues to enhance its market leadership in all three of its markets.

ARPUs in 2001 averaged Rupees 532 (US$11.3 HK$88.1) (2000: Rupees 684 US$15.2 HK$118.6). This decline is attributable to the fact that 68 per cent of Escotel's subscribers are now on prepaid services.

In March 2001, Escotel put in place five-year financing when it refinanced US$75.2 million (HK$586.6 million) of offshore debt and secured a domestic debt facility equivalent to approximately US$112 million (HK$873.6 million). These facilities enabled the repayment of short-term debt and provide the funds for network enhancements necessary to support Escotel's growing subscriber base. Over the year, average interest rates were broadly similar with Escotel's increase in net borrowing costs largely attributable to higher average debt balances.

Infrontier, which is headquartered in Hong Kong, is a business solutions provider that is wholly-owned by First Pacific. Further information on Infrontier can be found at www.infrontier.com.

Infrontier recorded a loss of US$9.1 million (HK$71.0 million) in its first year of commercial operations. Revenues, excluding sales to Group companies, of US$1.5 million (HK$11.7 million) were generated, arising approximately 60 per cent from Business Solutions and approximately 40 per cent from Technical and Professional Services. Approximately half of Infrontier's total revenues are generated from third party clients, which include large, local and multinational companies involved in the industries of logistics, consumer goods and pharmaceuticals.

Infrontier's revenues were offset by staff and consultancy costs, while borrowings as at 31 December 2001 were US$1.5 million (HK$11.7 million).

Disposed businesses: Savills plc, contributed US$1.6 million (HK$12.5 million), prior to its disposal in March 2001. Berli Jucker and Darya-Varia, both of which were disposed in December 2001, contributed US$13.5 million (HK$105.3 million) and US$2.7 million (HK$21.1 million), respectively, prior to disposal.

Note: Unless stated otherwise, quoted comparatives and margins are based on Hong Kong GAAP adjusted U.S. dollar figures.

FINANCIAL REVIEW

Asset Values

In accordance with the Group's accounting policies, an annual review of the carrying cost of investments is performed in order to assess whether their book values continue to be appropriate. The values of investments are estimated within the context of prevailing circumstances and by reference, where appropriate, to the present value of future cash flows for each investment. To the extent that book values exceed estimated values, impairment provisions are recognized where it is considered that such diminutions in value are unlikely to be recovered in the near-term. This accounting treatment is consistent with Hong Kong SSAP 31, "Impairment of Assets".

First Pacific's reporting currency is the U.S. dollar and, accordingly, all investments are recorded in U.S. dollars in the Financial Statements. The Company's principal investments are located in the Philippines and Indonesia and were made in local currencies and recorded in U.S. dollar equivalents calculated at the prevailing exchange rates at the dates of acquisition. Details of the Company's original acquisition costs in local currency terms, together with the prevailing exchange rates at the dates of acquisition, are set out below:

	Year of acquisition	Historical cost/share (i)	Exchange rate to US$ (i)	Historical cost/share US$	Historical investment cost US$m
Metro Pacific	1986-2001	Pesos 1.6	32.8	0.05	747.0
PLDT	1998/2000	Pesos 1,239.8	41.2	30.09	1,241.0
Indofood	1999/2000	Rupiah 1,338.6	8,330.0	0.16	706.6

(i) Weighted average.

During the period since First Pacific's investment in the above companies, the peso and rupiah have experienced a significant depreciation against the U.S. dollar. At 31 December 2001 those exchange rates stood at Peso 51.6 and Rupiah 10,400 to the U.S. dollar compared to the prevailing rates at the time of acquisition. This currency depreciation has significantly reduced the value of First Pacific's investments in U.S. dollar terms.

Furthermore, the country risks associated with the Philippines and Indonesia have adversely affected equity values in those countries and, as a result of this negative sentiment, the estimated values of First Pacific's investments in PLDT, Metro Pacific and Indofood are significantly below these book values. In addition to country risk factors, Metro Pacific's investment in Bonifacio Land has been significantly and adversely affected by the protracted decline in the Philippine property market.

