Review of Operations Contribution Summary

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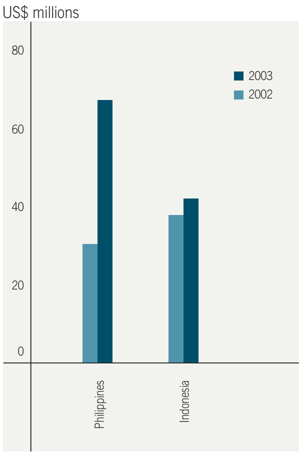
Contribution by Country



US$ millions	Turnover 2003	Turnover 2002	Contribution to Group profit(i) 2003	Contribution to Group profit(i) 2002
PLDT(ii)	–	–	**76.7**	48.8
Indofood	**2,090.1**	1,777.3	**40.2**	37.7
Metro Pacific	**71.7**	114.6	**(9.5)**	(18.7)
From continuing businesses	**2,161.8**	1,891.9	**107.4**	67.8
From discontinuing and disposed businesses(iii)	–	0.4	**0.6**	(2.2)
FROM OPERATIONS	**2,161.8**	1,892.3	**108.0**	65.6
Head Office items:				
– Corporate overhead			**(8.6)**	(9.0)
– Net interest expense			**(7.2)**	(6.3)
– Other (expenses)/income			**(3.8)**	0.8
RECURRING PROFIT			**88.4**	51.1
Foreign exchange losses			**(17.3)**	(11.0)
Non-recurring items(iv)			**10.4**	–
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			**81.5**	40.1

(i) After taxation and outside interests, where appropriate.
(ii) Associated company.
(iii) Primarily represents Escotel Mobile Communications Limited (Escotel).
(iv) 2003's non-recurring gains of US$10.4 million (2002: Nil) comprise gains of US$16.8 million realized by Metro Pacific from various debt reduction and restructuring exercises, partly offset by PLDT's manpower reduction costs of US$6.4 million.

During the year, the Group's turnover increased by 14.2 per cent, to US$2,161.8 million (2002: US$1,892.3 million), reflecting improved underlying performances. First Pacific's continuing business interests improved their performance in 2003, recording profit contributions totaling US$107.4 million (2002: US$67.8 million), an increase of 58.4 per cent. Corporate overhead declined 4.4 per cent, to US$8.6 million, as cost cutting initiatives took effect. Recurring profit improved to US$88.4 million, from US$51.1 million in 2002, and the Group recorded higher foreign exchange losses on its unhedged U.S. dollar denominated borrowings, largely due to a weaker peso. First Pacific recorded an attributable profit for 2003 of US$81.5 million, a 103.2 per cent improvement over 2002's attributable profit of US$40.1 million.

The Group's operating results are denominated in local currencies, principally the peso and rupiah, which are translated and consolidated to provide the Group's results in U.S. dollar. The changes of these currencies against the U.S. dollar is summarized below.

Exchange rates against the U.S. dollar at 31 December	2003	2002	One year change
CLOSING			
Peso	**55.49**	53.18	-4.2%
Rupiah	**8,465**	8,950	+5.7%

Exchange rates against the U.S. dollar for the year ended 31 December	2003	2002	One year change
AVERAGE			
Peso	**54.38**	51.64	-5.0%
Rupiah	**8,572**	9,265	+8.1%

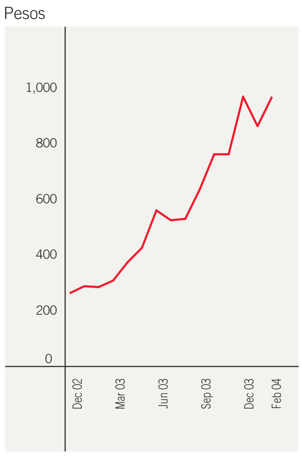
In 2003, the Group recorded net exchange losses of US$17.3 million on unhedged U.S. dollar loans principally as a result of depreciation of the peso. The exchange losses may be further analyzed as follows:

