

**FIRST PACIFIC COMPANY LIMITED**  
**PRESS RELEASE**

**FIRST PACIFIC REPORTS INTERIM PROFIT OF US\$60.8 MILLION WITH 18.1% GROWTH AND RESUMES DIVIDEND PAYMENT**

- Profit attributable to ordinary shareholders increased by 18.1% to US\$60.8 million (HK\$474.2 million)
- Recurring profit increased by 8.5% to US\$53.9 million (HK\$420.4 million)
- Basic earnings per share increased by 17.9% to US1.91 cents (HK14.90 cents)
- Total equity increased by 11.7% to US\$660.3 million (HK\$5,130.3 million)
- Consolidated gearing ratio improved to 1.13 times from 1.45 times
- Interim dividend of US0.13 cent (HK1.00 cent) per share declared

*Hong Kong, 31<sup>st</sup> August 2005* – First Pacific Company Limited (“First Pacific” or “the Company”) (HKSE: 00142) today announced first half 2005 profit attributable to ordinary shareholders of US\$60.8 million (HK\$474.2 million), an increase of 18.1 per cent compared with US\$51.5 million (HK\$401.7 million) for the same period of 2004. First Pacific’s Board of Directors has approved the resumption of dividend payment by declaring an interim dividend of HK 1.00 cent per share. The last dividend payment was made in May 2001.

Recurring profit, which excludes the effects of revaluation of financial instruments, foreign exchange differences, and non-recurring items, improved by 8.5 per cent to US\$53.9 million (HK\$420.4 million), from US\$49.7 million (HK\$387.7 million) in the first half of 2004. This growth was principally attributable to the outstanding performance of PLDT and the significant reduction in losses at Metro Pacific. Turnover decreased by 5.9 per cent to US\$942.5 million (HK\$7,351.5 million) reflecting the impact of the Indonesian rupiah’s depreciation during the period.

Basic earnings per share (EPS) improved by 17.9 per cent to US1.91 cents (HK14.90 cents) for first six months. Basic EPS stood at US1.62 cents (HK12.64 cents) for the same period of 2004.

Total equity increased by 11.7 per cent to US\$660.3 million (HK\$5,150.3 million) as at 30<sup>th</sup> June 2005, compared with US\$591.1 million (HK\$4,610.6 million) as at 31<sup>st</sup> December 2004, reflecting profit improvement for the period.

The consolidated gearing ratio improved to 1.13 times as at 30<sup>th</sup> June 2005 (31<sup>st</sup> December 2004: 1.45 times), reflecting lower consolidated debt level. At 30<sup>th</sup> June 2005, Head Office level gearing ratio was 0.13 time (31<sup>st</sup> December 2004: 0.10 time) resulting from an issue of US\$199.0 million Exchangeable Notes, investment made in Level Up and additional investment in PLDT during the period.

At the Head Office, net interest expense increased by 53.8 per cent to US\$10.0 million (HK\$78.0 million) principally reflecting the accretion of interest expenses on the Exchangeable Notes.

## **Review of Operations**

**Philippine Long Distance Telephone Company (PLDT)** showed continued improvement in performance and profit that exceeded expectations. PLDT contributed a recurring profit of US\$58.8 million during the period, on the basis of reported net income of Pesos 16.8 billion (US\$306.0 million) during the period. PLDT's consolidated core net income before foreign exchange and derivative gains increased 8.7 per cent to Pesos 15.0 billion (US\$273.2 million). EBITDA stood at Pesos 37.5 billion (US\$683.0 million), an increase of 1.4 per cent while consolidated free cash flow increased by 52.2 per cent to Pesos 27.4 billion (US\$499.0 million). Supported by its strong performance and free cash flow, PLDT raised its dividend payout ratio for 2005 to 30 per cent from 15 per cent and its debt reduction target to US\$600 million from US\$500 million.

For the remainder of 2005, we anticipate PLDT to continue performing well, maintaining its strong growth momentum by offering better quality, more value-added, and affordable products and services.