Due to the prolonged negative sentiment in relation to the Philippines and Indonesia and the impact of the depreciation of the peso and rupiah against the U.S. dollar, there does not appear to be any near-term prospect of a significant increase in values. Accordingly, as a result of the above factors, the book values of First Pacific's investments have been reduced to levels more consistent with current market values by the recognition of impairment provisions totaling US$1.7 billion.

In keeping with First Pacific's prudent and conservative approach to financial reporting, the provisions have the effect of writing down investments to the lower end of their respective estimated value ranges. Calculations to determine the estimated value of PLDT and Indofood, based on the present value of future cash flows, indicate per share values in the following ranges:

PLDT: Pesos 700 to Pesos 1,000
Indofood: Rupiah 1,200 to Rupiah 1,600

The impairment provisions recognised in 2001 may be analysed as follows.

At 31 December 2001	**Company**			**Consolidated**		
	Pre-adjusted book value(i) US$m	Impairment provisions US$m	Adjusted book value US$m	Pre-adjusted book value(ii) US$m	Impairment provisions US$m	Adjusted book value US$m
PLDT(iii)	1,241.0	(681.7)	559.3	1,125.1	(565.8)	559.3
Indofood(iii)	706.6	(200.0)	506.6	806.2	(299.6)	506.6
Metro Pacific(iv)	747.0	(648.8)	98.2	843.3	(745.1)	98.2
Escotel(v)	63.0	-	63.0	(8.3)	-	(8.3)
Infrontier	17.2	-	17.2	3.2	-	3.2
Metrosel(vi)	-	-	-	-	-	-
	2,774.8	(1,530.5)	1,244.3	2,769.5	(1,610.5)	1,159.0
Provisions for other exposures(vii)		(100.0)			(100.0)	
Impairment charge		(1,630.5)			(1,710.5)	

(i) Acquisition cost.
(ii) Acquisition cost plus attributable share of post-acquisition reserves.
(iii) Adjusted book value represents Pesos 700/share and Rupiah 1,200/share for PLDT and Indofood, respectively.
(iv) Adjusted book value represents US$90.0 million of loan, and US$8.2 million of accrued interest due from Metro Pacific.
(v) The negative consolidated book value represents the amount by which the attributable share of post-acquisition losses of US$71.3 million exceeds the investment cost of US$63.0 million.
(vi) Full impairment provision made in 1998.
(vii) General risk, including provision for the potential effect of further depreciation of the peso and the rupiah.

As a result of the above adjustments, the book values of investments, both at the Company and consolidated balance sheets, are now stated at levels which are more consistent with prevailing market values.

Liquidity and Financial Resources

Consolidated Net Indebtedness and Gearing by Operating Company

	Net indebtedness[(i)] 2001 US$m	Net assets 2001 US$m	Gearing 2001 times	Net indebtedness 2000 US$m	Net assets 2000 US$m	Gearing 2000 times
Head Office	**83.3**	**693.5**	**0.09**	150.0	1,500.1	0.10
Indofood	**442.5**	**318.6**	**1.39**	494.5	271.6	1.82
Metro Pacific	**264.6**	**188.7**	**1.40**	303.1	1,287.9	0.24
Infrontier	**0.1**	**(14.0)**	**-**	-	-	-
Disposed businesses[(ii)]	**-**	**-**	**-**	68.8	159.4	0.43
Consolidated before goodwill reserve	**790.5**	**1,186.8**	**0.67**	1,016.4	3,219.0	0.32
Goodwill reserve	**-**	**(985.8)**	**-**	-	(1,913.9)	-
Consolidated after goodwill reserve	**790.5**	**201.0**	**3.93**	1,016.4	1,305.1	0.78
Associated companies						
PLDT	**3,321.1**	**1,733.5**	**1.92**	3,730.3	1,746.1	2.14
Escotel	**200.2**	**(78.5)**	**-**	176.6	(46.0)	-

(i) Includes pledged deposits and excludes inter-company indebtedness.
(ii) Represents Berli Jucker and Darya-Varia.

- Head Office's gearing improved principally as a result of the proceeds from disposals of Berli Jucker, Savills plc and Darya-Varia, partly offset by the impact of advancing a US$90.0 million loan to Metro Pacific.