US$ millions	2003	2002
PLDT	**(13.7)**	(12.0)
Indofood	**(3.8)**	3.8
Others	**0.2**	(2.8)
TOTAL	**(17.3)**	(11.0)

PLDT

PLDT's operations are principally denominated in pesos, which averaged Pesos 54.38 (2002: 51.64) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in pesos. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Accordingly, certain adjustments need to be made to PLDT's reported peso results to ensure compliance with Hong Kong GAAP. An analysis of these adjustments follows:

Share Price Performance



Pesos millions	2003	2002
Net income under Philippine GAAP[(i)]	**11,182**	3,003
Preference dividends[(ii)]	**(1,751)**	(1,683)
Net income attributable to common shareholders	**9,431**	1,320
Differing accounting treatments[(iii)]		
– Reclassification/reversal of non-recurring items	**5,694**	4,110
– Fair values on acquisition	**–**	3,475
– Foreign exchange accounting	**(519)**	(146)
– Others	**(792)**	(1,262)
Intragroup items[(iv)]	**300**	275
Adjusted net income under Hong Kong GAAP	**14,114**	7,772
Foreign exchange losses[(v)]	**3,056**	2,546
PLDT's net income as reported by First Pacific	**17,170**	10,318
US$ millions		
Net income at prevailing average rates for 2003: Pesos 54.38 and 2002: Pesos 51.64	**315.7**	200.0
Contribution to First Pacific Group profit, at an average shareholding of 2003: 24.3% and 2002: 24.4%	**76.7**	48.8

(i) PLDT has restated its net income for 2002 from Pesos 3,118 million to Pesos 3,003 million after changing the accounting policy for pre-operating expenses from capitalization and amortization to immediate write-off. As First Pacific has already adjusted for this in prior years' adjustments, no further adjustment is required.

(ii) First Pacific presents net income after deduction of preference dividends.

(iii) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP. The principal adjustments include:

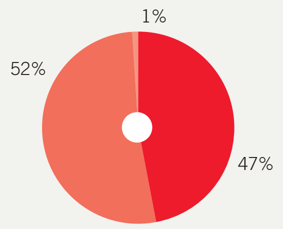
- *Reclassification/reversal of non-recurring items: Certain items, through occurrence or size, are not considered usual, operating items which are reallocated and presented separately. In 2003, impairment provisions for satellite and other assets (Pesos 4.3 billion), which were fully provided by First Pacific in prior years, were reversed and manpower reduction costs (Pesos 1.4 billion) were excluded and presented separately as a non-recurring items.*
- *Fair values on acquisition: First Pacific made certain fair value adjustments at the time of its acquisition of PLDT, such that certain PLDT assets are held at different values in First Pacific's accounts. Accordingly, the adjustment reverses the depreciation on assets that First Pacific has already written down. Such assets were fully depreciated by PLDT in 2002.*
- *Foreign exchange accounting: Under Philippine GAAP, PLDT is permitted to capitalize and amortize exchange differences. Hong Kong GAAP requires the recognition of such differences, even though unrealized, in the profit and loss statement. The adjustment also includes the reversal of the amortization of PLDT's capitalized foreign exchange differences, as the originating exchange difference has already been written off by First Pacific.*

(iv) These are standard consolidation adjustments to ensure that transactions between Group companies are eliminated to present the Group as a single economic entity.

(v) To illustrate the underlying operational results and profit contributions, exchange differences (net of related tax) are excluded and presented separately.