**PT Indofood Sukses Makmur Tbk's** (Indofood) performance for the first half of 2005 was adversely affected mainly by lower operating margins, by the adverse effect of foreign exchange losses and non-recurring items. Indofood's contribution to First Pacific's recurring profit was US\$15.5 million for the period. Indofood reported a net profit of Rupiah 14.5 billion (US\$1.5 million) due principally to one-off charges for unwinding of the Principal Only Swap (POS) contracts and for headcount rationalization program. Consolidated sales of its three principal businesses – Noodles, Flour, and Edible Oils and Fats – accounted for 84.1 per cent of sales of Rupiah 8,608.7 billion (US\$911.6 million). Gross margin decreased to 24.9 per cent reflecting higher raw materials costs resulting from a 4.4 per cent depreciation of the rupiah and lower average selling prices for products of the Noodles and Plantation divisions. Net interest costs were increased to Rupiah 427.3 billion (US\$45.3 million) reflecting additional expenses relating to the early redemption of the Eurobonds.

While its income from operations was down in the first half of this year, its various marketing initiatives and ongoing reassessment, redefinition and reengineering program will continue to be implemented to sustain its market leadership position in the highly competitive environment.

**Metro Pacific Corporation** (Metro Pacific) is in the final stage of its debt reduction program and now has a much stronger balance sheet. It contributed a recurring loss of US\$1.1 million during the period, a significant decrease compared with the recurring loss of US\$6.3 million in the first half of 2004. At the Metro Pacific level, net income of Pesos 90.9 million (US\$1.7 million) during the period was reported, compared with a net loss of Pesos 8.6 million (US\$0.2 million) in the first half of 2004. Revenues improved by six per cent to Pesos 1.7 billion (US\$31.0 million); operating expenses reduced by 29.2 per cent to Pesos 223.5 million (US\$4.1 million) resulting from strict cost management; debt level was reduced by approximately Pesos 500 million (US\$9.1 million) and financing charges declined by 65 per cent to Pesos 108.7 million (US\$2.0 million) from Pesos 312.2 million (US\$5.6 million).

By year-end 2005, Metro Pacific's head office debts are expected to reduce to below Pesos 300 million (US\$5.3 million). This development allows it to rebuild its investment portfolio and to expand its operational profitability.

**Level Up! International Holdings Pte. Ltd.** (Level Up). First Pacific invested US\$15 million for a 25 per cent interest in Level Up at the end of March 2005. Level Up is the pioneer and market leader in operating massively multiplayer online games (MMOG) in the Philippines, Brazil and India – the latter two representing basically start-up operations. A share of loss of US\$ 0.6 million was recorded in the second quarter of 2005.



**FIRST PACIFIC COMPANY LIMITED**  
**CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT - UNAUDITED**

<b>For the six months ended 30 June</b>	<b>2005</b>	<b>2004</b>
US\$ millions		(Restated)
<b>Turnover</b>	<b>942.5</b>	1,002.0
Cost of sales	<b>(702.7)</b>	(756.7)
<b>Gross profit</b>	<b>239.8</b>	245.3
Distribution costs	<b>(81.7)</b>	(90.2)
Administrative expenses	<b>(57.3)</b>	(64.4)
Other operating expenses, net	<b>(6.3)</b>	(35.4)
Net borrowing costs	<b>(59.2)</b>	(55.4)
Share of profits less losses of associated companies	<b>71.1</b>	49.9
<b>Profit before taxation</b>	<b>106.4</b>	49.8
Taxation	<b>(20.4)</b>	(10.6)
<b>Profit from continuing operations</b>	<b>86.0</b>	39.2
Profit from a discontinued operation	<b>-</b>	18.8
<b>Profit for the period</b>	<b>86.0</b>	58.0
Attributable to:		
Equity holders of the parent	<b>60.8</b>	51.5
Minority interest	<b>25.2</b>	6.5
	<b>86.0</b>	58.0

<b>For the six months ended 30 June</b>	<b>2005</b>	<b>2004</b>
Per share data	US¢	(Restated) US¢
<b>Basic earnings</b>		
- Continuing operations	<b>1.91</b>	1.03
- A discontinued operation	<b>N/A</b>	0.59
- Total	<b>1.91</b>	1.62
<b>Diluted earnings</b>		
- Continuing operations	<b>1.74</b>	N/A
- A discontinued operation	<b>N/A</b>	N/A
- Total	<b>1.74</b>	N/A
<b>Dividend</b>	<b>0.13</b>	-