- Indofood's gearing improved as a result of the reduction in net indebtedness and increase in net assets.

- Metro Pacific's gearing increased mainly because of the reduction of net assets due to impairment provisions, partly offset by the repayment of convertible bonds in April 2001.

- PLDT's gearing improved as a consequence of the deconsolidation of Piltel in June 2001.

The maturity profile of consolidated debt is summarized below. The change to the debt maturity profile principally reflects the fact that Head Office's US$247.8 million convertible bonds (due March 2002) and Indofood's US$339.8 million bank loan (due 2002) were due within one year from 31 December 2001.

Maturity Profile of Consolidated Debt
At 31 December

	2001 US$m	2000 US$m
Within one year	**750.2**	526.1
One to two years	**86.0**	637.1
Two to five years	**285.1**	221.7
Over five years	**20.3**	59.7
Total	**1,141.6**	1,444.6

Included above are amounts due by the Metro Pacific group with the following maturity profile:

	2001 US$m
Within one year	**161.8**

One to two years	**36.7**
Two to five years	**66.0**
Over five years	**18.5**
Total	**283.0**

On 1 March 2002, Metro Pacific announced its intention to implement a debt reduction plan. If successfully implemented, this plan will reduce the overall indebtedness of Metro Pacific group and/or extend the maturity profile of certain debts to match anticipated future revenue streams. Consequently, Metro Pacific's debt maturity profile may ultimately differ from that set out above.

The maturity profile of the borrowings of the Group's associated companies follows. The change in the debt maturity profile of PLDT primarily reflects the deconsolidation of Piltel with effect from June 2001. The improvement in Escotel's maturity profile reflects the impact of a debt refinancing completed in March 2001.

Associated Companies

At 31 December	PLDT		Escotel	
	2001	2000	**2001**	2000
	US$m	US$m	**US$m**	US$m
Within one year	**548.7**	340.4	**8.5**	91.9
One to two years	**687.0**	657.3	**28.3**	24.3
Two to five years	**1,292.9**	1,518.3	**148.7**	45.9
Over five years	**869.5**	1,407.9	**18.1**	16.4
Total	**3,398.1**	3,923.9	**203.6**	178.5

Charges on Group Assets
At 31 December 2001, property and equipment, accounts receivable and inventories with net book amount totaling US$163.7 million (2000: US$168.9 million) were mortgaged as securities for certain of the Group's banking facilities.

Net Current Liabilities
As at 31 December 2001, consolidated net current liabilities stood at US$234.5 million, analyzed as follows:

	2001	2000
	US$m	US$m
Cash, bank balances and short-term investments (i)	**362.6**	393.9
Accounts receivable and prepayments	**328.7**	518.5
Inventories	**361.5**	259.0
Current assets	**1,052.8**	1,171.4
Account payable, accruals and taxation	**537.1**	428.9
Short-term borrowings	**750.2**	526.1
Current liabilities	**1,287.3**	955.0
Net current (liabilities)/assets	**(234.5)**	216.4

(i) Includes pledged deposits of US$41.0 million (2000: US$8.0 million).

The principal reason for consolidated net current liabilities at 31 December 2001 is the increase in short-term borrowings to US$750.2 million, which may be analyzed by company as follows:

	2001
	US$m

Head Office	**247.8**
Metro Pacific	**161.8**
Indofood	**339.8**
Infrontier	**0.8**
Total	**750.2**

The amount in respect of Head Office relates entirely to the convertible bond due 27 March 2002. In addition, the redemption premium payable on the bond of US$80.2 million was included in accounts payable at 31 December 2001. Subsequent to the year end, the Company fully funded the repayment of the convertible bond from available cash and a two year bank loan facility.

Metro Pacific intends to implement a debt reduction plan which if successfully implemented will reduce and/or extend the maturity profile of its debts. Accordingly, it is anticipated that Metro Pacific will not be required to settle its US$161.8 million of short-term borrowings in full during 2002.

Indofood's short-term borrowings include various bank loans which mature in 2002. Indofood intends to repay/refinance these borrowings as part of its normal treasury management process.