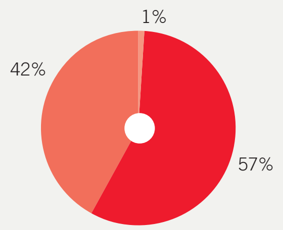
Review of Operations

Turnover 2003



	US$ millions
Fixed Line	842.8
Wireless	926.6
ICT	27.7
Total	**1,797.1**

Turnover 2002



	US$ millions
Fixed Line	881.5
Wireless	652.8
ICT	18.2
Total	**1,552.5**

An analysis of PLDT's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

	Turnover			Profit		
US$ millions	**2003**	2002	% change	**2003**	2002	% change
Fixed Line	**842.8**	881.5	-4.4	**268.1**	372.4	-28.0
Wireless	**926.6**	652.8	+41.9	**330.4**	181.4	+82.1
ICT*	**27.7**	18.2	+52.2	**(2.5)**	(10.4)	-76.0
Total	**1,797.1**	1,552.5	+15.8			
OPERATING PROFIT				**596.0**	543.4	+9.7
Share of profits less losses of associates				**(0.2)**	(1.0)	-80.0
Net borrowing costs				**(200.8)**	(262.1)	-23.4
PROFIT BEFORE TAXATION				**395.0**	280.3	+40.9
Taxation				**(46.0)**	(49.0)	-6.1
PROFIT AFTER TAXATION				**349.0**	231.3	+50.9
Outside interests				**(1.7)**	0.4	–
PROFIT FOR THE YEAR				**347.3**	231.7	+49.9
Preference share dividends				**(31.6)**	(31.7)	-0.3
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS				**315.7**	200.0	+57.9
Average shareholding (%)				**24.3**	24.4	–
CONTRIBUTION TO GROUP PROFIT				**76.7**	48.8	+57.2

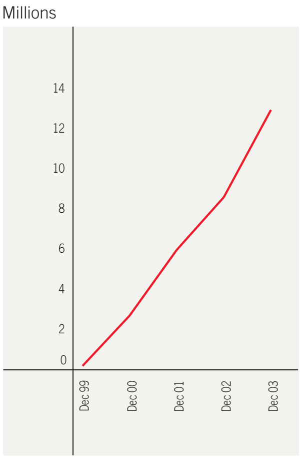
* *Information and Communications Technology*

PLDT recorded a contribution of US$76.7 million (2002: US$48.8 million) to the Group, up 57.2 per cent year on year, while consolidated turnover reached a record US$1.8 billion in 2003 (2002: US$1.6 billion), largely driven by PLDT's successful wireless businesses.

PLDT continued to ride the Philippines' cellular popularity wave in 2003, driven by the innovative product and service offerings of Smart. By end-2003, total cellular subscribers of Smart and Talk 'N Text, combined, had surged 50.6 per cent to 12.9 million compared with 8.6 million in 2002. Fixed Line, meanwhile, held steady with 2.1 million subscribers (2002: 2.1 million). Fixed Line headcount reduced by 15.7 per cent during the year to 10,230 versus 12,131 in 2002, as a result of continued focus on cost containment.

PLDT Company's deleveraging targets were reached as total debt was reduced to US$2.4 billion compared with US$2.6 billion at the end of 2002. Having achieved First Pacific's turnaround targets for PLDT, PLDT announced on 19 February 2004 that President and CEO Manuel V. Pangilinan would assume Chairmanship of the company, to be succeeded by Napoleon L. Nazareno, who would become concurrent president of both Smart Communications and PLDT.

Smart GSM Systemwide Subscriber Numbers



Wireless

Smart's exceptional growth translated into equally impressive results – wireless turnover reached US$926.6 million in 2003 versus US$652.8 million in 2002, an increase of 41.9 per cent. The significant driver of growth was the introduction of an innovative "over-the-air" electronic airtime credit loading facility – "Smart Load". In December 2003, Smart also introduced "Pasa Load" (the term "pasa" means "transfer" in the vernacular), a derivative service of "Smart Load" which allows prepaid subscribers to transfer credits to other prepaid subscribers. These two new services have made reloading of airtime credits more convenient for, and accessible to, prepaid subscribers. Through "Smart Load" and "Pasa Load", prepaid subscribers can reload in smaller denominations ranging from as low as US$0.036 (Pesos 2) to US$3.68 (Pesos 200). By the end of 2003, over 10 million prepaid customers of Smart and Talk 'N Text were reloading "over the air". The availability to transfer lower denomination credits also reduced prepaid churn rates, which dropped to 2.9 per cent (2002: 3.2 per cent).

