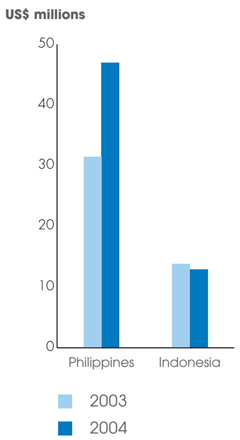
Contribution by Country



CONTRIBUTION SUMMARY

For the six months ended 30 June US$ millions	Turnover 2004	 2003	Contribution to Group profit[(i)] 2004	 2003 (Restated)[(ii)]
PLDT[(iii)]	—	—	53.3	33.7
Indofood	973.4	970.7	12.9	13.8
Metro Pacific	28.6	38.0	(6.3)	(2.2)
From continuing businesses	1,002.0	1,008.7	59.9	45.3
From a discontinued business[(iv)]	—	—	1.9	(1.1)
FROM OPERATIONS	**1,002.0**	1,008.7	**61.8**	44.2
Head Office items:				
— Corporate overhead			(4.2)	(3.4)
— Net interest expense			(6.5)	(4.1)
— Other income/(expenses)			1.8	(3.0)
RECURRING PROFIT			**52.9**	33.7
Foreign exchange (losses)/gains			(13.6)	1.9
Non-recurring items[(v)]			15.4	—
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS			**54.7**	35.6

(i) After taxation and outside interests, where appropriate.

(ii) The Group has restated its contribution from Indofood for 1H03 from US$14.9 million to US$13.8 million as a result of its adoption of SSAP 36 "Agriculture". Accordingly, the Group's 1H03 profit attributable to ordinary shareholders has been restated from US$36.7 million to US$35.6 million.

(iii) Associated company.

(iv) Represents Escotel.

(v) Includes US$17.1 million gain on disposal of Escotel.

During the period, the Group's turnover, at US$1,002.0 million (1H03: US$1,008.7 million), broadly unchanged, reflecting the effect of rupiah depreciation, offset by improved underlying performance. First Pacific's continuing business interests improved their performance in 1H04, recording profit contributions totaling US$61.8 million (1H03: US$44.2 million), an increase of 39.8 per cent. Recurring profit improved to US$52.9 million, from US$33.7 million in 1H03, and the Group recorded foreign exchange losses of US$13.6 million on its unhedged U.S. dollar denominated borrowings, largely due to a weaker rupiah and peso, and US$15.4 million of net non-recurring gains, which mainly represent gain on disposal of Escotel. First Pacific recorded an attributable profit for 1H04 of US$54.7 million, a 53.7 per cent improvement over 1H03's attributable profit of US$35.6 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.

Closing:	**At 30 June 2004**	At 31 December 2003	Six months change	At 30 June 2003	One year change
Peso	**56.19**	55.49	-1.2%	53.71	-4.4%
Rupiah	**9,415**	8,465	-10.1%	8,285	-12.0%

Average:	**Six months ended 30 June 2004**	12 months ended 31 December 2003	Six months change	Six months ended 30 June 2003	One year change
Peso	**56.07**	54.38	-3.0%	53.58	-4.4%
Rupiah	**8,794**	8,572	-2.5%	8,674	-1.4%

In 1H04, the Group recorded net exchange losses of US$13.6 million on unhedged U.S. dollar loans principally as a result of depreciation of the rupiah and peso. The exchange losses may be further analyzed as follows:

For the six months ended 30 June **US$ millions**	**2004**	2003
Indofood	**(11.4)**	3.6
PLDT	**(2.0)**	(2.0)
Others	**(0.2)**	0.3
TOTAL	**(13.6)**	1.9

PLDT

Philippine Long Distance Telephone Company (PLDT)'s operations are principally denominated in pesos, which averaged Pesos 56.07 (1H03: Pesos 53.58) 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.