Accordingly, the various steps taken at the relevant companies to repay or refinance maturing debt obligations will address the apparent mismatch of current assets and current liabilities at 31 December 2001.

Financial Risk Management

Foreign Currency Risk

(A) Company Risk

As all Head Office debt was denominated in U.S. dollars at year-end 2001 and the bank loan draw down in early 2002 is denominated in HK dollars which is pegged to the U.S. dollar, foreign currency risk relates mainly to the receipt of cash dividends, and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows, but does not actively seek to hedge risks arising from foreign currency translation of investments 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 most of the principal components of the Company's NAV (with the exception of Escotel and Head Office amounts) relate to investments held in Pesos or Rupiah, any depreciation of those currencies from their level at 31 December 2001 would have a negative impact on the Company's 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 Peso and the Rupiah.

	Effect on adjusted NAV	Effect on adjusted NAV per share

Company	US$m	HK cents
Indofood	(2.64)	(0.65)
PLDT	(3.34)	(0.83)
Metro Pacific	(0.87)	(0.22)
Total[(i)]	(6.85)	(1.70)

(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.

(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. A summary of consolidated net indebtedness by currency follows.

Consolidated Net Indebtedness by Currency

	US$	Peso	Rupiah	Other	**Total**
	US$m	US$m	US$m	US$m	**US$m**
Total borrowings	643.7	283.0	212.8	2.1	**1,141.6**
Cash and bank balances[(i)]	(221.2)	(18.4)	(104.0)	(7.5)	**(351.1)**
Net indebtedness/(cash)	**422.5**	**264.6**	**108.8**	**(5.4)**	**790.5**
Representing:					
Head Office	90.2	-	-	(6.9)	**83.3**
Indofood	333.4	-	108.8	0.3	**442.5**
Metro Pacific[(ii)]	-	264.6	-	-	**264.6**
Infrontier	(1.1)	-	-	1.2	**0.1**
Net indebtedness/(cash)	**422.5**	**264.6**	**108.8**	**(5.4)**	**790.5**
Associated companies					
PLDT	2,893.5	250.6	-	177.0	**3,321.1**
Escotel	75.2	-	-	125.0	**200.2**

(i) Includes pledged deposits.

(ii) Excludes inter-company funding from Head Office of US$90.0 million.

Indofood hedges its U.S. dollar debt through foreign currency swap agreements, revenue from exports and U.S. dollar deposits. In addition, US$165.0 million U.S. dollar denominated borrowings were repaid in 2001 to further reduce its exposure to movements in the rupiah exchange rate. At the end of 2001, approximately 93 per cent of Indofood's US$333.4 million of U.S. dollar denominated net borrowings were hedged through foreign currency swap agreements which mature on various dates in 2005.

Following the repayment of its convertible bonds in April 2001, Metro Pacific has no third party U.S. dollar debt. Its remaining U.S. dollar exposure arises from a US$90.0 million inter-company loan extended by Head Office.

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. Although it is not possible to hedge significant U.S. dollar balances in the Philippines, PLDT has actively hedged approximately 14 per cent of its U.S. dollar borrowings. 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$176.0 million or 12.2 per cent of the company's total revenue in 2001. 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 66 per cent of the U.S. dollar debt has been hedged into the Rupee.

As a result of the relatively large unhedged U.S. dollar net indebtedness, particularly at PLDT, 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 local currency revenues and costs due to fluctuations in U.S. dollar exchange rates.

	Total US$ exposure 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	2,893.5	416.0	2,477.5	(24.7)	**(4.1)**
Metro Pacific(iii)	90.0	-	90.0	(0.9)	**(0.5)**
Total Philippines	2,983.5	416.0	2,567.5	(25.6)	**(4.6)**
Indofood (Indonesia)(iii)	403.5	310.0	93.5	(0.9)	**(0.3)**
Escotel (India)	75.2	50.0	25.2	(0.3)	**(0.1)**
Head Office(iv)	90.2	-	90.2	-	**-**
Infrontier	(1.1)	-	(1.1)	-	**-**
Total	**3,551.3**	**776.0**	**2,775.3**	**(26.8)**	**(5.0)**

(i) *Excludes the impact of "natural hedges".*
(ii) *Net of tax effect.*
(iii) *Includes inter-company funding from Head Office of US$90.0 million for Metro Pacific and premium payable on hedging contracts of US$70.1 million for Indofood.*
(iv) *As the Group reports its results in U.S. dollars, unhedged U.S. dollar debt at Head Office carries no exchange exposure.*

During 2001, Indofood and Metro Pacific paid down their U.S. dollar denominated net indebtedness by US$84.0 million and US$66.9 million respectively in order to reduce their exposure to movements in exchange rates.

