



FIRST PACIFIC COMPANY LIMITED

(Incorporated with limited liability under the laws of Bermuda)

Website: <http://www.firstpacific.com>

(Stock code: 00142)

2010 Interim Results - Unaudited

FINANCIAL HIGHLIGHTS

- Recurring profit improved by 50.5 per cent to US\$191.9 million (HK\$1,496.8 million) from US\$127.5 million (HK\$994.5 million).
- Profit contribution from operations increased by 44.8 per cent to US\$219.3 million (HK\$1,710.5 million) from US\$151.4 million (HK\$1,180.9 million).
- Profit attributable to owners of the parent increased by 14.7 per cent to US\$188.5 million (HK\$1,470.3 million) from US\$164.3 million (HK\$1,281.5 million).
- Non-recurring losses of US\$10.1 million (HK\$78.8 million) were recorded compared with non-recurring gains of US\$25.1 million (HK\$195.8 million).
- Turnover increased by 19.5% to US\$2,161.5 million (HK\$16,859.7 million) from US\$1,809.1 million (HK\$14,111.0 million).
- Basic earnings per share increased by 0.6 per cent to U.S. 4.88 cents (HK38.1 cents) from U.S. 4.85 cents (HK37.8 cents).
- An interim dividend of HK6.00 cents (U.S. 0.77 cent) (2009: HK4.00 cents or U.S. 0.51 cent) per ordinary share has been declared.
- Equity attributable to owners of the parent increased by 8.5 per cent to US\$2,078.9 million (HK\$16,215.4 million) at 30 June 2010 from US\$1,916.2 million (HK\$14,946.4 million) at 31 December 2009.
- Consolidated gearing ratio improved to 0.60 times at 30 June 2010 compared with 0.67 times at 31 December 2009.

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June		2010	2009	2010*	2009*
	Notes	US\$m	US\$m	HK\$m	HK\$m
Turnover	2	2,161.5	1,809.1	16,859.7	14,111.0
Cost of sales		(1,384.8)	(1,279.8)	(10,801.4)	(9,982.5)
Gross profit		776.7	529.3	6,058.3	4,128.5
Gain on disposals and dilutions		1.5	-	11.7	-
Distribution costs		(174.6)	(137.8)	(1,361.9)	(1,074.7)
Administrative expenses		(175.7)	(138.5)	(1,370.5)	(1,080.3)
Other operating (expenses)/income, net		(7.5)	96.9	(58.5)	755.7
Net borrowing costs	3	(118.2)	(110.7)	(922.0)	(863.5)
Share of profits less losses of associated companies and joint ventures		141.2	114.1	1,101.4	890.0
Profit before taxation	4	443.4	353.3	3,458.5	2,755.7
Taxation	5	(86.8)	(52.7)	(677.0)	(411.0)
Profit for the period from continuing operations		356.6	300.6	2,781.5	2,344.7
Profit for the period from a discontinued operation		-	2.7	-	21.0
Profit for the period		356.6	303.3	2,781.5	2,365.7
Attributable to:					
Owners of the parent	6	188.5	164.3	1,470.3	1,281.5
Non-controlling interests		168.1	139.0	1,311.2	1,084.2
		356.6	303.3	2,781.5	2,365.7
Ordinary share dividend - Interim	7				
HK6.00 cents (U.S. 0.77 cent) (2009: HK4.00 cents or U.S. 0.51 cent) per share		29.9	16.5	233.2	128.7
For the six months ended 30 June		2010	2009	2010*	2009*
	Notes	US¢	(Restated) ⁽ⁱ⁾ US¢	HK¢	(Restated) ⁽ⁱ⁾ HK¢
Earnings per share attributable to owners of the parent	8				
Basic					
- For profit from continuing operations		4.88	4.76	38.1	37.1
- For profit from a discontinued operation		-	0.09	-	0.7
- For profit for the period		4.88	4.85	38.1	37.8
Diluted					
- For profit from continuing operations		4.75	4.70	37.1	36.7
- For profit from a discontinued operation		-	0.09	-	0.7
- For profit for the period		4.75	4.79	37.1	37.4