For the six months ended 30 June **Pesos millions**	**2004**	2003
Net income under Philippine GAAP	**12,008**	1,785
Preference dividends[(i)]	**(825)**	(785)
Net income attributable to common shareholders	**11,183**	1,000
Differing accounting treatments[(ii)]		
— Reclassification/reversal of non-recurring items	**127**	5,174
— Foreign exchange accounting	**796**	835
— Others	**(408)**	(159)
Intragroup items[(iii)]	**150**	140
Adjusted net income under Hong Kong GAAP	**11,848**	6,990
Foreign exchange losses[(iv)]	**458**	434
PLDT's contribution under Hong Kong GAAP	**12,306**	7,424
US$ millions		
Net income at prevailing average rates for 1H04: Pesos 56.07 and 1H03: Pesos 53.58	**219.5**	138.6
Contribution to First Pacific Group profit, at an average shareholding of 1H04: 24.3% and 1H03: 24.3%	**53.3**	33.7

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

(ii) 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 1H04, manpower reduction costs of Pesos 0.1 billion (1H03: Pesos 1.4 billion) were excluded and presented separately as non-recurring items. In 1H03, impairment provisions for satellite and other assets (Pesos 3.8 billion), which were fully provided by First Pacific in prior years, were also reversed.

— 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.

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

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

PLDT contributed a profit of US$53.3 million (1H03: US$33.7 million) to the Group, reflecting:

- Continued strong growth in Wireless, principally Smart's revenues which grew to Pesos 30.9 billion (US$551.1 million) (1H03: Pesos 22.1 billion; US$412.5 million) as its GSM subscribers reached 12.5 million (1H03: 8.1 million). EBITDA improved by 69 per cent to Pesos 21.2 billion (US$378.1 million) (1H03: Pesos 12.5 billion; US$233.3 million) mainly due to higher revenues and lower selling and promotion expenses. Net income nearly doubled to Pesos 11.6 billion (US$206.9 million) (1H03: Pesos 6.1 billion; US$113.8 million) and free cash flow reached Pesos 9.8 billion (US$174.8 million). Smart repaid debts of US$36 million during the period. It paid Pesos 11.3 billion (US$201.5 million) as dividend to PLDT in May. New innovative service "*SMART Padala*" which allows cash remittance service via text is expected to be another revenue contributor;

- Piltel recorded a turnaround net income of Pesos 810 million (US$14.4 million) (1H03: Net loss of Pesos 535 million; US$10.0 million) as subscriber base enlarged 60 per cent to 3.6 million (1H03: 2.2 million) and the average monthly churn rate reduced to 3.2 per cent (1H03: 4.6 per cent);

- Fixed Line revenues slightly increased to Pesos 23.2 billion (US$413.8 million) (1H03: Pesos 22.5 billion; US$419.9 million) and EBITDA improved by 7 per cent to Pesos 13.1 billion (US$233.6 million) (1H03: Pesos 12.3 billion; US$229.6 million). During the period, debt level reduced by US$222 million by employing cash flows from operations and dividends from Smart. PLDT is expected to reduce total debt by approximately US$300 million by the end of the year; and

- Information and Communications Technology continue to improve its results mainly due to the increase of its call centers' revenues. ePLDT reported net profit of Pesos 70 million (US$1.2 million) (1H03: Net loss of Pesos 454 million; US$8.5 million) as consolidated revenues increased by 27 per cent to Pesos 1.1 billion (US$19.6 million) (1H03: Pesos 878 million; US$16.4 million). ePLDT continues to expand its call center and internet cafe chain businesses.

On 2 July 2004, Smart concluded the debt exchange transaction with some of Piltel's creditors. Smart currently is the largest creditor of Piltel holding US$289 million of Piltel's US$417 million restructured debt. Smart and PLDT hold an aggregate common share ownership in Piltel of 63.2 per cent as of 9 July 2004.

INDOFOOD

PT Indofood Sukses Makmur Tbk (Indofood)'s operations are principally denominated in rupiah, which averaged Rupiah 8,794 (1H03: Rupiah 8,674) 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.

For the six months ended 30 June **Rupiah billions**	**2004**	2003
Net income under Indonesian GAAP	**117**	309
Differing accounting treatments(i)		
— Foreign exchange accounting	**27**	27
— Loss on revaluation of plantations	**(69)**	(19)
— Others	**(49)**	(35)
Adjusted net income under Hong Kong GAAP	**26**	282
Foreign exchange losses/(gains)(ii)	**194**	(51)
Indofood's contribution under Hong Kong GAAP	**220**	231
US$ millions		
Net income at prevailing average rates for 1H04: Rupiah 8,794 and 1H03: Rupiah 8,674	**25.0**	26.6
Contribution to First Pacific Group profit, at an average shareholding of 1H04: 51.5% and 1H03: 51.9%	**12.9**	13.8

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

— Foreign exchange accounting: 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.

