





## **PRESSRELEASE**

**1H 2011 CONSOLIDATED CORE NET INCOME UP 38% TO  
₱2.658 BILLION**

**1H 2011 CONSOLIDATED REPORTED NET INCOME, EXCLUDING  
NONCONTROLLING INTEREST, AT ₱1.957 BILLION UP 12%**

**1H 2011 CONSOLIDATED REVENUES UP 19% TO ₱10.586 BILLION**

**STRONG PERFORMANCE ACROSS ALL BUSINESS UNITS**

- 1H 2011 CONSOLIDATED CORE NET INCOME AT ₱2.658 BILLION VS ₱1.926 BILLION LAST YEAR, UP 38%
- 1H 2011 CONSOLIDATED REPORTED NET INCOME, EXCLUDING NONCONTROLLING INTEREST, AT ₱1.957 BILLION VS ₱1.754 BILLION LAST YEAR UP 12%
- CONSOLIDATED REVENUES UP 19% TO ₱10.586 BILLION
- FULLY DILUTED CORE NET INCOME PER SHARE AT 12.51 CENTAVOS, UP 34% FROM 9.35 CENTAVOS LAST YEAR
- INTERIM DIVIDEND DECLARED OF 1 CENTAVO PER SHARE, EQUAL TO LAST YEAR
- NET DEBT TO EQUITY RATIO REDUCED FROM 0.24 TIMES AS AT 31<sup>ST</sup> DECEMBER 2010 TO 0.09 TIMES AS AT 30<sup>TH</sup> JUNE 2011 AT PARENT COMPANY
- MERALCO CORE NET INCOME AT ₱7.82 BILLION, CORE EBITDA ₱14.80 BILLION
- MAYNILAD CORE NET INCOME AT ₱2.96 BILLION, CORE EBITDA ₱4.44 BILLION
- METRO PACIFIC TOLLWAYS CORE NET INCOME AT ₱725 MILLION, CORE EBITDA ₱2.16 BILLION
- HOSPITAL GROUP CORE NET INCOME AT ₱247 MILLION, CORE EBITDA ₱744 MILLION

**MANILA, Philippines, 4<sup>th</sup> August 2011 – Metro Pacific Investments Corporation (“MPIC” or the “Company”) (PSE: MPI) today announced Consolidated Core Net Income of ₱2.658 billion for the six months ended 30<sup>th</sup> June 2011, an improvement of 38% over the Core Net Income of ₱1.926 billion for the first half of 2010.**

Consolidated Reported Net Income attributable to owners of the parent company, which reflects a net foreign exchange loss and non-recurring losses of ₱701 million, stood at ₱1.957 billion for the first half this year compared with ₱1.754 billion last year, an improvement of 12%.

The rise in Core Net Income is attributable to higher profit from Maynilad Water Services, Inc. (“Maynilad”) as a result of higher billed volume and tariffs, and from Manila Electric Company (“Meralco”) due to higher tariffs, as well as a strong performance across the Hospital Group. The contribution from Metro Pacific Tollways Corporation (“MPTC”) declined slightly following the expiry of its income tax holiday at the end of 2010; although on a pre-tax basis, income rose by 28%.

Maynilad accounted for ₱1.55 billion or 45% of the aggregate Core Net Income contribution from MPIC’s portfolio companies, representing MPIC’s attributable interest in Maynilad’s Core Net Income. Meralco contributed ₱1.09 billion or 31%. MPTC added ₱720 million or 21% of Core Net Income. MPIC’s investments in the Hospital Group contributed ₱99 million or 3% of the total.

“All our companies, including MPTC on a pre-tax basis, achieved significant growth in profitability during the first half of 2011 and the outlook for the year as a whole is equally positive,” said Jose Ma. K. Lim, MPIC President and Chief Executive Officer.

“We continue to pursue new investment opportunities.” he said. “The capital raising we undertook on 13<sup>th</sup> July 2011 means we are well placed to fund new investments, especially in toll roads.”

In a meeting held today, the Board of Directors of MPIC declared a cash dividend of 1 centavo per common share, payable to stockholders as of the record date of 18<sup>th</sup> August 2011, with payment date of 15<sup>th</sup> September 2011.

