

1Q11 CORE NET INCOME UP 44% TO ₱1.13 BILLION

HIGH GROWTH PORTFOLIO CONTINUES TO EXCEED TARGETS

- **1Q11 CORE NET INCOME AT ₱1.13 BILLION VS CORE NET INCOME OF ₱788 MILLION LAST YEAR, UP 44%**
- **CONSOLIDATED REVENUES AT ₱5.05 BILLION VS ₱4.31 BILLION LAST YEAR, UP 17%**
- **FULLY DILUTED CORE NET INCOME PER SHARE AT 5.60 CENTAVOS FROM 3.91 CENTAVOS LAST YEAR, UP BY 43%**
- **MERALCO CORE NET INCOME AT ₱3.25 BILLION, CORE EBITDA ₱6.65 BILLION**
- **MAYNILAD CORE NET INCOME AT ₱1.40 BILLION, CORE EBITDA ₱2.13 BILLION**
- **METRO PACIFIC TOLLWAYS CORE NET INCOME AT ₱366 MILLION, CORE EBITDA ₱1.08 BILLION**
- **HOSPITAL GROUP CORE NET INCOME AT ₱160 MILLION, CORE EBITDA ₱409 MILLION**

MANILA, Philippines, 9th May 2011 – Metro Pacific Investments Corporation (“MPIC” or the “Company”) (PSE: MPI) today announced consolidated Core Net Income of ₱1.13 billion for the first three months of 2011, an improvement of 44% over Core Net Income of ₱788 million a year earlier due to strong growth in profit contribution from its water and electricity distribution businesses.

Consolidated Reported Net Income attributable to the Company rose 26% to ₱820 million for the first quarter of this year, compared with ₱650 million in the same period last year.

The improvement in Core Net Income is attributable to higher profit contributions from: Maynilad Water Services, Inc. (“Maynilad”) as a result of higher billed volumes and tariffs; Manila Electric Company (“Meralco”) due to higher tariffs; and a strong performance across the Hospital Group. The contribution from Metro Pacific Tollways Corporation (“MPTC”) declined following the expiry of its tax holiday at the end of 2010; on a pre-tax basis, income rose by 23%.

Maynilad accounted for ₱707 million 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 ₱437 million or 28% and MPTC added ₱353 million or 23% of Core Net Income. MPIC’s investments in the Hospital Group contributed ₱64 million or 4% of the total.

“All of our companies, including MPTC on a pre-tax basis, achieved significant growth in profitability during the first quarter of 2011,” said Jose Ma. K. Lim, MPIC President and Chief Executive Officer. “The maturation of earlier investments has enabled us to improve performance even as we confront slower economic growth in 2011 compared with last year.”

“Nevertheless, I remain positive as to the outlook for our full year earnings, and we continue to pursue new investment opportunities to ensure our future remains bright,” he said.

OPERATIONAL REVIEW

MERALCO: INVESTMENT THROUGH BEACON ELECTRIC ASSET HOLDINGS, INC.

The volume of electricity sold by Meralco during the first quarter was broadly flat compared with a year ago at 6,991 gigawatt hours as a slight decrease in industrial demand offset modest growth in volumes to commercial users. Distribution and other revenues rose 25% in 2011 to ₱12.33 billion due mainly to higher distribution tariffs. Core Net Income for the quarter increased 64% to ₱3.25 billion.

Capital expenditures for the quarter amounted to ₱1.33 billion, with electric capital projects accounting for 86% of the total, consisting largely 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 7.62%, from 8.21% a year ago.

Two other significant measures of service reliability were also improved with Interruption Frequency Rate down by 26% and Cumulative Interruption Time down by 18%.

Meralco remains focused on reinvesting its profits to capture a greater share of the electricity business and improve service efficiency to all consumers. This will be achieved through its continuing capital expenditure program for its electricity distribution network and entry into power generation and Retail Electricity Supply (RES). Meralco is initially targeting up to 1,500MW of generating capacity in conjunction with various partners. Evaluation of potential generation projects is proceeding steadily. The requisite investment for all these projects can be funded without recourse to additional funding from Meralco shareholders.

MAYNILAD: HIGHER BILLED VOLUME DUE TO CONTINUED REDUCTION IN NON-REVENUE WATER AND IMPROVED DISTRIBUTION

Maynilad increased the volume of water sold to its customers by 4% in the first quarter of 2011 as its five-year ₱36 billion capital expenditure program continued to deliver returns. The increase in water sold was achieved despite a year-on-year reduction of 7% in water supplied to Maynilad, which was only partly mitigated by increased volumes from Maynilad’s Putatan water treatment plant.

