

16th May 2000

Press Release

MPC Reports First Quarter 2000 Loss

Metro Pacific Corporation (MPC) reported an unaudited consolidated net loss of Php 634.2 million (US\$15.4 million) for the first quarter of the year compared with consolidated net earnings of Php 2.054 billion (US\$49.9 million) for the same period in 1999. The 1999 results include non-recurring earnings of Php 2.7 billion (US\$65.6 million) relating to the disposal of an aggregate 14 percent of Smart Communications, Inc. ("Smart") to Nippon Telegraph and Telephone Company. Consolidated revenues for the first three months of the year improved to Php 3.99 billion (US\$97.0 million) from Php 2.67 billion (US\$64.9 million) in the first quarter of last year. Operating profit also registered a marked increase to Php 1.091 billion (US\$26.5 million) from Php 725 million (US\$17.6 million) for the same period in the previous year.

Ricardo S. Pascua, President and Chief Executive Officer, explained that the significant improvement in the first quarter operating profit has been off-set by certain one-time expenses in a subsidiary and a negative contribution from associate companies. Specifically, the principal contributing factors are: a) a higher tax provision of Php 531.2 million (US\$12.9 million) by Fort Bonifacio Development Corporation (FBDC) as a consequence of higher earnings and a translation gain from a foreign currency swap transaction; and b) a negative contribution from Smart.

Pascua explained that despite the substantial tax provision by FBDC this quarter, the company still improved its net earnings for the quarter to Php 724 million (US\$17.6 million) from recognized sales of Php 2.44 billion (US\$59.3 million) versus net earnings of Php 647 million (US\$15.7 million) from sales of Php 1.39 billion (US\$33.8 million) for the same period last year.

Smart reported a net loss of Php 966 million (US\$23.5 million) for the first quarter of this year primarily as a result of aggressive marketing campaigns that were launched in the first quarter. Smart's total mobile subscriber base now numbers more than 1.6 million from about 1.0 million at the beginning of the year. Approximately half of its customers use the GSM digital network.

Pascua further explained that as the PLDT/Smart share swap was concluded only on March 24, 2000, MPC accounted for Smart's first quarter results to the extent of its 38% ownership. Beginning April 2000 MPC will equity account for its 8% share in PLDT.

MPC's consolidated assets as of end March 2000 were recorded at Php 98.16 billion (US\$2,386.6 million) compared with Php 116.51 billion (US\$2,832.7 million) in the first quarter of 1999. The decline has stemmed principally from the return to BCDA, by FBDC, of the 64-hectare property last year. Stockholders' equity remained robust at Php 65.77 billion (US\$1,599.1 million), but lower by approximately Php 6 billion (US\$145.9 million) from the Php 71.73 billion (US\$1,744.0 million) level in the first three months of

1999. The decrease was also largely due to the return of the 64-hectare property, which effectively reduced BCDA's equity proportionate to its 45 percent interest in FBDC.

"MPC remains confident of delivering a better performance for the balance of the year as it aggressively pursues its strategic thrust of transforming itself into a premier property company in the country, while it continues the rationalization of its non-core business. FBDC's Global City – the most modern and largest urban development in the country, Landco Pacific's high-end countryside residential developments and Pacific Plaza Towers' world-class residential condominium have now become distinguished and outstanding products in the property market. These companies will be at the forefront of MPC's principal business in the future," Pascua said.

Note: US\$ equivalents are for illustrative purposes only, and are translated at the 31st March 2000 peso closing rate of Pesos 41.13 = US\$1.

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For further information, please contact:

Mr. Michael P. Goco
Group Vice President
Corporate Development
Tel. No. 888-0806

Mr. Grant S. Ferguson
Director
Tel. No. 888-0807

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

For the period ended 31 March (In thousands)	Three months	
	2000	1999
Revenues	3,994,202	2,673,231
Cost of sales	(2,578,062)	(1,589,221)
Operating expenses	(325,545)	(358,202)
Operating profit	1,090,595	725,808
Equity in net earnings of affiliated companies	(454,652)	35,996
Financing charges, net	(302,386)	(293,961)
Profit before other income	333,557	467,843
Other income/(expense), net	(65,978)	1,973,395
Profit before taxation	267,579	2,441,238
Taxation	(531,294)	(102,600)
Income from continuing operations	(263,715)	2,338,638
Loss from discontinued operations	0	(16,400)
Net income before outside interests	(263,715)	2,322,238
Outside interests	(370,487)	(268,189)
Net income for the period	(634,202)	2,054,049
Retained earnings		
Beginning of period	4,781,231	2,413,387
Dividends accrued on preferred shares	(1,017)	-
End of period	4,146,012	4,467,436
Earnings per share (in centavos)		
Basic	(3.41)	11.96
Diluted	(3.33)	11.65
Weighted average number of shares in issue		
Basic	18,598,898	17,170,117
Diluted	19,066,069	17,638,882

Note: 1999 figures have been restated to be comparable with 2000 data, involving the deconsolidation of the discontinued consumer products business.

METRO PACIFIC CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

As at (In thousands)	31 March 2000	31 December 1999	31 March 1999
ASSETS			
Current assets			
Cash and cash equivalents	1,827,665	2,823,500	2,342,240
Receivables	6,379,523	6,719,925	6,074,709
Due from affiliated companies	756,720	792,709	844,539
Inventories	577,602	607,189	850,425
Development properties held for sale	2,618,251	2,997,845	2,891,558
Prepayments and other current assets	4,407,566	4,300,942	813,736
Deferred income tax asset	258,169	785,356	956,271
Total current assets	16,825,496	19,027,466	14,773,478
Long-term receivables	1,874,571	1,826,393	6,631,682
Investments in affiliated companies	10,112,468	10,114,853	9,266,406
Development properties	57,736,475	57,031,054	72,410,394
Property, plant and equipment	6,867,445	6,852,269	5,709,448
Goodwill	125,854	127,861	462,720
Other assets	4,615,265	4,885,538	7,253,034
Total assets	98,157,574	99,865,434	116,507,162
LIABILITIES AND EQUITY			
Current liabilities			
Loans and notes payable	9,213,297	8,400,399	7,821,472
Current portion of long-term debts	515,281	802,765	601,305
Current portion of long-term liabilities and provisions	2,374,293	2,377,935	1,680,552
Accounts payable and accrued expenses	3,479,667	4,341,265	3,603,807
Income tax payable	14,587	18,698	152,410
Total current liabilities	15,597,125	15,941,062	13,859,546
Long-term debts	12,679,359	12,677,942	13,879,369
Long-term liabilities and provisions	3,638,735	4,821,669	17,043,121
Long term advances	469,877	469,877	
Equity			
Stockholders' equity			
Capital stock	18,602,120	18,602,120	17,319,694
Additional paid-in capital	10,407,144	10,407,348	8,569,436
Deposit on future stock subscription	-	-	716,357
Treasury stock	(1,033,000)	(1,033,000)	-
Retained earnings	4,146,012	4,781,231	4,467,436
Outside interests	33,650,202	33,197,185	40,652,203
Total equity	65,772,478	65,954,884	71,725,126
Total liabilities and equity	98,157,574	99,865,434	116,507,162

* 1999 figures have been restated to be comparable with 2000 data, involving the deconsolidation of the discontinued consumer products business.