

**4th August 1999**

**FIRST PACIFIC'S METRO PACIFIC REPORTS 1st HALF PROFIT UP  
20-FOLD TO P2.5 BILLION**

First Pacific's Philippine flagship, Metro Pacific Corporation, reported today that net income rose more than 20-fold in the first half to P2.5 billion from a year earlier, bolstered by exceptional gains from its ongoing asset disposal program, including the partial sale of Smart Communications, Inc. to Japan's Nippon Telegraph and Telephone Corporation (NTT) and the disposal of all of Metro Bottled Water Corporation to La Tondena Distillers, Inc.

Revenue increased 1 per cent to P6.8 billion, reflecting the sale in 1998's second half of Starpack Philippines Corp., a packaging group, and Holland Pacific Paper, Inc., a paper-products group. Operating profit declined by 9 per cent to P1.6 billion, primarily because of losses recorded by Negros Navigation Company, Inc., which was acquired in April 1998.

The disposals, which were supplemented by the issue of P3.4 billion of new shares in the first half, helped reduce Metro Pacific's consolidated liabilities by 14 per cent to P43 billion from a year earlier. While financing charges increased slightly by 6 per cent to P664 million in the first half, they fell by 31 per cent to P330 million in the second quarter, as the Group began to benefit from its aggressive debt reduction program. Metro Pacific's ratio of consolidated debt to equity fell to 0.57 at the end of the half from 0.71 in December 1998 and 0.73 in June 1998.

In addition to reducing debts, Metro Pacific's disposals enabled it to refocus its activities on property development through its landmark Fort Bonifacio project, as well as Landco Pacific Corporation and the Pacific Plaza Towers luxury condominium complex, which is rapidly rising on the Fort Bonifacio site.

The Company will further reduce debt in the second half through the already announced sale of Metrolab Industries, Inc., which produces Eskinol and other leading skin-care products, for P1.02 billion to Sara Lee Philippines, Inc. Metro Pacific also plans by year end to exchange its remaining 38 per cent in Smart for approximately 8 per cent of Philippine Long Distance Telephone Company, which is valued at approximately P14.5 billion.

Mr. Napoleon Nazareno, Metro Pacific's President and CEO, said: "Metro Pacific is well on its way to becoming a sharply focused property group, with low debt and high

growth potential. We have made exceptional headway over the past year in paying down debts and bringing down our financing costs. It is clear that further progress will be achieved in the second half. I fully expect the year to close with a very strong and competitive Metro Pacific."

### **Operational Review**

In the face of uncertain sentiment toward the property market, good progress continued to be made at Fort Bonifacio Development Corporation (FBDC) - which is 55 per cent held by Bonifacio Land Corporation, of which Metro Pacific controls 66 per cent. Revenue fell by 4 per cent to P2.4 billion, most of which was derived from the sale of land in 1996, which is booked on a percentage of completion basis for the 57-hectare first phase of the project known as the Big Delta. As of end June 1996, the Big Delta's infrastructure work was 76 per cent complete, with full completion targeted for the end of the first quarter of next year.

In May, FBDC launched Bonifacio Ridge, a 25-year leasehold residential condominium project comprising four buildings with a total of 576 units that are being leased over 25 years for P4.5 million to P6.5 million each. The three-year project calls for the first two buildings to be built between September this year and early 2001, and the second two buildings to be built between June 2000 and early 2002. Reservations have already been made for approximately 175 units in the first two buildings.

Strong business traffic continued to be recorded at The Fort, FBDC's restaurant and entertainment complex, which opened in November 1998. Construction is to begin in the fourth quarter on an enlarged retail and entertainment center, which will increase the size of the area from 3,500 square meters to approximately 100,000 square meters by late 2001.