N/A: Not Applicable

**FIRST PACIFIC COMPANY LIMITED**  
**CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED**

	At 30 June 2005	At 31 December 2004 (Restated)
US\$ millions		
<b>Non-current assets</b>		
Property and equipment	626.8	647.4
Plantations	164.3	147.4
Associated companies	296.4	168.9
Long-term receivables and prepayments	136.7	251.6
Goodwill	40.0	36.5
Prepaid land premiums	40.7	41.0
Available-for-sale assets	4.4	11.5
Deferred tax assets	6.0	5.8
Restricted cash	4.7	4.7
	<b>1,320.0</b>	<b>1,314.8</b>
<b>Current assets</b>		
Cash and cash equivalents	257.7	186.6
Restricted cash	-	4.5
Available-for-sale assets	42.6	21.4
Accounts receivable, other receivables and prepayments	286.9	360.0
Inventories	291.5	281.4
	<b>878.7</b>	<b>853.9</b>
<b>Current liabilities</b>		
Accounts payable, other payables and accruals	278.3	282.4
Short-term borrowings	243.6	288.9
Provision for taxation	16.2	26.2
	<b>538.1</b>	<b>597.5</b>
<b>Net current assets</b>	<b>340.6</b>	<b>256.4</b>
<b>Total assets less current liabilities</b>	<b>1,660.6</b>	<b>1,571.2</b>
<b>Equity</b>		
Issued capital	31.9	31.9
Other reserves	899.8	902.8
Accumulated losses	(614.4)	(707.3)
Equity attributable to equity holders of the parent	317.3	227.4
Minority interest	343.0	363.7
<b>Total equity</b>	<b>660.3</b>	<b>591.1</b>
<b>Non-current liabilities</b>		
Loan capital and long-term borrowings	762.7	761.2
Deferred liabilities and provisions	96.7	107.1
Deferred tax liabilities	116.6	111.8
Derivative liability	24.3	-
	<b>1,000.3</b>	<b>980.1</b>
	<b>1,660.6</b>	<b>1,571.2</b>

**FIRST PACIFIC COMPANY LIMITED**  
**CONTRIBUTION SUMMARY**

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2005	2004	2005	2004 (Restated) <sup>(ii)</sup>
PLDT <sup>(iii)</sup>	-	-	58.8	50.9
Indofood	911.6	973.4	15.5	12.7
Metro Pacific	30.9	28.6	(1.1)	(6.3)
Level Up <sup>(iii)</sup>	-	-	(0.6)	-
From continuing businesses	942.5	1,002.0	72.6	57.3
From a discontinued operation <sup>(iv)</sup>	-	-	-	1.9
<b>From operations</b>	<b>942.5</b>	<b>1,002.0</b>	<b>72.6</b>	<b>59.2</b>
Head Office items:				
- Corporate overhead			(5.3)	(4.2)
- Net interest expense			(10.0)	(6.5)
- Other expenses			(3.4)	1.2
<b>Recurring profit</b>			<b>53.9</b>	<b>49.7</b>
Foreign exchange and derivative losses			(7.7)	(13.6)
Non-recurring items <sup>(v)</sup>			14.6	15.4
<b>Profit attributable to equity holders of the parent</b>			<b>60.8</b>	<b>51.5</b>

(i) After taxation and minority interest, where appropriate.

(ii) The Group has restated its 1H04 profit attributable to equity holders of the parent from US\$54.7 million to US\$51.5 million following the adoption of Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants which became effective on 1 January 2005.

(iii) Associated companies.

(iv) Represents Escotel.

(v) 1H05's non-recurring gains of US\$14.6 million mainly comprise goodwill compensation received by Indofood in connection to the establishment of a joint venture entity of US\$5.0 million, gain on dilution of the Group's interest in PLDT of US\$3.0 million, Metro Pacific's agreed one-time adjustments made to amounts owed to Pacific Plaza Towers contractor and others. 1H04's non-recurring gains include gain on disposal of 49 per cent interest in Escotel of US\$17.1 million.