Wednesday, 28 November 2001

METRO PACIFIC REPORTS NINE-MONTH RESULTS

The attached press release was distributed today by Metro Pacific Corporation, in which the First Pacific Group holds an attributable interest of 80.6 per cent.

Metro Pacific, which is based and listed in Manila, principally holds property assets, including Bonifacio Land Corporation, Landco Pacific and Pacific Plaza Towers. Further information on Metro Pacific can be found at www.metropacific.com

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Metro Pacific Corporation

PRESS RELEASE

METRO PACIFIC REPORTS NINE-MONTH RESULTS

Metro Pacific Corporation (MPC) today reported an unaudited consolidated net loss of Pesos 2.21 billion for the nine-month period ended September 30, 2001. This compares with net income of Pesos 2.71 billion for the comparable period last year. Recorded in 2000 was a one-time gain of Pesos 5.67 billion on the disposal of MPC's interest in Philippine Long Distance Telephone Company (PLDT) to First Pacific Company Limited.

Commenting on the nine-month results, MPC's Chairman, Manuel V. Pangilinan, said: "The one-time gain on the sale of MPC's interest in PLDT last year, coupled with the cessation of revenue recognition in relation to Fort Bonifacio's 1996 land sales, have contributed to MPC's year-on-year decline. Metro Pacific has had a challenging year against a backdrop of a difficult industry and economic environment. Nevertheless, we believe in the underlying value of our assets and business. Our objective is to strengthen MPC's balance sheet through focused and intense debt reduction efforts. To this end, we have successfully refinanced BLC's debt, succeeded in securing land sales – most notably the sale of the FBDC Compound – and continue to execute revenue generating projects within our means. It is fully our intention to position MPC to achieve this goal."

For the 2001 period, increased revenues from Pacific Plaza Towers (PPT) were offset by reduced contributions from Bonifacio Land Corporation (BLC) and, accordingly, continuing operations recorded a loss of Pesos 2.41 billion (2000: Pesos 2.17 billion).

Accounting for approximately 39% of MPC's total revenues, PPT's revenues grew in the 2001 period by Pesos 255 million, to Pesos 2.13 billion (2000: Pesos 1.87 billion), as MPC's wholly-owned premier residential development continued to achieve sales.

Consolidated revenues from 69.6%-owned subsidiary BLC declined to Pesos 1.25 billion (2000: Pesos 3.09 billion), following the completion of the horizontal development of Big Delta in April 2000. Revenues representing Pesos 28.44 billion of land sales made in 1996 were recognized over the period of Big Delta's development. By April 2000, when the project was completed on schedule, all revenues and profits relating to these 1996 land sales had been fully recognized. Accordingly, there were no 1996 land sale revenues recognized in 2001.

Financing charges increased in the 2001 period to Pesos 1.61 billion (2000: Pesos 895 million) as MPC's cost of borrowing increased with the refinancing of its convertible bonds in April 2001.

MPC recorded lower provisioning in 2001, as the 2000 period included a sizeable provision on investments in Negros Navigation Company, Inc. (Nenaco) and affiliated companies.

Foreign exchange losses declined in 2001 as a result of the relatively slower depreciation of the peso over this period.

In September 2001, MPC rejected a proposal to acquire BLC's development rights over an area of land known as the Northern Central Business District. Shortly thereafter, in October 2001, MPC announced that, in line with its commitment to reduce overall levels of debt, it was undertaking a comprehensive review of all possible strategic options regarding its controlling interest in BLC. This process is ongoing and is the latest in a number of MPC Group initiatives to strengthen its balance sheet.

To date, these have included the successful restructuring of BLC's five-year Convertible Long-Term Commercial Paper into a new Pesos 2.12 billion fully-secured seven-year facility; FBDC's sale of a 2,173-square-meter lot for Pesos 260 million and the signing of a memorandum of understanding for the sale of an area known as the FBDC Compound for Pesos 2.5 billion. With a net saleable area of 2.7 hectares, the sale of the FBDC Compound is expected to close before the end of the year.

At today's meeting, the MPC board decided to withdraw its previous proposal of 30 June 2001 to dividend, to MPC shareholders, its interest in Nenaco. As previously announced, the proposed dividend distribution of Nenaco was conditional on MPC and Nenaco obtaining requisite approvals from creditors and regulatory agencies. These approvals have not been obtained, hence the MPC Board's decision.

The MPC Board also announced that it has accepted the request of its President, Mr. Ricardo S. Pascua, to go on indefinite leave, and that MPC Chairman, Mr. Manuel V. Pangilinan, would be assuming the responsibilities of acting CEO. In addition, Mr. Edward A. Tortorici, Executive Director of First Pacific, was appointed to the Metro Pacific Board. Mr. Tortorici will be assisting Mr. Pangilinan with regard to on-going initiatives at Metro Pacific. To further complement Metro Pacific's executive resources, two First Pacific Group executives have been assigned to assist on Metro Pacific-related matters.

