<u>FIRST PACIFIC COMPANY LIMITED</u>
<u>PRESS RELEASE</u>

Thursday, 31 January 2002

FIRST PACIFIC TO RECORD PROVISIONS TOTALLING US$1.7 BLN

Non-cash adj. to align book with year-end values; no impact on finances or outlook
Action follows earlier steps to repay debt via sale of non-core assets, raising new debt

First Pacific announced today that, in order to ensure that its balance sheet better reflects the 31 December 2001 year-end values of its underlying investments, it will record asset impairment provisions totalling US$1.7 billion. These provisions, which are non-cash in nature, will affect neither First Pacific's sound financial position, nor the long-term growth potential of its principal investments.

First Pacific, in accordance with its conservative approach to financial reporting, regularly reviews the book values of its portfolio of assets against market and discounted cash flow valuations. In conducting such a review for the year ended 31 December 2001, First Pacific's Board of Directors concluded that, at the year-end, it would be prudent to revise downward the book values of certain of its investments.

First Pacific's Chief Financial Officer, Michael J.A. Healy, said: "During the past few months our management has taken several important actions, most notably decisively and conclusively addressing the repayment of our convertible bonds through the timely sales of non-core assets and the raising of new debt. We then turned our attention to our balance sheet. Here, given the reality of prevailing circumstances, we have diligently reviewed book values and decided to make provisions that reflect our most pessimistic view of regional asset values at this point in time."

In reaching this decision, First Pacific considered a number of factors, many of which are a direct result of the prolonged, negative sentiment that has overshadowed the region since the onset of the Asian crisis. In particular, given that First Pacific's reporting currency is the U.S. dollar, historic recorded investment values in U.S. dollars are no longer appropriate against current exchange rates. In this regard, First Pacific's investments in MPC (since 1986) and in PLDT (since 1998) were made at weighted average exchange rates of Pesos 33 and Pesos 41 to the U.S. dollar, respectively, while its investments in Indofood (since 1999) were made at a weighted average exchange rate of Rupiah 8,330 to the U.S. dollar. This compares with the close of business exchange rates on 31 December 2001 of Pesos 51.6 to the U.S. dollar and Rupiah 10,400 to the U.S. dollar.

Furthermore, the country risks associated with the Philippines and Indonesia have adversely affected equity values in these countries and, in addition, MPC's investment in BLC has been significantly and adversely affected by the protracted decline in the Philippine property market.

Accordingly, carrying values of MPC, PLDT and Indofood have been written down by US$744 million, US$563 million and US$286 million, respectively. The individual provisions have the effect of reducing book values for these investments to the lower end of their respective estimated value ranges. In addition, First Pacific has recorded a US$100 million general risk provision.

The total US$1.7 billion provision comprises impairments relating to goodwill of US$858 million, foreign exchange of US$270 million and net tangible assets of US$565 million.

Executive Chairman Manuel V. Pangilinan commented: "There is still inherent value in the significant shareholdings that First Pacific holds in our investments and I believe there is still excellent potential for long-term value development. Indeed, more realistic values afford the basis for sensible financial performance measures going forward and, being non-cash accounting allocations, the provisions have no impact on First Pacific's fundamentally sound financial position."

As a consequence of the proposed provisions, First Pacific's shareholders' equity, at the Company level, will be revised to approximately US$856 million on 31 December 2001. Consolidated shareholders' equity will be reduced by approximately US$565 million to approximately US$(248) million at 31 December 2001, after the deduction of goodwill of approximately US$1.0 billion which has been eliminated against reserves in prior years.

Details are attached of the proposed provisions and the pro forma impact on First Pacific's shareholders' equity.

At the end of 2001, First Pacific held cash in excess of US$210 million and had zero bank debt. Subsequent to the 2001 year-end, First Pacific initiated the early repayment of its convertible bonds, originally issued in the principal amount of US$350 million, funded through a combination of cash and bank debt. Subsequent to providing for the full settlement of its convertible bonds, First Pacific will hold cash in excess of US$50 million and bank debt of US$190 million.

Mr. Pangilinan noted that notwithstanding the need for prudent provisioning at this time, First Pacific will continue to channel its management efforts into developing strong fundamentals. "Indofood continues to deliver strong, recurring cash flows sufficient to internally fund capital expenditure, dividend payments and its on-going share buy back program, while PLDT is progressing with measures taken to address its financial position, while nurturing and developing diversified revenues to sustain and generate future revenues and cash flows. First Pacific will continue to manage all of its investments in the pursuit of long-term value enhancement. These provisions ensure that our balance sheet better reflects the underlying values of the investments that will underpin our future growth."

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Attachment: Proposed provisions and pro forma impact

Proposed provisions

The proposed provisions are detailed below. All financial information provided below is provided as at 31st December, 2001 and on a consolidated basis.

As at 31st December, 2001 US$ million	Pre-adjusted book value[1]	Provision	Adjusted book value	Market value [2]
Impairment provisions				
MPC [3]	842	(744)	98	87
PLDT[4]	1,122	(563)	559	334
Indofood[4]	793	(286)	507	264
Escotel[5]	(9)	-	(9)	n/a
Infrontier	4	-	4	n/a
Metrosel[6]	-	-	-	n/a
	2,752	(1,593)	1,159	
Provisions for other exposures[7]		(100)		
		(1,693)		

(1) Representing acquisition cost plus the Company's attributable share of post-acquisition reserves.
(2) Market value is based on the closing prices of the listed shares of MPC, PLDT and Indofood on their respective stock exchanges on 31st December, 2001. Escotel, Infrontier and Metrosel are not listed.
(3) Adjusted book value represents US$90 million of loan, and US$8 million of accrued interest due from MPC.
(4) Adjusted book value represents Pesos 700/share and Rupiah 1,200/share for PLDT and Indofood, respectively.
(5) The negative book value represents the amount by which the share of post-acquisition losses of US$72 million exceeds the investment cost of US$63 million.
(6) Full impairment provision made in 1998.
(7) General risk, including provision for the potential effect of further depreciation in the peso and the rupiah.

Pro forma impact

US$ million	Company	Consolidated					
		Share capital and premium	Revenue reserve	Exchange reserve	Sub-total (before goodwill)	Goodwill reserve	Total
Shareholders' equity							
At 30 June 2001	2,487	941	1,658	(385)	2,214	(1,897)	317
Impairment provisions	(1,631)	-	(1,693)	270	(1,423)	858	(565)
Pro-forma at 31 December 2001	856	941	(35)	(115)	791	(1,039)	(248)
Number of ordinary shares in issue (millions)	3,140						