Non Revenue Water (“NRW”) resulting from leakage and theft declined to 50% at the end of the first quarter from 56% at the end of March 2010 as a result of aggressive leak repairs. Maynilad eliminated 10,275 leaks in the first three months of the year compared with 8,906 leaks a year earlier. The leak repair program, coupled with pipe rehabilitation

and more efficient pressure and supply management, has resulted in the recovery of over 214 million liters per day (“MLD”) of water compared with a year ago. Maynilad continues to push forward with an 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 is a ₱1.8 billion project which came on stream in July last year with an initial capacity of 25 MLD and has since been expanded to 88 MLD on its way to a targeted 100 MLD. The plant has a number of firsts: it is the first to tap into Laguna Lake; the first facility in the country to use large-scale microfiltration and reverse osmosis; and the first meaningful supplement to the Angat Dam for consumers in Metro Manila. 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.

Total revenues for the period grew 7% to ₱3.09 billion from ₱2.88 billion last year due to the combined effect of a 4% increase in billed volume coupled with a basic tariff increase of 7.6% implemented in the last half of the quarter. Maynilad’s Core Net Income stood at ₱1.40 billion for the quarter, compared with ₱1.18 billion recorded in the same period of 2010.

Maynilad now delivers 24-hour water supply to 79% of its customers, or more than 1 million households. More than 1 million households, or 92% of Maynilad’s 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 10% to 918,511 billed clients at 31st March 2011 from 831,578 a year earlier.

Maynilad’s spent capital expenditure this quarter was ₱1.5 billion and it is planning to bring that up to ₱10.5 billion for the year as it continues to improve service delivery and coverage in our concession.

MPTC: EXPANDING NETWORK OF TOLLROADS

Overall average daily entries to our road system grew by 1% for the quarter compared with the same period last year 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 following ₱1.9 billion of investment by MPTC, average daily vehicle entries including traffic diverted from Balintawak entry point reached 10,230 during the quarter.

MPTC’s investment plans continue with the completion in December 2010 of a detailed engineering study for the building of Segments 9 and 10 – collectively called the Harbour Link to connect NLEX to the Port Area of Manila. Construction of Segment 9 is expected to start by early 2012 with completion of the entire project expected in 2014. The Harbour Link will allow commercial vehicles 24-hour access to the Port Area and NLEX, thus promoting commercial traffic and eliminating the truck ban, while reducing 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 a new construction technology to connect the Harbour Link to South Luzon Expressway/Skyway at Buendia Avenue, Makati City. The Connector Road will connect the Northern and Southern toll road systems. Detailed engineering drawing and design are underway ahead of the Swiss Challenge for the project

later this year. Construction is expected to start next year. The Company expects the Connector Road to increase commercial traffic by enabling commercial vehicles to traverse Metro Manila without violating the truck ban currently in force on Metro Manila's often-overloaded streets. Equally important, the project will improve convenience for all motorists by slashing the travel time between the northern and southern toll road systems to no more than 20 minutes from well over an hour today.

The Harbour Link and Connector projects will see MPTC invest a total of ₱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 ₱7.7 billion to secure the Right of Way access necessary to enable construction to commence. The Government is currently in the process of securing this for Segment 9.

"We are hopeful that progress can be accelerated, as for now, it appears construction will be delayed until 2012," Lim said.

The takeover of the Subic-Clark-Tarlac Expressway ("SCTEX") concession has now been delayed. MPTC plans to invest ₱300 million to integrate SCTEX with NLEX to facilitate seamless travel between the two expressways when it takes up the concession.

MPTC's revenues for the first quarter of 2011 rose 12% to ₱1.61 billion due mainly to tariff increases and the modest volume growth described above. MPTC's Core Net Income of ₱366 million for the quarter versus ₱397 million in the same period last year declined by 8%, reflecting the expiry of the NLEX tax holiday at the end of 2010. However, pre-tax income rose by 23% for the period.

HOSPITALS: GROWING THE COUNTRY'S LARGEST PRIVATE CHAIN

Aggregate Core Net Income at the Hospital Group for the first three months of 2011 was ₱160 million, up 44% 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.

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 has proposed to improve the operations, reliability and capacity of the MRT system in the nation's capital. It is too early to know the precise outcome of these efforts but MPIC remains committed to providing efficient and reliable mass transportation services to the metropolitan population while easing the drain of subsidies on the public purse.