REVIEW OF OPERATIONS

BONIFACIO LAND CORPORATION, in which MPC has a 69.6% interest, holds a 55% interest in Fort Bonifacio Development Corporation (FBDC). For the nine-month period ended September 30, 2001, FBDC achieved consolidated net earnings of Pesos 140 million (2000: Pesos 1.04 billion), while consolidated revenues totaled Pesos 1.25 billion (2000: Pesos 3.12billion). These results primarily are due to the completion of the horizontal development of Big Delta in April 2000 and resultant final recognition of all revenues and profits relating to land sales made in 1996. Despite a sluggish real estate market, the sale of a 2,173-square-meter lot in the 25-hectare e-Square IT Park was concluded in June and, more recently, the sale of the 2.7-hectare FBDC Compound which is expected to close before year end. During the period, FBDC continued to pursue other revenue-generating projects as evidenced by the following developments:

- By the end of September 2001, 168 of Bonifacio Ridge's 288 units had been sold. The structure was topped off in July and the construction continues with the project now 36% complete.
- Bonifacio StopOver, a gas plaza with fast foods and convenience outlets, was completed and commenced operations in October 2001. Given the tremendous success of Bonifacio StopOver, the respective Boards of BLC and FBDC have approved the expansion of this development to Bonifacio StopOver II.

- Pier One, a fast-rising dining and entertainment establishment in Metro Manila, opened for business in September 2001 at Fort Square, the expanded retail and entertainment district of the Global City.
- Hatchasia GlobalCity Center at e-Square IT Park was completed in September 2001 and is now 80% leased out. Fitting-out by tenants is now in progress.
- The British School of Manila, in the City's University Park, opened in September 2001 for the school year 2001-02.
- St Luke's Medical Center signed a 50-year lease agreement, in August 2001, to locate a new 500-room hospital at the Bonifacio Global City.
- MC Home Builders Depot, a one-stop shopping plaza for building construction materials and home furnishings, signed a 21-year lease agreement, in October 2001, for a 26,000 square meter area at 32nd Street, beside S&R Price.

PACIFIC PLAZA TOWERS (PPT), Metro Pacific's premier residential development in the Global City, continues to sell units, bucking the trend of a lackluster property market. As of the third quarter of this year, PPT has sold 302 units of the development's 393 units. This puts PPT beyond its break-even point, leaving only 91 units to be sold with a value of approximately Pesos 2.80 billion. Consolidated revenues of PPT for the nine-month period ended September 30, 2001 totaled Pesos 2.13 billion (2000: Pesos 1.87 billion).

On the back of new-product launches in leisure farms, residential resorts and memorial parks, LANDCO PACIFIC CORPORATION (Landco) posted consolidated revenues of Pesos 310 million for the first nine months of 2001 (2000: Pesos 368 million), and contributed an operating profit before financing charges of Pesos 57 million (2000: Pesos 118 million). Landco's financing charges decreased significantly to Pesos 101 million (2000: Pesos 192 million) as MPC agreed to convert its holdings of convertible bonds, plus capitalized interest thereon, into equity.

Landco's current project initiatives include:

- Leisure Farms in Tagaytay, the first agro-tourism community in the Philippines, which integrates residential resort features with high-value modern farming.
- Terrazas de Punta Fuego, an exclusive seaside community in Nasugbu, Batangas, which is being developed in association with the Pedrosa family and Roxaco Land.
- Landco Business Park project in Legazpi City, a joint venture with the Metro Gaisano Group of Cebu.
- Forest Lake Memorial Parks projects in Davao City and Binan, Laguna.

For the nine-month period ended September 30, 2001, consolidated revenues of NEGROS NAVIGATION COMPANY, INC. (Nenaco) improved 10% to Pesos 1.80 billion (2000: Pesos 1.63 billion) on increased passenger and freight rates, partially offset by a decline in passenger and cargo volumes, in line with the market slowdown. Consolidated operating costs and expenses increased 5% to Pesos 1.57 billion (2000: Pesos 1.50 billion) as fuel costs increased, and further improvements to Nenaco's systems and procedures were implemented. Nenaco contributed a net operating income before financing charges of Pesos 17 million, compared with the Pesos 59 million net operating loss recorded in 2000.

Note: Unless stated otherwise, all quoted values relate to year-to-date 30 September activities.

28 November 2001

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

For the period ended 30 September	Nine months		Three Months	
(In thousands Pesos)	**2001**	**2000**	**2001**	**2000**
Revenues	5,487,297	6,968,207	1,080,961	1,142,563
Cost of sales	(4,324,217)	(4,868,616)	(1,059,641)	(1,054,367)
Operating expenses	(869,105)	(801,768)	(300,757)	(289,711)
Operating profit/(loss)	293,975	1,297,823	(279,437)	(201,515)
Equity in net losses of affiliated companies	(266,406)	(163,491)	(49,805)	(38,837)
Financing charges, net	(1,613,004)	(895,385)	(646,594)	(331,617)
(Loss)/profit before other expense	(1,585,435)	238,947	(975,836)	(571,969)
Other expense, net	(787,175)	(2,142,447)	(461,500)	(2,003,888)
Loss before taxation	(2,372,610)	(1,903,500)	(1,437,336)	(2,575,857)
Taxation	(40,730)	(266,361)	82,514	151,959
Loss from continuing operations	(2,413,340)	(2,169,861)	(1,354,822)	(2,423,898)
(Loss)/gain from discontinued operations	(2,180)	5,355,076	(430)	5,654,977
Net (loss)/income before outside interests	(2,415,520)	3,185,215	(1,355,252)	3,231,079
Outside interests	207,931	(476,608)	235,329	80,888
Net (loss)/income for the period	(2,207,589)	2,708,607	(1,119,923)	3,311,967
Retained earnings				
Beginning of period	6,941,959	4,781,231	5,818,293	4,144,854
Dividends accrued on preferred shares	(54,000)	(55,017)	(18,000)	(22,000)
End of period	4,680,370	7,434,821	4,680,370	7,434,821
(Loss)/earnings per share (in centavos)				
Basic	(12.16)	14.27	(6.12)	17.69
Weighted average number of shares in issue				
Basic	18,603,473	18,598,898	18,603,473	18,598,898