The increasing popularity of lower denomination credits marginally reduced cellular ARPUs, however, efficient cost-containment resulted in a 25.7 per cent reduction in blended pre-paid and post-paid subscriber acquisition costs, thereby reducing the payback period on acquisition costs to about two months. Wireless capital expenditure meanwhile increased 50.5 per cent to US$207.9 million (2002: US$138.1 million) as Smart extended its nationwide coverage. At present Smart's wireless network including 32 switching facilities and 3,904 base relay stations ensures coverage reaches 86% per cent of the Philippines' 82 million population.

Smart paid a cash dividend to PLDT in the amount of US$114.0 million in 2003, representing a 100 per cent dividend payout of its 2002 net income. It is expected that such dividend payments will increase in coming years, as Smart continues its earnings growth momentum.

Fixed Line

Fixed Line turnover declined a slight 4.4 per cent to US$842.8 million (2002: US$881.5 million) due to the continuing preference of consumers for mobile, data and other non-voice communications. While fixed line subscribers have remained relatively constant at the 2 to 2.1 million level for the past several years, management has been able to extract increased cost-savings, accelerate debt reduction and create value-added revenue drivers, to improve the financial position of Fixed Line.

Fixed line international long distance revenues increased (2003: US$230.7 million; 2002: US$206.1 million) despite a drop in billed minutes, principally due to an increase in termination rates with overseas carriers, while moderate increase in fixed line data and other network revenues (2003: US$106.7 million; 2002: US$106.1 million) was due to the growth of DSL consumer and other corporate data services.

Phase Two of Fixed Line's liability management program was completed during the course of the year, with the paydown of US$180 million in debt and reducing Fixed Line's debt balance to US$2.4 billion as of end 2003. Fixed Line management remains wholly focused on meeting the targets of its liability management program, as well as further reducing costs and increasing productivity.

Review of Operations

Information and Communications Technology

ePLDT, the Information and Communications Technology unit of PLDT, realized substantial growth of 52.2 per cent in dollar terms, with turnover reaching US$27.7 million compared with US$18.2 million in 2002. ePLDT's growth is underpinned by the success of its Vocativ and Parlance call centers, which have a combined 1,700 employees servicing U.S. customer relationship management accounts. ePLDT management anticipates a significant growth of its call center business in 2004, along with increased service offerings and subscriptions from its VITRO data center, the Philippines' first fully protected network operation center (NOC).

Outlook

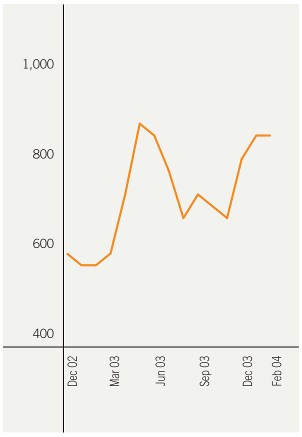
The Philippines has consistently defied conventional assumptions regarding cellular penetration; with growth rates set to accelerate over the short term, PLDT's wireless brands intend to more aggressively capture new users as well as increase data and non-voice revenues from current ones. Fixed Line meanwhile seeks to continue achieving targets of its liability management program, while seeking to reduce costs further. Substantial growth opportunities exist in the Information and Communications Technology realm and ePLDT is expected to capitalize on the growing interest of overseas locators presently seeking backroom call center operations in the Philippines.