## **OPERATIONAL REVIEW**

### **MERALCO: FOCUSING ON SERVICE EFFICIENCY TO ALL CONSUMERS**

The volume of electricity sold by Meralco during the first half was slightly lower than a year ago at 14,781 gigawatt hours as cooler weather tempered residential demand and the economic consequences of the March earthquake in Japan held back industrial consumption of power, even as commercial demand for electricity rose slightly. Distribution and other revenues rose 17% in 2011 to ₱27.75 billion due mainly to higher distribution tariffs. Core Net Income for the half year increased 35% to ₱7.82 billion. The recently-completed rate rebasing applicable to the 3<sup>rd</sup> Regulatory Period will result in Meralco’s distribution tariff declining modestly in the second half of the year. The full year Core Net Income outlook for Meralco shows good progress versus 2010 with guidance on Core Income being set for ₱14.0 billion for the year.

Capital expenditures for the quarter amounted to ₱3.07 billion, with electric capital projects accounting for 83% of the total, in support of increased volumes of new service applications, improvement of distribution facilities and replacements of meters and transformers.

The continued institutionalization of loss reduction initiatives, including improved pilferage management and expanded partnerships with local government units, resulted in system loss declining to an all-time low of 7.48% from 7.93% a year earlier.

Two other significant measures of service reliability were also improved with the Interruption Frequency Rate declining by 10.3% and Cumulative Interruption Time down by 2.5%.

Meralco remains focused on reinvesting its profits to capture a greater share of the overall power business and improve service efficiency to all consumers. This will be achieved through its continuing capital expenditure program on its electricity distribution network and entry into power generation and Retail Electricity Supply (RES). Meralco recently announced the formation of a joint venture with Aboitiz Power and Taiwan Cogeneration to develop an aggregate 600MW coal fired base load plant to be commissioned between late 2014 and 2015. Evaluation of further potential generation projects is proceeding steadily. The requisite investment for all these projects can be funded without recourse to additional equity from Meralco shareholders.

### **MAYNILAD: 24-HOUR SUPPLY AND INCREASED WATER PRESSURE TO MORE THAN A MILLION HOUSEHOLDS**

Maynilad increased the volume of water sold to its customers by 6% in the first half of 2011 as its five-year ₱36 billion capital expenditure program from 2008 to 2012 continued to deliver returns. The increase in water sold was achieved despite a year-on-year reduction of 4% in water drawn from Angat Dam by Maynilad, which was partly mitigated by increased supply volumes from Maynilad's Putatan water treatment plant in southern Metro Manila.

Non Revenue Water ("NRW") resulting from leakage and theft declined to 47.9% as at the end of June 2011 from 52.8% at the end of June 2010 as a result of aggressive leak repairs. Maynilad repaired 20,734 leaks in the first half of the year compared with 19,366 leaks a year earlier. This program, coupled with pipe rehabilitation and more efficient pressure and supply management, has resulted in the recovery of over 155 million liters per day ("MLD") of water compared with the average NRW for the first half of 2010. Maynilad continues to push forward with its ambitious NRW reduction program by allocating ₱2.6 billion this year for NRW diagnostics, leak repairs and the establishment and maintenance of District Metered Areas.

The Putatan water treatment facility in Muntinlupa, Rizal is a ₱1.8 billion project which came on stream in July last year with an initial capacity of 25 MLD. This has since been expanded to 100 MLD. The facility is a vital part of Maynilad's plan to develop alternative sources of water to ensure long-term water security for its customers, especially those situated in the southern part of Metro Manila.

Total revenues for the period grew 13% to ₱6.62 billion from ₱5.86 billion last year due to the combined effect of a 6% increase in billed volume coupled with a basic tariff increase of 7.6% implemented halfway through the first quarter of 2011. Maynilad's Core Net Income stood at ₱2.96 billion for the half year, compared with ₱2.45 billion recorded in the same period of 2010.

Maynilad now delivers 24-hour water supply to 82% of its customers, while 92% of its customers also enjoy water pressure of at least seven pounds per square inch, the minimum pressure necessary to lift piped water to the second floor of a house. The number of serviced customers rose 11% to 937,578 billed clients at June 2011 from 846,682 a year earlier.

Maynilad's capital expenditure for the first half year stood at ₱3.6 billion. Maynilad plans to raise this to ₱10.5 billion for the full year as it accelerates projects to improve service delivery and coverage in its concession.

