

# Goals

## First Pacific

- **Goal:** Improve share price performance  
**Achievement: Achieved.** Share price increased by over 44 per cent from HK\$2.075 to HK\$3.00 during 2005, which was the highest in the past five years.
- **Goal:** Continue to evaluate value-enhancing opportunities in the region that have the potential to provide synergies with the existing operations principally in the telecommunications, consumer food products, property and infrastructure sectors  
**Achievement: Partially achieved and ongoing.** Concluded an investment of US\$15 million for a 25 per cent interest in Level Up – a publisher of online games. Continue to evaluate strategic investment opportunities in the consumer food products, telecommunications, infrastructure and property sectors in the region.
- **Goal:** Raise funds and financing for expansion opportunities  
**Achievement: Achieved.** Successfully raised US\$199 million in January 2005 by issuing a five-year Exchangeable Notes and maintained a strong liquidity position with cash balance of US\$197.1 million at 2005 year end.
- **Goal:** Continue to enhance recurrent profits and cash flow  
**Achievement: Achieved.** Recurrent profits improved by 0.3 per cent to US\$117.2 million. Received dividends of US\$39 million from PLDT and expect to receive approximately US\$20 million as PLDT's 2005 final dividend in April 2006. Collected US\$7 million from Indofood as final dividend for 2004.
- **Goal:** Pay dividends to shareholders in respect of the 2005 financial year, subject to continued strong performance by PLDT and Indofood  
**Achievement: Achieved.** Paid interim dividend of HK1.00 cent per share in October 2005 and recommended a final dividend of HK2.00 cents per share to be paid in June 2006. Dividend payout ratio for 2005 is approximately 10 per cent of recurring profit.
- **Goal:** Continue to strengthen corporate governance practices  
**Achievement: Achieved.** First Pacific has adopted its own code on corporate governance practices and is in compliance with all of the code provisions and most of the recommended best practices as set out in Appendix 14 of the Listing Rules. The First Pacific Code together with the terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the corporate website [www.firstpacco.com](http://www.firstpacco.com).

04

Review of  
Goals for

05  
06

## First Pacific

- Continue to improve share price performance
- Continue to evaluate investment opportunities in telecommunications, infrastructure or consumer food products industries in the region
- Raise funds with improved terms for funding expansion opportunities
- Maintain dividend payments to shareholders subject to continued strong performance of PLDT and further improved performance of Indofood

## PLDT

- **Goal:** Continue to reduce debts by US\$500 million and increase dividends to common shareholders to a minimum of 15 per cent of 2005 earnings per share  
**Achievement: Achieved.** Reduced consolidated debt by US\$713 million which is 43 per cent ahead of the original target of US\$500 million. Total dividends for 2005 reached Pesos 70 (US\$1.27) per share which represents a 40 per cent payout of 2005 core earnings.
- **Goal:** Maintain market leadership by introducing more product innovations  
**Achievement: Achieved.** PLDT remains the market leader in the wireless, fixed line and information and communications technology sectors. The consolidated subscriber base of Smart and Piltel, Smart's 92.1 per cent owned subsidiary, reached 20.4 million, or a subscriber market share of approximately 59 per cent. Fixed line subscribers stabilized at 2.1 million, representing a market share of approximately 66 per cent. The cellular network provided coverage to over 99 per cent of the population. Smart also introduced more affordable, value added and innovative services during the year including *Smart's 25<sup>th</sup> Unlimited Call and Text*. Smart was also the first to offer 3G services in February 2006 – the first service provider in the Philippines to do so. ePLDT's call center, Internet café and data center continued to expand and increase capacity utilization. ePLDT's combined call center operations now have over 3,300 seats while Netopia has over 180 Internet cafés nationwide. Vitro internet data center increased its capacity utilization by 75 per cent during the year.
- **Goal:** Commence the upgrade to an IP-based network and increase broadband capabilities  
**Achievement: Achieved and ongoing.** DSL and wireless broadband subscribers more than doubled to 114,000. Bandwidth capacity increased to 5,005 Mbps from 2,075 Mbps in 2004. *Smart Wi-Fi*, which is a broadband wireless service, recorded 25,000 subscribers since its launch in June 2005.
- **Goal:** Develop bundled products and services across the Fixed Line, Wireless, and Information and Communications Technology business groups  
**Achievement: Achieved.** Bundling of fixed line and cellular packages for corporate accounts enlarged Smart market share in the corporate market. PLDT *WeRoam*, a full-mobility wireless broadband service offering launched in March 2005, allows users to connect to the internet via Smart's extensive GPRS/EDGE network and also through Wi-Fi hotspots of Airborne Access, a subsidiary of ePLDT. Consolidated service revenues rose 5 per cent to Pesos 121.1 billion (US\$2.2 billion) and net income improved by 22 per cent to Pesos 34.1 billion (US\$620 million).