Indofood

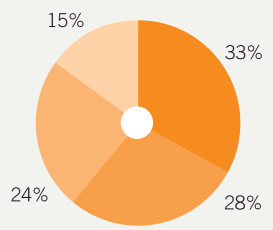
Indofood's operations are principally denominated in rupiah, which averaged Rupiah 8,572 (2002: 9,265) to the U.S. dollar. Its financial results are prepared under Indonesian GAAP and reported in rupiah. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Accordingly, certain adjustments need to be made to Indofood's reported rupiah results to ensure compliance with Hong Kong GAAP. An analysis of these adjustments follows.

Share Price Performance

Rupiah



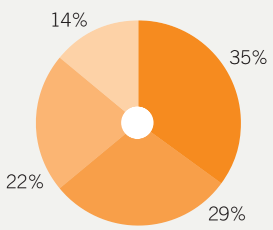
Turnover 2003*



	US$ millions
Noodles	693.9
Flour	589.4
Edible Oils & Fats	508.0
Others	298.8
Total	**2,090.1**

** After inter-segment elimination*

Turnover 2002*



	US$ millions
Noodles	614.6
Flour	521.7
Edible Oils & Fats	387.5
Others	253.5
Total	**1,777.3**

** After inter-segment elimination*

Rupiah billions	2003	2002
Net income under Indonesian GAAP	603	803
Differing accounting treatments(i)		
– Foreign exchange accounting	54	54
– Others	(62)	(3)
Adjusted net income under Hong Kong GAAP	595	854
Foreign exchange losses/(gains)(ii)	71	(152)
Indofood's net income as reported by First Pacific	666	702
US$ millions		
Net income at prevailing average rates for 2003: Rupiah 8,572 and 2002: Rupiah 9,265	77.7	75.8
Contribution to First Pacific Group profit, at an average shareholding of 2003: 51.7% and 2002: 49.8%	40.2	37.7

(i) Differences in foreign exchange accounting treatment under Indonesian GAAP, compared with Hong Kong GAAP. The adjustment relates to the reversal of the amortization of foreign exchange losses that were previously capitalized by Indofood on certain fixed assets under construction.

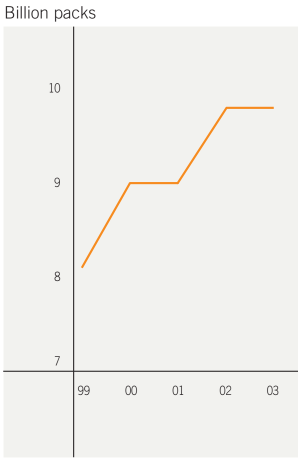
(ii) To illustrate the underlying operational results and profit contributions, exchange differences (net of related tax) are excluded and presented separately.

An analysis of Indofood's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

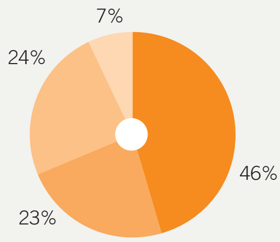
	Turnover			Profit		
US$ millions	2003	2002	% change	2003	2002	% change
Noodles	702.9	624.5	+12.6	103.8	111.1	-6.6
Flour	710.0	639.7	+11.0	52.2	38.2	+36.6
Edible Oils & Fats	630.2	616.6	+2.2	53.2	43.6	+22.0
Others	298.8	253.5	+17.9	16.3	11.5	+41.7
Inter-segment elimination	(251.8)	(357.0)	-29.5	–	–	–
Total	2,090.1	1,777.3	+17.6			
OPERATING PROFIT				225.5	204.4	+10.3
Share of profits less losses of associates				(0.4)	(0.1)	+300.0
Net borrowing costs				(93.4)	(68.5)	+36.4
PROFIT BEFORE TAXATION				131.7	135.8	-3.0
Taxation				(40.5)	(47.4)	-14.6
PROFIT AFTER TAXATION				91.2	88.4	+3.2
Outside interests				(51.0)	(50.7)	+0.6
CONTRIBUTION TO GROUP PROFIT				40.2	37.7	+6.6