METRO PACIFIC CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)

As at (In thousands Pesos)	30 September 2001	31 December 2000	30 September 2000
ASSETS			
Current assets			
Cash and cash equivalents	898,440	1,560,407	1,779,637
Receivables	5,256,461	6,786,668	6,742,478
Due from affiliated companies	1,265,707	2,262,678	4,443,578
Inventories	155,777	202,899	609,206
Development properties held for sale	9,418,752	6,614,775	2,501,532
Prepayments and other current assets	5,821,706	4,379,639	4,526,055
Deferred income tax asset -net	71,706	115,729	547,399
Total current assets	22,888,549	21,922,795	21,149,885
Long-term receivables	1,113,225	1,692,054	1,616,423
Investments in affiliated companies	2,826,894	2,884,751	3,485,299
Development properties	51,836,464	57,465,132	57,439,915
Property, plant and equipment	6,561,417	5,887,615	6,336,174
Goodwill	12,301	19,997	120,068
Other assets	4,450,126	4,574,589	4,651,622
Total assets	89,688,976	94,446,933	94,799,386
LIABILITIES AND EQUITY			
Current liabilities			
Loans and notes payable	9,295,126	4,533,891	7,274,769
Current portion of long-term debts	633,533	7,576,253	2,643,506
Current portion of long-term liabilities and provisions	658,762	1,884,604	1,393,456
Accounts payable and accrued expenses	5,694,526	4,946,088	4,236,099
Income tax payable	20,230	4,603	10,383
Total current liabilities	16,302,177	18,945,439	15,558,213
Long-term debts	8,394,013	4,327,272	8,115,209
Long-term liabilities and provisions	1,105,153	2,912,311	2,059,250
Equity			
Stockholders' equity			
Capital stock	18,606,695	18,602,120	18,602,120
Additional paid-in capital	10,411,914	10,407,065	10,407,124
Treasury stock	(1,033,000)	(1,033,000)	(1,033,000)
Retained earnings	4,680,371	6,941,959	7,434,821
Outside interests	31,221,653	33,343,767	33,655,649
Total equity	63,887,633	68,261,911	69,066,714
Total liabilities and equity	89,688,976	94,446,933	94,799,386

METRO PACIFIC CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the period ended September 30 (In thousands Pesos)	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/income for the period	(2,207,589)	2,708,607
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	648,340	730,689
Provision for deferred tax	22,942	214,072
Reversal of gain on change on equity	202,003	-
Provision for decline in value of investment	-	933,989
Reversal of provision for possible lot returns	(233,980)	0
Unrealized foreign exchange loss - net	123,847	330,971
Loss on disposal of fixed assets	15,000	1,038
Loss /(gain) on sale of investment in affiliated companies	1,750	(5,728,489)
Equity in net loss of affiliated companies	378,689	533,458
Equity of outside interests	(207,921)	476,608
Change in working capital, net	1,162,943	(489,640)
Net cash used in operating activities	(93,976)	(288,697)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(1,088,006)	(285,336)
Proceeds from sale of investment in affiliated companies	1,483,329	8,361,050
Proceeds from disposal of property, plant and equipment	64,946	21,924
Investments in and advances to affiliated companies	(425,744)	(423,358)
(Increase)/decrease in long-term receivables	(694,521)	231,563
Increase in development properties	(878,074)	(1,835,193)
Net cash from disposed subsidiaries	-	(870)
Decrease in other and intangible assets	27,017	357,393
Net cash (used in)/provided by investing activities	(1,511,053)	6,427,173
CASH FLOWS FROM FINANCING ACTIVITIES:		
Expenses relating to issue of shares	-	(224)
Payment of preferred cash dividends	(72,000)	(73,017)
Issue of shares to outside interests by a subsidiary	12,475	19,342
Increase/(decrease) in loans and notes payable	4,262,010	(1,102,493)
Decrease in long-term debts	(2,165,469)	(4,090,174)
Decrease in long-term liabilities and provisions	(1,093,954)	(1,935,773)
Net cash provided by /(used in) financing activities	943,062	(7,182,339)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(661,967)	(1,043,863)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,560,407	2,823,500
End of period	898,440	1,779,637