Pacific Plaza Towers, the high-end residential condominium project being developed by Metro Pacific in partnership with the Government's Bases Conversion Development Authority, recorded healthy progress. Construction is currently on the 40th floor of the two-tower 53-storey project, and is progressing at a rate of approximately one floor per week. Topping off is expected by year end, and full completion by the third quarter of 2000. During the first half, a further 26 units were sold at an average price per unit of Pesos 30.5 million (exclusive of VAT), increasing total sales to 203 units.

Metro Pacific's 60 per cent held Landco Pacific Corporation, which develops property outside Metro Manila, recorded a 30 per cent increase in sales to P358 million. Nearly

half its revenue was derived from the luxury seaside Punta Fuego project. At end June, the project's villas were fully sold at an average price of P30 million per unit, its open lots were 85 per cent sold at an average price of P10,000 per square meter, and its country club shares were 24 per cent sold at an average price of P900,000 each.

Nearly a quarter of Landco's revenue derived from sales of an office complex it is building in the southern city of Davao, which at end June was 90 per cent complete and 36 per cent sold at an average price of P53,000 per square meter.

### **Editor's Note**

The recent progress of Metro Pacific's asset disposal program

Metro Pacific's recent share placements

Financial data

## Editor's Note

The following sets forth the recent progress of Metro Pacific's asset disposal program:

### Metro Pacific's Asset Disposals (1998 to present)

Date	Affiliate	% Held/ % Sold	Gross Proceeds (Pesos m)	Buyer
07/98	Holland Pacific Paper	100/100	37	SCA Hygiene
12/98	Starpac Philippines	44*/44	700	VAW Europack
03/99	Smart Communications Inc. Corp.	52*/14	1,638**	Nippon Telegraph & Telephone
06/99	Metro Bottled Water Corp. Distillers	100/100	1,200	La Tondena
08/99	Metrolab Industries, Inc. Inc.	100/100	<u>1,020</u>	Sara Lee Phils., Inc.
<b>Total</b>			<b>4,595</b>	

\* Effective interest

\*\* Peso equivalent of US\$42 million.

The following sets forth Metro Pacific's recent share placements, which have reduced First Pacific's stake in the Company to 81.8 per cent as at 30<sup>th</sup> June from 90.1 per cent at 31<sup>st</sup> December 1998.

### Metro Pacific's Capital Changes 1H99

Date	New Shares Issued (million)	Price per share (Pesos)	Proceeds (Pesos m)	Shares Outstanding (million)
31/12/98				16,875.2
19/01/99	440	2.03	893.2	
05/03/99	400	1.80	720.0	
14/04/99	200	2.10	420.0	
30/01/99	200	2.04	408.0	
30/06/99	480	1.97	945.6	1,720.0
<b>Total</b>	<b>1,720</b>	<b>1.97*</b>	<b>3,386.8</b>	<b>18,595.2</b>

\* Average issue price

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

For the period ended 30 June <i>(In thousands)</i>	Six months		Three months	
	1999	1998*	1999	1998*
<b>Revenues</b>	6,768,582	6,681,308	3,696,950	3,922,321
Cost of sales	4,091,441	3,991,687	2,321,074	2,400,398
Operating expenses	1,043,509	897,482	495,101	539,339
<b>Operating profit</b>	1,633,632	1,792,139	880,775	982,584
Equity in net earnings of affiliated companies	7,910	168,945	(28,086)	116,393
Financing charges, net	(664,477)	(627,218)	(330,904)	(476,892)
<b>Profit before other income</b>	977,065	1,333,866	521,785	622,085
Other income/(expense), net	2,345,588	74,302	373,272	(9,919)
<b>Profit before taxation</b>	3,322,653	1,408,168	895,057	612,166
Taxation	160,538	159,156	55,179	7,432
<b>Net income before outside interests</b>	3,162,115	1,249,012	839,878	604,734
Outside interests	(672,741)	(1,131,618)	(404,553)	(594,173)
<b>Net income for the period</b>	2,489,374	117,394	435,325	10,561
<b>Retained earnings</b>				
Beginning of period	2,413,387	2,084,449	4,467,436	2,191,282
Dividends paid	-	-	-	-
End of period	4,902,761	2,201,843	4,902,761	2,201,843
<b>Earnings per share (in centavos)</b>				
Basic	14.19	1.81	2.43	0.13
Fully dilutec	13.82	1.40	2.37	0.10
<b>Weighted average number of shares in issue</b>				
Basic	17,544,193	6,487,212	17,918,269	8,282,203
Fully dilutec	18,011,895	8,371,775	18,385,971	10,166,767