Review of Operations

Noodles Sales Volume

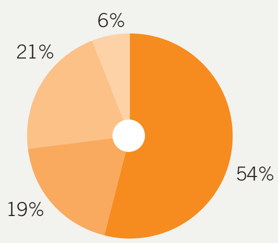


Operating Profit 2003



	US$ millions
Noodles	103.8
Flour	52.2
Edible Oils & Fats	53.2
Others	16.3
Total	**225.5**

Operating Profit 2002



	US$ millions
Noodles	111.1
Flour	38.2
Edible Oils & Fats	43.6
Others	11.5
Total	**204.4**

Indofood recorded a contribution of US$40.2 million (2002: US$37.7 million) to the Group, increased 6.6 per cent year on year. The increase reflects the 8.1 per cent appreciation of Rupiah/US$ average exchange rate to 8,572 from 9,265, partly offset by increased borrowing costs as a result of additional borrowings to finance working capital and higher proportion of rupiah borrowings at higher interest costs relative to the company's U.S. debt borrowings. During 2003, Indofood's average net debt level stood at US$732.1 million as compared to US$608.9 million in 2002.

2003 was a challenging year for Indofood's primary businesses of Noodles, Flour and Edible Oils & Fats. The entry of lower-priced products and aggressive promotions by competitors has intensified the competitive environment; towards the end of 2003 management began to undertake a comprehensive strategic and business review with the goal of implementing structural improvements in 2004.

Noodles

Noodles is the largest of Indofood's operating divisions and accounted for 33.2 per cent (2002: 34.6 per cent) of Indofood's 2003 turnover. Indofood's primary noodle product is its hugely-popular soup-style instant noodles. Indofood sells over 100 varieties of noodle products, covering every taste and dietary requirement, including stir-fry, air-dried snack and egg noodles, in addition to seasonal and limited-run varieties. Among the most popular brands produced include Indomie and Supermi.

Average selling price per pack rose 3.9 per cent last year to Rupiah 579 (U.S. 6.8 cents) (2002: Rupiah 557; U.S. 6.0 cents) although volumes were flat at 9.8 billion packs, largely due to the aggressive entry of lower-priced competitors. Higher selling and promotion costs, due to the launch of several higher-end multipack varieties impacted operating profit which decreased by 6.6 per cent.

Indofood has strong potential to enter the regional noodle markets; current exports represent only two per cent of revenues yet reach over 40 countries, including Australia, Saudi Arabia, Malaysia and the Netherlands. In its domestic markets division management seeks to increase consumption in low noodle consuming regions.

A more focused and consumer-driven Noodles marketing campaign will also be launched in 2004, with the goal of building greater loyalty for certain brands and eventually rationalizing the division's stock-keeping unit (SKU) diversity.

Flour

Bogasari Flour Mills accounted for 28.2 per cent (2002: 29.4 per cent) of Indofood's 2003 turnover, and improved 11.0 per cent over the previous year in US$ terms. The increase in revenues to US$710.0 million (2002: US$639.7 million) reflects an average increase in selling prices of 7.0 per cent per kilogram, to Rupiah 2,385 (U.S. 27.8 cents) versus Rupiah 2,230 (U.S. 24.1 cents) per kilogram in 2002. This has the effect of offsetting the higher selling and promotion costs, due mainly to the introduction of an innovative scheme to promote downstream small and medium enterprise bulk flour purchases, and improved rupiah operating margins, to 7.6 per cent (2002: 6.9 per cent).

Sales volume reduced 4.6 per cent during the year, to 2.24 million tons versus 2.35 million tons, due mainly to the entry of lower-priced imported breakbulk and finished wheat products.

Early success of the small and medium enterprise downstream promotion campaign will provide the basis for a concerted national rollout in 2004, to enhance consumer equity for Bogasari's Cakra Kembar, Kunci Biru and Segitiga Biru brands.