## **MPTC: JOINING NORTH AND SOUTH THROUGH HARBOUR LINK AND CONNECTOR ROAD**

Average daily entries to our road system grew by 1% for the half year compared with the same period last year even as the high price of oil softened growth. On Segment 8.1, a 2.7-kilometer stretch of toll road from Mindanao Avenue to the North Luzon Expressway (“NLEX”) at Valenzuela City, which opened in June 2010, average daily vehicle entries reached 10,554 during the first half.

MPTC’s revenues for the first half of 2011 rose 12% to ₱3.27 billion due mainly to tariff increases and the modest volume growth described above. MPTC’s Core Net Income of ₱725 million for the half year versus ₱752 million in the same period last year declined by 4%, reflecting the expiry its income tax holiday at the end of 2010. However, pre-tax income rose by 28% for the period.

MPTC’s Harbour link project to connect the NLEX to the port area of Manila has been divided into two parts, “Segment 9” and “Segment 10”, to allow construction to begin as soon as possible. Government is working on securing the Right of Way access for Segment 9 and construction is expected to start sometime in 2012 with completion of the entire project targeted for 2014. The Harbour Link will allow commercial vehicles 24-hour access to the Port Area and NLEX, thus promoting commercial traffic by overcoming the current truck ban at peak times of day. It will also reduce travel time for motorists accessing NLEX from Western Metro Manila.

Metro Pacific Tollways Development Corporation (“MPTDC”) has received confirmation of its Original Proponent status for the Connector Road Project (“Connector Road”), a 13.5-kilometer, four-lane elevated expressway using new construction technology to connect the Harbour Link to South Luzon Expressway/Skyway at Buendia Avenue, Makati City, bringing together the Northern and Southern toll road systems for the first time. Detailed engineering drawing and design are underway ahead of the Swiss Challenge for the project and the expected awarding of the project in 2012. The Company expects the Connector Road to increase traffic by enabling commercial vehicles to traverse Metro Manila without violating the aforementioned truck ban and through slashing the travel time between the Northern and Southern toll road systems to no more than 20 minutes from over an hour today.

The Harbour Link and Connector projects will see MPTC invest approximately ₱25 billion to complete construction. MPTC and MPIC intend to fund this sum from internal sources and debt. For its part, the Government is estimated to invest approximately ₱8.0 billion to secure the Right of Way access for the Harbour link and Connector road.

The revised agreement on the takeover of the Subic-Clark-Tarlac Expressway (“SCTEX”) concession has now been signed with the Bases Conversion and Development Authority and formal handover is set for October 2011. MPTC plans to invest ₱390 million to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways.

## **HOSPITALS: GROWING THE COUNTRY’S LARGEST PRIVATE CHAIN**

Aggregate Core Net Income for the Hospital Group for the first six months of 2011 reached ₱247 million, up 38% from 2010, reflecting strong performances across the group and the benefit of investments made in the Riverside Medical Center and Our Lady of Lourdes Hospital last year. Particularly strong progress was achieved by Cardinal Santos Hospital

in growing its out-patient services and Makati Medical Center in increasing its total patient turnover.

Our Lady of Lourdes Hospital recently renovated its façade and the interior of the hospital and doctors' clinics. It has also invested in new digital diagnostic machines and a state-of-the-art Eye Center.

The Hospital Group now comprises five full-service tertiary hospitals: Makati Medical Center, Cardinal Santos Medical Center, and Our Lady of Lourdes Hospital in Metro Manila; Riverside Medical Center Inc. in Bacolod; and Davao Doctors Hospital Inc. in Davao.

### **MRT 3: AN OPPORTUNITY TO IMPROVE SERVICE AND RELIABILITY**

MPIC continues to seek ways to contribute to the improvement of the country's infrastructure. In this vein, the Company is seeking to continue discussions with the new leadership at DOTC regarding its proposal to improve the operations and reliability, and increase the capacity, of the MRT system in the nation's capital.

### **OUTLOOK FOR 2011**

"The positive results for the first half this year reflect with the strong operating efficiencies, highly focused customer service and strict cost discipline at all our portfolio companies," said MPIC Chairman Manuel V. Pangilinan. "Reflecting our strong operating results during the period, we are guiding our core profitability for the year 2011 at ₱4.8 billion," he concluded.

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### **FORWARD LOOKING STATEMENTS**

This press release may contain some "forward-looking statements" that are subject to a number of risks and uncertainties that could affect MPIC's business and results of operations. Although MPIC believes that expectations reflected in any forward-looking statements are reasonable, it can give no guarantee of future performance, action or events.