— Loss on revaluation of plantations: Under Indonesian GAAP, Indofood measures its plantations (biological assets) on historical cost basis. Hong Kong GAAP requires the measurement of plantations at fair value less estimated point-of-sale costs. The adjustment relates to the loss on revaluation of plantations during the period.

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

Indofood contributed a profit of US$12.9 million (1H03: US$13.8 million) to the Group, reflecting:

- Consolidated revenues slightly improved by 1.7 per cent to Rupiah 8.6 trillion (US$973.4 million). Rupiah sales revenues of the Flour division increased 18.8 per cent, which was substantially eroded by the decreased sales in the Edible Oils & Fats — Trading division;

- Indofood's rupiah gross profit increased 12.0 per cent to Rupiah 2.2 trillion (US$254.3 million), and the rupiah gross margin for the period was 26.1 per cent (1H03: 23.7 per cent) resulted from increased selling prices of flour, better margins of cooking oil and fats and CPO, and a decline in low margin CPO trading business;

- Indofood's rupiah operating margin for the period improved to 11.8 per cent (1H03: 10.3 per cent), reflecting higher gross margins partly offset by the increase in selling and promotion activities;

- Net interest costs were 6 per cent lower than the same period of last year;

- In July 2004, Indofood issued a Rupiah 1 trillion (US$106.2 million) five-year Rupiah-bonds, most of the net proceeds were used to repay outstanding U.S. dollar denominated debts. The Financial Review section contains further information on Indofood's net debt; and

- Indofood paid dividend of US$13.0 million to First Pacific in August 2004, which representing a payout ratio of 40.0 per cent.

In May 2004, Indofood issued 0.9 million new shares for the final phase of its employee stock ownership programme (ESOP). It had issued total 288.2 million new shares since May 2002 for the programme, which representing 3.1 per cent of Indofood's issued and paid-up capital as at 16 May 2001 when the ESOP was approved.

METRO PACIFIC

Metro Pacific Corporation (Metro Pacific)'s operations are principally denominated in pesos, which averaged Pesos 56.07 (1H03: Pesos 53.58) 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.

For the six months ended 30 June Pesos millions	2004	2003
Net (loss)/profit under Philippine GAAP	(6)	94
Differing accounting treatments[(i)]		
— Reclassification/reversal of non-recurring items	(494)	(421)
— Others	52	19
Intragroup item[(ii)]	4	148
Adjusted net loss under Hong Kong GAAP	(444)	(160)
Foreign exchange losses[(iii)]	9	13
Metro Pacific's contribution under Hong Kong GAAP	(435)	(147)
US$ millions		
Net loss at prevailing average rates for 1H04: Pesos 56.07 and 1H03: Pesos 53.58	(7.8)	(2.7)
Contribution to First Pacific Group profit, at an average shareholding of 1H04: 80.6% and 1H03: 80.6%	(6.3)	(2.2)

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

— Reclassification/reversal of non-recurring items: Certain items, through occurrence or size, are not considered usual, operating items which are reallocated and presented separately. Adjustment for 1H04 of Pesos 0.5 billion (1H03: Pesos 0.4 billion) principally relate to the reclassification/reversal of provisions for various assets of the shipping subsidiary and gains realized from various debt reduction and restructuring exercises.

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

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

Metro Pacific contributed a loss of US$6.3 million to the Group (1H03: US$2.2 million). Landco increased its net profit to Pesos 32.9 million (US$0.6 million) (1H03: Pesos 14.1 million or US$0.3 million). Metro Pacific continues to make substantial progress on debt restructuring. Financing charges reduced by 29.3 per cent to Pesos 313.4 million (US$5.6 million) (1H03: Pesos 443.2 million or US$8.3 million), reflecting lower parent company debt level and deconsolidation of Bonifacio Land Corporation.