Edible Oils & Fats

Indofood's **Cooking Oil and Fats** division is among the largest producers of cooking oil, margarine and shortening in Indonesia, offering a wide range of both branded (Bimoli, Sunrise, Delima, Cornola among others) and non-branded products to both consumer and institutional customers throughout the country. In 2003, Edible Oils & Fats contributed 24.3 per cent of Indofood's turnover (2002: 21.8 per cent).

Sales revenues increased 2.2 per cent in US$ terms but decreased 5.4 per cent in rupiah terms. The reduction in rupiah sales was principally due to the **Trading** division, which saw volumes fall to 1.02 million tons compared with 1.27 million tons in 2002. Rupiah gross margins improved to 15.8 per cent (2002: 13.2 per cent), due to increased selling prices across all divisions, partly offset by the effect of higher raw material costs of crude palm oil and copra.

The aggressive entry of lower-priced competitors in the branded cooking oil market during 2003 is expected to put margins under pressure throughout 2004. Division management is presently conducting appropriate market research in an effort to launch an aggressive promotional drive in response to competition.

Others

Others refers to Distribution, Food Seasonings, Baby Foods and Snack Foods, which collectively improved sales performance by 17.9 per cent in US$ terms, to US$298.8 million, equivalent to 9.0 per cent in rupiah terms. The improved performance was mainly driven by the Baby Foods division, which introduced a premium line of baby food products in late 2003. Baby-aid related product sales drove increased volumes by 86.9 per cent, though average selling prices declined.

Other operations reported both lower sales and lower volume turnover except for Distribution, whose business benefited from increased Noodles sales. Rupiah operating margins slightly improved over previous year to 5.3 per cent (2002: 3.6 per cent).

Outlook

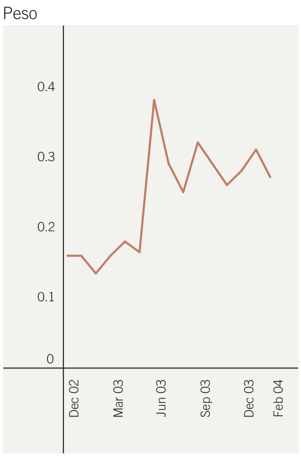
Given the increased competition from both foreign and domestic processed foods companies, Indofood management anticipates that its strategic business review in early 2004 should result in new initiatives aimed at increasing productivity, reducing costs and improving organic growth. International growth is intended to emerge as a significant future revenue driver, and steps will be taken in 2004 to build a foundation for a sustained international foods business.

Review of Operations

Metro Pacific

Metro Pacific's operations are principally denominated in pesos, which averaged Pesos 54.38 (2002: 51.64) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in pesos. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Accordingly, certain adjustments need to be made to Metro Pacific's reported peso results to ensure compliance with Hong Kong GAAP. An analysis of these adjustments follows.

Share Price Performance



Pesos millions	2003	2002
Net profit/(loss) under Philippine GAAP	**57**	(11,713)
Differing accounting treatments[(i)]		
– Reclassification/reversal of non-recurring items	**(537)**	10,640
– Others	**(168)**	(132)
Adjusted net loss under Hong Kong GAAP	**(648)**	(1,205)
Foreign exchange losses[(ii)]	**6**	8
Metro Pacific's net loss as reported by First Pacific	**(642)**	(1,197)
US$ millions		
Net loss at prevailing average rates for 2003: Pesos 54.38 and 2002: Pesos 51.64	**(11.8)**	(23.2)
Contribution to First Pacific Group profit, at an average shareholding of 2003: 80.6% and 2002: 80.6%	**(9.5)**	(18.7)

(i) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP. The principal adjustments include:

– Reclassification/reversal of non-recurring items: Certain items, through occurrence or size, are not considered usual, operating items which are reallocated and presented separately. Adjustments for 2003 of Pesos 0.5 billion principally relate to Pesos 1.1 billion gains realized from various debt reduction and restructuring exercises, partly offset by Pesos 0.6 billion impairment provisions in respect of its various assets. The impairment provisions made in 2003 were fully provided by First Pacific in prior years.