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**METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in Millions)

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	₱7,733	₱4,942
Short-term deposits	-	6
Receivables - net	2,397	2,381
Advances to contractors and consultants	392	288
Inventories - at cost	160	159
Real estate for sale	187	187
Due from related parties	543	439
Derivative assets	-	3
Available-for-sale financial assets	545	546
Other current assets – net	2,286	2,321
<b>Total Current Assets</b>	<b>14,243</b>	<b>11,272</b>
<b>Noncurrent Assets</b>		
Investments in and advances to associates and a joint venture	35,393	34,872
Receivables - net	632	675
Goodwill	12,749	12,751
Due from related parties	68	66
Service concession assets - net	72,169	69,348
Property and equipment - net	1,510	1,423
Derivative assets	32	32
Available-for-sale financial assets	724	513
Deferred tax assets	475	275
Other noncurrent assets	665	149
<b>Total Noncurrent Assets</b>	<b>124,417</b>	<b>120,104</b>
	<b>₱138,660</b>	<b>₱131,376</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	₱7,663	₱7,711
Unearned toll revenues	37	31
Unearned tuition and other school fees	29	29
Income tax payable	197	31
Derivative liabilities	-	212
Due to related parties	489	470
Current portion of:		
Provisions	2,480	2,188
Service concession fees payable	835	1,179
Long-term debts	890	2,954
Deferred credits and other long-term liabilities	14	-
<b>Total Current Liabilities</b>	<b>12,634</b>	<b>14,805</b>

(Forward)

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Provisions	₱368	₱308
Service concession fees payable	7,668	7,951
Long-term debts	35,778	29,569
Deferred credits and other long-term liabilities	4,475	4,162
Due to related parties	-	6,314
Derivative liabilities	60	-
Accrued retirement costs	186	50
Deferred tax liabilities	2,833	2,938
Total Noncurrent Liabilities	51,368	51,292
<b>Total Liabilities</b>	<b>₱64,002</b>	<b>₱66,097</b>
<b>Equity</b>		
Capital stock	₱22,242	₱20,205
Additional paid-in capital	32,205	27,508
Deposit for future stock subscriptions	-	12
Other reserves	371	629
Retained earnings	7,606	5,954
Other comprehensive income reserve	(104)	(90)
Total equity attributable to owners of the Parent Company	62,320	54,218
Noncontrolling interest	12,338	11,061
Total Equity	74,658	65,279
	<b>₱138,660</b>	<b>₱131,376</b>

**METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in Millions except per Share Amounts)

	<b>Six Months Ended June 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>OPERATING REVENUES</b>		
Water and sewerage services revenue	<b>₱6,615</b>	₱5,860
Toll fees	<b>3,268</b>	2,922
Hospital revenue	<b>654</b>	65
School revenue	<b>49</b>	12
	<b>10,586</b>	8,859
<b>COST OF SERVICES</b>		
	<b>(3,924)</b>	(3,178)
<b>GROSS PROFIT</b>		
	<b>6,662</b>	5,681
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
	<b>(2,328)</b>	(1,967)
<b>OTHER INCOME AND EXPENSES</b>		
Construction revenue	<b>3,634</b>	4,760
Construction costs	<b>(3,560)</b>	(4,718)
Interest expense	<b>(1,857)</b>	(2,250)
Foreign exchange gains - net	<b>409</b>	457
Interest income	<b>249</b>	325
Share in net earnings of associates and joint ventures - net	<b>613</b>	554
Other income	<b>461</b>	899
Other expenses	<b>(799)</b>	(908)
	<b>(850)</b>	(881)
<b>INCOME BEFORE INCOME TAX</b>		
	<b>3,484</b>	2,833
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	<b>439</b>	26
Deferred	<b>(206)</b>	(260)
	<b>233</b>	(234)
<b>NET INCOME</b>		
	<b>₱3,251</b>	₱3,067
<b>Net Income Attributable to:</b>		
Owners of the Parent Company	<b>₱1,957</b>	₱1,754
Noncontrolling interest	<b>1,294</b>	1,313
	<b>₱3,251</b>	₱3,067
<b>EARNINGS PER SHARE (In centavos)</b>		
<b>Basic Earnings Per Share, Attributable to</b>		
<b>Owners of the Parent Company</b>	<b>₱9.54</b>	₱8.71
<b>Diluted Earnings Per Share, Attributable to</b>		
<b>Owners of the Parent Company</b>	<b>₱9.21</b>	₱8.54