## PLDT

- Continue to build out the Next Generation Network and roll out wireless broadband in order to increase broadband subscribers and expand the Group's data/broadband capabilities
- Maximize Smart's 2G network by developing content and new services to encourage higher usage and penetrate lower income segments
- Introduce 3G technology and develop services and applications to encourage usage
- Reduce debt by a minimum of US\$300 million
- Raise dividends to common shareholders to a minimum of 50 per cent of 2006 core earnings

## Indofood

- Goal:** Continue to maintain market leadership position  
**Achievement: Achieved.** Indofood is repositioned as a total food solutions provider. The new business structure and management's continuing efforts to improve efficiency strengthened Indofood's market position in Indonesia's consumer food sector. Market shares by volume for noodles, flour, branded cooking oils, margarine and shortening are approximately 74 per cent, 65 per cent, 42 per cent and 59 per cent respectively.
- Goal:** To enhance shareholders' value through separately listing Bogasari  
**Achievement: On hold.** Shareholders' value will not be maximized under current unfavorable equity market conditions in Indonesia. The management will continue to monitor market developments for this plan.
- Goal:** Continue to focus on implementing Indofood's business strategies, cut costs, increase distribution efficiency, as well as streamline product ranges and business processes  
**Achievement: Ongoing.** Personnel reduction in 2005 totalled around 5,800. Together with new acquisitions, permanent personnel stood at about 46,300 at year-end, excluding unconsolidated companies. Distribution improved with the establishments of stock points to enhance delivery efficiency and understanding of local district market demand resulting in higher sales and lower inventory level. Target to significantly increase stock points by the end of 2006.
- Goal:** Manage foreign currency exposure by reducing foreign currency borrowings  
**Achievement: Achieved.** Indofood repurchased US\$166.3 million Eurobonds with an outstanding balance of US\$143.7 million as at 31 March 2006. On 2 March 2006, Indofood obtained a favorable ruling from the UK court to provide it a basis to redeem its Eurobonds at par. Indofood will use funds from operations and bank loans to redeem the outstanding Eurobonds.
- Goal:** Explore expansion opportunities in the Asian consumer food products industry and leverage potential synergies with Indofood  
**Achievement: Achieved.** Nestlé joint venture concluded in early 2005 which strengthens marketing and branding of Indofood culinary products. Indofood acquired additional oil palm plantations and is in the process of acquiring a 70 per cent equity interest in an oil palm breeding and research management company. Oil palm plantations cover more than 95,000 hectares as at year-end 2005, an increase of approximately 60 per cent during the year. Other expansion opportunities are being evaluated.



## Indofood

- Implement and continue to enhance the new distribution system to improve sales and area-specific product mix
- Continue to focus on branded products and expand revenue through domestic, regional and international business development
- Continue to strengthen market leadership position
- Continue to expand oil palm plantation areas to be able to meet the supply requirements of its edible oil refineries
- Further reduce foreign currency exposure by reducing foreign currency debt
- Continue operational efficiency enhancement and cost reduction program

## Metro Pacific

- Goal:** Continue to explore investment opportunities in property and infrastructure sectors  
**Achievement: Ongoing.** Metro Pacific announced in March 2006 a recapitalization and reorganization plan which seeks to accelerate the growth of its property development businesses and capture infrastructure opportunities in the Philippines through a newly incorporated company – Metro Pacific Investments Corporation.
- Goal:** Complete debt reduction program and significantly reduce contingent liabilities  
**Achievement: Significantly achieved.** Debt reduced by approximately Pesos 500 million (US\$9.1 million) to Pesos 732 million (US\$13.8 million), of which Pesos 525 million (US\$9.9 million) are subject to final documentation and are expected to complete by the end of 2006.
- Goal:** Position Landco for new growth by participating in provincial shopping centers and hotel management businesses  
**Achievement: Achieved and ongoing.** Ongoing expansion work at Pacific Malls in Legaspi and Lucena cities will continue through 2007 and development work has begun on a new Pacific Mall in Naga City. Fuego Hotels continues to explore a variety of new management contracts and is actively overseeing expansion of its Tagatay hotel project.
- Goal:** Implement the rehabilitation plan for Nenaco  
**Achievement: Ongoing.** The rehabilitation plan benefiting the company from the revised lower interest rates and extended loan maturity and repayment terms which allowed the management to focus on improving operating efficiency. Loss during the year reduced to Pesos 126 million (US\$2.3 million).



## Metro Pacific

- Complete recapitalization and reorganization plan
- Strengthen Landco's position as a diversified property developer through support to key expansion projects
- Continue to explore investment opportunities in the infrastructure sector
- Continue implementing rehabilitation program for Nenaco

## Level Up!

- Diversify and expand games portfolio
- Grow subscriber base in higher growth markets in Brazil and India
- Develop supplementary non-game revenue sources
- Build alliances and dominant distribution network
- Further build "Level Up!" brand