

Non-recurring Income of Pesos 516.7 million was recognized during the period, arising principally from the gain arising from the conversion of the MDI Convertible Notes ("Notes") held by MPIC. The gain represents the excess of the net fair value of MDI at the time the investment was made compared with the acquisition cost of the Notes. MPIC also recognized gains from debt restructuring and sale of certain assets held by a subsidiary. These were partially offset by certain foreign exchange losses from foreign currency denominated liabilities.

Maynilad: Moving Ahead

For the nine months in 2008, Maynilad reported a 75% rise in its Core Income for Pesos 1.75 billion, and contributed Pesos 735.6 million to MPIC's Core Income, supported by a lower Non-Revenue Water ("NRW") performance, increase in new connections, and improvements across Maynilad's other performance indicators. NRW improved to 62.7% as of September 2008 from 65.9% in September, 2007. The total volume of billed water grew 7.5% to 230.4 million cubic meters from 214.4 million cubic meters in the same period last year. Total billed customers also increased by 6% to 743,742 as of end-September compared with 703,519 as of end 2007.

Earnings contribution attributable to MPIC was reduced by financing charges and operating expenses incurred at the water holding company level ("DMWC") for the period. The financing charges relate to the US\$192.0 million loans availed from affiliates of First Pacific Company Limited and Ashmore Investment Management Limited to fund the Standby Letters of Credit required for the acquisition of Maynilad. The amount of US\$152.0 million was repaid on 12th May 2008 while the balance of US\$40.0 million which was subsequently acquired by MPIC is expected to be converted into equity before end-2008.

Hospitals : Higher Contribution, Operational Improvements, Facility Upgrades

Makati Medical's net revenue for the nine-month period was at Pesos 2.2 billion this year versus Pesos 2.0 billion last year, up 6%. Nine-month Core Income was at Pesos 179.5 million, an improvement of 4% compared with the previous year, despite the ongoing construction and renovation work. Net profit attributable to MPIC from Makati Medical stood at Pesos 59.2 million compared with Pesos 5.8 million last year.

The 8-level Annex building with a 5-level basement parking facility is due to be operational in December 2008. The Annex of Makati Medical has an all glass façade, with a two-storey lobby that is designed to create an immediate sense of space that is aesthetically therapeutic. The renovation of the existing 9-floor hospital building is ongoing and is expected to be completed in 2010. The main building's lobby will have a ceiling which is 3-storey high and a three-level escalator system that would address the historically congested foot traffic of the hospital. Areas of the main building will be renovated in phases so as not to disrupt ongoing medical services.

Makati Medical has entered into an Interim Operating Agreement with the Roman Catholic Archbishop of Manila ("RCAM") for the management and operation of the Cardinal Santos Medical Center ("CSMC") for a period of six (6) months beginning 15th August 2008. Colinas Verdes Hospital Management Corporation was incorporated as a wholly-owned subsidiary of Makati Medical for this purpose. CSMC is a 212-bed tertiary hospital located in Greenhills, San Juan. A transition plan has been implemented for the smooth turnover and management of the hospital's daily operation. Among the critical concerns addressed in the limited period was the rehiring of the nearly 900 hospital workforce made up of CSMC's nurses and staff, restoring the computer systems of the hospital for billing and records purposes, and replenishing inventories and supplies that were running at critical levels pre-transition.

The acquisition of a 34% equity interest in Davao Doctors for approximately Pesos 498 million was completed in May 2008. MPIC started to equity account Davao Doctors in June and has contributed Pesos 17.7 million for the period and from its four-month old investment, MPIC received dividends amounting to Pesos 17 million with respect to earnings for the fiscal year ended 30th June 2008.

Landco: Lower Results

Landco reported Core Income of Pesos 17.8 million in the first nine months of 2008 versus Core Income of Pesos 136.8 million last year. The substantial decline in Core Income is attributable to the 24% reduction in revenue recognized from real estate sold from Pesos 1.32 billion in 2007 to only Pesos 1.01 billion in 2008. Delays in construction for the period impacted negatively on its ability to recognize those revenues. While cost of sales and operating expenses remain flat at Pesos 1.2 billion, selling expenses grew by 40% with the launching of several new projects.

In October 2008, Landco launched Playa Azalea, a joint venture project with Anflocor Management and Investment Corporation of the Florendo family located in Samal Island, Davao. The 33-hectare project will be the first leisure tourism estate in Davao. A world class mixed-use seaside commercial-residential enclave offering a magnificent view of Mt. Apo, half of the project's 250 units have been sold to date.

On the 31st of October, MPIC agreed to extend the exercise by its joint venture partners in Landco, AB Holdings Corp. ("ABHC") and Mr. Alfred Xerez-Burgos, Jr. (AXB"), of the option to acquire MPIC's shareholding in Landco which was granted to them last 11th September 2008. Said option was originally exercisable no later than 31st October 2008 (or, under certain circumstance, no later than 30th November 2008). The parties mutually agreed to extend the deadline of the exercise of the AB call option to 10th November (or, under certain circumstances, 10th December 2008). In view of the fact that ABHC and AXB are currently in serious talks with some investors, the Board of Directors of MPIC, during its meeting held on 13th November 2008, approved another extension of the period during which the above option may be exercised to until the end of January 2009.

North Luzon Expressway: Investment Completed

The purchase of an effective 67.1% ownership interest in the Manila North Tollways Corporation ("MNTC") was completed today for an aggregate consideration of Pesos 12.262 billion, broken down into Pesos 11.8 billion settled in cash and the assumption by MPIC of certain advances equivalent to Pesos 462.6 million. This was funded by a bank lending facility arranged by BDO Capital & Investment Corporation and shareholder advances. The account of MNTC will be consolidated by MPIC following Closing.

In addition, the Tender Offer by MPIC for the shares held by the public in accordance with the Philippine Securities Regulation Code (Republic Act No. 8799, amended) and its implementing rules and regulations ended on 10th November 2008 without any public shareholder tendering.

"We are gratified with the results for the first nine months of this year. Our numbers certainly represent a milestone improvement compared with those of the previous years. The completion of our investment in MNTC will strengthen our portfolio of infrastructure assets. On that basis, and with the improving performance of Maynilad and our healthcare institutions, MPIC is confident that our profitability this year – and in the coming years – will continue to improve significantly," said **MPIC President and CEO Jose Maria K. Lim**.