\* 1998 figures have been restated to be comparable with 1999 data, involving the deconsolidation of Smart Communications, Inc. consistent with the change in policy described in detail in the annual report.

**METRO PACIFIC CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
*(Unaudited)*

As at <i>(In thousands)</i>	30 June 1999	31 December 1998	30 June 1998
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4,434,425	2,571,590	2,740,975
Receivables	6,317,268	6,016,094	5,497,344
Due from affiliated companies	675,272	831,257	584,708
Inventories	848,254	874,429	1,309,844
Development properties held for sale	2,887,005	2,286,912	4,819,484
Prepayments and other current assets	829,592	1,202,553	2,691,724
Deferred income tax asset	852,774	900,376	133,148
<b>Total current assets</b>	<b>16,844,590</b>	<b>14,683,211</b>	<b>17,777,227</b>
<b>Long-term receivables</b>	<b>5,234,083</b>	<b>6,407,460</b>	<b>9,874,239</b>
<b>Investments in affiliated companies</b>	<b>8,928,616</b>	<b>8,361,160</b>	<b>8,447,322</b>
<b>Development properties</b>	<b>73,277,437</b>	<b>72,732,718</b>	<b>67,727,276</b>
<b>Property, plant and equipment</b>	<b>5,135,073</b>	<b>6,288,273</b>	<b>7,386,150</b>
<b>Goodwill</b>	<b>387,163</b>	<b>467,240</b>	<b>13,176</b>
<b>Other assets</b>	<b>7,334,083</b>	<b>7,257,637</b>	<b>6,204,394</b>
<b>Total assets</b>	<b>117,141,045</b>	<b>116,197,699</b>	<b>117,429,784</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Loans and notes payable	7,387,264	7,519,977	9,681,335
Current portion of long-term debts	890,092	718,906	708,102
Current portion of long-term liabilities and provisions	2,131,812	2,194,571	1,430,420
Accounts payable and accrued expenses	3,111,196	3,946,142	3,994,725
Income tax payable	20,341	7,167	5,596
<b>Total current liabilities</b>	<b>13,540,705</b>	<b>14,386,763</b>	<b>15,820,178</b>
<b>Long-term debts</b>	<b>13,477,940</b>	<b>16,147,498</b>	<b>13,162,321</b>
<b>Long-term liabilities and provisions</b>	<b>15,740,435</b>	<b>17,777,114</b>	<b>20,462,845</b>
<b>Equity</b>			
Stockholders' equity			
Capital stock	17,721,105	16,877,664	4,707,460
Additional paid-in capital	8,834,182	8,318,053	6,653,342
Deposit on stock subscriptions	1,769,410	-	14,000,000
Retained earnings	4,902,761	2,413,387	2,201,843
Outside interests	41,154,507	40,277,220	40,421,795
<b>Total equity</b>	<b>74,381,965</b>	<b>67,886,324</b>	<b>67,984,440</b>
<b>Total liabilities and equity</b>	<b>117,141,045</b>	<b>116,197,699</b>	<b>117,429,784</b>

\* 1998 figures have been restated to be comparable with 1999 data, involving the deconsolidation of Smart Communications, Inc. consistent with the change in policy described in detail in the annual report.

Current Ratio	1.24	1.02	1.12
Quick asset Ratio	0.84	0.65	0.56
Debt to Equity Ratio	0.57	0.71	0.73
Gearing Ratio	0.23	0.32	0.31