OUTLOOK

“The considerable capex made by each of our businesses this quarter and in the past lies behind the utilization growth and tariff adjustments that improved our first quarter numbers versus last year. We do not yet know the final determination of the ERC with respect to investment plans and tariffs at Meralco and, given the importance of Meralco in our results, we are not yet in a position, at this time, to provide our usual full year core earnings guidance. However, as Maynilad achieved its tariff increase only in the middle of the first quarter of this year and continues to expand billed volume, we anticipate improved income from it for the rest of the year. Meralco and MPTC historically achieve stronger second quarter volumes than the first quarter, and our Hospital Group is progressing well. On this basis, I believe our shareholders should enjoy a healthy increase in Core Net Income for the year as a whole,” concluded MPIC Chairman Manuel V. Pangilinan. “I believe that MPIC remains well positioned to pursue further infrastructure opportunities, which in turn will improve operational and service efficiencies and help boost the nation’s economy.”

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)

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P8,446	P4,942
Short-term deposits	-	6
Receivables - net	2,191	2,381
Advances to contractors and consultants	278	288
Inventories - at cost	153	159
Real estate for sale	187	187
Due from related parties	452	439
Derivative assets	-	3
Available-for-sale financial assets	546	546
Other current assets - net	1,979	2,321
Total Current Assets	14,232	11,272
Noncurrent Assets		
Investments in and advances to associates and a joint venture	34,925	34,872
Receivables	655	675
Goodwill	12,751	12,751
Due from related parties	65	66
Service concession assets - net	70,321	69,348
Property and equipment - net	1,435	1,423
Derivative assets	32	32
Available-for-sale financial assets	707	513
Deferred tax assets	315	275
Other noncurrent assets	243	149
Total Noncurrent Assets	121,449	120,104
	P135,681	P131,376
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	P7,743	P7,711
Short-term loans	2,700	-
Unearned toll revenues	32	31
Unearned tuition and other school fees	-	29
Income tax payable	248	31
Due to related parties	126	470
Derivative liabilities	-	212
Current portion of:		
Provisions	2,257	2,188
Service concession fees payable	774	1,179
Long-term debts	901	2,954
Deferred credits and other long-term liabilities	15	-
Total Current Liabilities	14,796	14,805

(Forward)

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
Noncurrent Liabilities		
Noncurrent portion of:		
Provisions	P338	P308
Service concession fees payable	7,480	7,951
Long-term debts	32,854	29,569
Deferred credits and other long-term liabilities	4,353	4,162
Due to related parties	6,365	6,314
Derivative liabilities	109	-
Accrued retirement costs	102	50
Deferred tax liabilities	2,900	2,938
Total Noncurrent Liabilities	54,501	51,292
Total Liabilities	P69,297	P66,097
Equity		
Capital stock	P20,210	P20,205
Additional paid-in capital	27,515	27,508
Deposit for future stock subscriptions	-	12
Other reserves	639	629
Retained earnings	6,469	5,954
Other comprehensive income reserve	(147)	(90)
Total equity attributable to owners of Parent Company	54,686	54,218
Non-controlling interests	11,698	11,061
Total Equity	66,384	65,279
	P135,681	P131,376

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

	Three Months Ended March 31	
	2011	*2010
	(Unaudited)	(Unaudited)
OPERATING REVENUES		
Water and sewerage services revenue	₱3,089	₱2,879
Toll fees	1,606	1,430
Hospital revenue	324	-
School revenue	31	-
	5,050	4,309
COST OF SERVICES		
	(1,846)	(1,450)
GROSS PROFIT		
	3,204	2,859
GENERAL AND ADMINISTRATIVE EXPENSES		
	(993)	(1,093)
OTHER INCOME AND EXPENSES		
Construction revenue	1,568	2,626
Construction costs	(1,517)	(2,612)
Interest expense	(927)	(1,208)
Foreign exchange gains (losses) - net	224	(79)
Interest income	90	232
Share in net earnings of associates and joint ventures - net	145	222
Other income	227	482
Other expenses	(350)	(108)
	(540)	(445)
INCOME FROM OPERATIONS BEFORE INCOME TAX		
	1,671	1,321
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	228	27
Deferred	(43)	54
	185	81
NET INCOME		
	₱1,486	₱1,240
Net income attributable to:		
Owners of Parent Company	₱820	₱650
Non-controlling interests	666	590
	₱1,486	₱1,240
EARNINGS PER SHARE		
Basic Earnings Per Share, Attributable to		
Owners of the Parent Company	₱0.041	₱0.032
Diluted Earnings Per Share, Attributable to		
Owners of the Parent Company	₱0.041	₱0.032

*Restated