(ii) To illustrate the underlying operational results and profit contributions, exchange differences (net of related tax) are excluded and presented separately.

Review of Operations

An analysis of Metro Pacific's contribution to the First Pacific Group, adjusted for Hong Kong GAAP and translated into U.S. dollars, follows.

	Turnover			Profit		
US$ millions	**2003**	2002	% change	**2003**	2002	% change
Property						
– Landco	**12.7**	12.6	+0.8	**2.8**	2.1	+33.3
– Pacific Plaza Towers	**12.3**	4.4	+179.5	**(0.5)**	(0.6)	-16.7
– Bonifacio Land Corporation	**3.1**	51.6	-94.0	**(0.7)**	2.9	–
Subtotal	**28.1**	68.6	-59.0	**1.6**	4.4	-63.6
Nenaco	**43.6**	46.0	-5.2	**4.5**	7.3	-38.4
Corporate overhead	**–**	–	–	**(0.9)**	(1.1)	-18.2
Total	**71.7**	114.6	-37.4			
OPERATING PROFIT				**5.2**	10.6	-50.9
Share of profits less losses of associates				**(1.5)**	(0.9)	+66.7
Net borrowing costs				**(16.0)**	(35.2)	-54.5
LOSS BEFORE TAXATION				**(12.3)**	(25.5)	-51.8
Taxation				**(0.1)**	2.1	–
LOSS AFTER TAXATION				**(12.4)**	(23.4)	-47.0
Outside interests				**2.9**	4.7	-38.3
GROUP SHARE OF LOSS				**(9.5)**	(18.7)	-49.2

Metro Pacific contributed a loss of US$9.5 million in 2003, a significant 49 per cent reduction on 2002's loss of US$18.7 million.

Following the repayment of the Larouge Loan to First Pacific in April 2003, Metro Pacific management devoted the balance of the year to examining and identifying opportunities to improve operating revenues. Landco continued to perform in 2003 and engaged in strategic landbanking activities to provide for future development and growth. They are also presently finalizing the development plan for the 10-hectare site it owns which is located in the Bonifacio Global City.

Nenaco was confronted by a challenging competitive environment, one in which security and economic uncertainty contributed to lower passenger traffic and freight shipments. Management continued to focus on debt reduction and cost-containment.

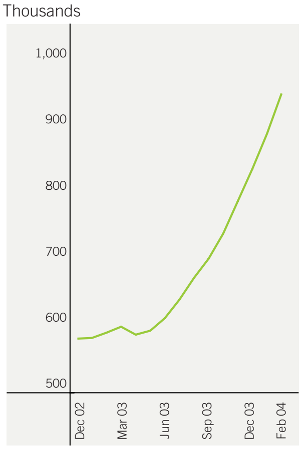
Outlook

Following the success of various debt reduction and restructuring exercises, Metro Pacific management will now be free to refocus on enhancing the profitability of all its operations.

Review of Operations

Escotel

Subscriber Numbers



Escotel made a profit contribution of US$0.6 million (2002: US$0.1 million) to the Group. The subscriber base grew by 45.3 per cent to 826,000 which improved the EBITDA by 23.1 per cent to Rupees 1.6 billion (US$35.1 million) from Rupees 1.3 billion (US$26.8 million). However, the increase in depreciation, network and subscriber expenses eroded the operating profit.

On 15 January 2004, First Pacific entered into a legally binding agreement with Idea Cellular Limited in respect of the sale of First Pacific's entire 49 per cent interest in Escotel for a consideration of Rupees 700 million (US$15.4 million).

Upon completion of this transaction, First Pacific will record a gain on disposal of approximately US$20 million for the financial year ending 31 December 2004.