PLDT's U.S. dollar denominated net indebtedness decreased principally as a result of the deconsolidation of Piltel in June 2001 and increased utilization of peso borrowings to refinance U.S. dollar debt.

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 by fixed and variable rate borrowings, together with details for associated companies, follows:

Consolidated	Fixed interest borrowings US$m	Variable interest borrowings US$m	Cash and bank balances[(i)] US$m	**Net indebtedness Total US$m**
Head Office	297.8	-	(214.5)	**83.3**
Indofood	101.6	457.7	(116.8)	**442.5**
Metro Pacific[(ii)]	97.4	185.6	(18.4)	**264.6**
Infrontier	1.5	-	(1.4)	**0.1**
Consolidated net indebtedness	498.3	643.3	(351.1)	**790.5**
Associated companies				
PLDT	2,149.0	1,249.1	(77.0)	**3,321.1**
Escotel	139.0	64.6	(3.4)	**200.2**

(i) Includes pledged deposits.
(ii) Excludes inter-company funding from Head Office of US$90.0 million.

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**
Indofood	457.7	(4.6)	**(1.6)**
PLDT	1,249.1	(12.5)	**(2.1)**
Escotel	64.6	(0.6)	**(0.3)**
Metro Pacific	185.6	(1.9)	**(1.0)**
Total	1,957.0	(19.6)	**(5.0)**

(i) Net of tax effect.

Subsequent to the year end, US$117.3 million of fixed interest borrowings in respect of the Head Office convertible bonds were repaid. In addition, funds of US$130.5 million were deposited with the bond trustee to fully fund the repayment of the outstanding bonds at 27 March 2002. The settlement of the bond was partially funded by the drawdown of US$190.0 million from a bank loan facility. This variable interest loan has been swapped into a fixed interest rate to the extent of US$100.0 million, such that a 1.0 per cent increase in interest rates would reduce Group profit by a further US$0.9 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES
No purchase, sale or redemption of any of the Company's listed securities has been made by the Company or any of its subsidiary companies during the year.

In April 2001, Metro Pacific redeemed US$72.1 million of convertible bonds for a consideration of US$92.9 million.

In October 2001, the Group repurchased and canceled US$20.1 million face value of the two per cent 2002 convertible bonds for a consideration of US$25.5 million.

During October to December 2001, Indofood repurchased approximately 125 million shares from the market at an average price of approximately Rupiah 619 per share.

In December 2001, the Group disposed of 132,602,457 common shares (83.5 per cent) of Berli Jucker for a consideration of US$125.0 million and 501,183,516 common shares (89.5 per cent) of Darya-Varia for a consideration of US$35.0 million.

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.

COMPLIANCE WITH CODE OF BEST PRACTICE

The Company has complied throughout the year with the Company's Code of Best Practic, which incorporates the items set out in Appendix 14 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

In compliance with the additional requirement of The Stock Exchange of Hong Kong Limited to its Code of Best Practice, the Company established an Audit Committee in 1998, which is currently composed of the two independent Non-executive Directors. Reporting to the Board of Directors, the Audit Committee reviews matters within the purview of audit, such as Financial Statements and internal control, 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.

DETAILED RESULTS ANNOUNCEMENT

A detailed results announcement containing all the information required by the Listing Rules paragraphs 45(1) to 45(3) of Appendix 16 will be published on the Stock Exchange's website in due course.

ANNUAL REPORT

The 2001 Annual Report will be sent to shareholders on or about the 8 April 2002.

By Order of the Board
Manuel V. Pangilinan
Executive Chairman
4 March 2002