(i) Refer to Note 13

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Profit for the period	356.6	303.3	2,781.5	2,365.7
Other comprehensive income/(loss)				
Exchange differences on translating foreign operations	58.3	89.6	454.7	698.9
Unrealized gains on available-for-sale assets	3.1	28.3	24.2	220.7
Unrealized losses on cash flow hedges	(3.8)	(2.1)	(29.7)	(16.4)
Realized losses on cash flow hedges	0.5	0.7	3.9	5.5
Income tax related to cash flow hedges	0.1	0.1	0.8	0.8
Share of revaluation increment of an associated company's assets	-	5.0	-	39.0
Other comprehensive income for the period, net of tax	58.2	121.6	453.9	948.5
Total comprehensive income for the period	414.8	424.9	3,235.4	3,314.2
Attributable to:				
Owners of the parent	197.1	214.0	1,537.4	1,669.2
Non-controlling interests	217.7	210.9	1,698.0	1,645.0
	414.8	424.9	3,235.4	3,314.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		At 30 June 2010	At 31 December 2009	At 30 June 2010*	At 31 December 2009*
	Notes	US\$m	US\$m	HK\$m	HK\$m
Non-current assets					
Property, plant and equipment		1,151.3	1,059.0	8,980.1	8,260.2
Plantations		1,086.4	1,009.2	8,473.9	7,871.8
Associated companies and joint ventures		2,305.3	2,068.0	17,981.3	16,130.4
Goodwill		793.8	775.2	6,191.6	6,046.5
Other intangible assets		1,811.2	1,728.4	14,127.4	13,481.5
Accounts receivable, other receivables and prepayments		8.2	6.6	64.0	51.5
Prepaid land premiums		190.2	183.0	1,483.6	1,427.4
Available-for-sale assets		2.1	2.1	16.4	16.4
Deferred tax assets		72.9	58.3	568.6	454.7
Other non-current assets		240.4	305.9	1,875.1	2,386.1
		7,661.8	7,195.7	59,762.0	56,126.5
Current assets					
Cash and cash equivalents		889.8	936.6	6,940.4	7,305.5
Restricted cash and pledged deposits		29.3	29.2	228.5	227.8
Available-for-sale assets		47.0	40.4	366.6	315.1
Accounts receivable, other receivables and prepayments	9	471.1	639.1	3,674.6	4,985.0
Inventories		558.5	549.2	4,356.3	4,283.8
Assets held for sale		7.1	7.1	55.4	55.3
		2,002.8	2,201.6	15,621.8	17,172.5
Current liabilities					
Accounts payable, other payables and accruals	10	718.3	628.2	5,602.7	4,900.0
Short-term borrowings		865.9	829.7	6,754.0	6,471.7
Provision for taxation		65.0	68.9	507.0	537.4
Current portion of deferred liabilities and provisions		69.0	73.5	538.2	573.3
		1,718.2	1,600.3	13,401.9	12,482.4
Net current assets		284.6	601.3	2,219.9	4,690.1
Total assets less current liabilities		7,946.4	7,797.0	61,981.9	60,816.6
Equity					
Issued share capital		38.8	38.6	302.6	301.1
Retained earnings		704.2	556.4	5,492.8	4,339.9
Other components of equity		1,335.9	1,321.2	10,420.0	10,305.4
Equity attributable to owners of the parent		2,078.9	1,916.2	16,215.4	14,946.4
Non-controlling interests		2,278.8	2,122.9	17,774.6	16,558.6
Total equity		4,357.7	4,039.1	33,990.0	31,505.0
Non-current liabilities					
Long-term borrowings		2,684.5	2,855.6	20,939.1	22,273.7
Deferred liabilities and provisions		500.0	507.0	3,900.0	3,954.6
Deferred tax liabilities		404.2	395.3	3,152.8	3,083.3
		3,588.7	3,757.9	27,991.9	29,311.6
		7,946.4	7,797.0	61,981.9	60,816.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

	Equity attributable to owners of the parent												Total equity US\$m												
	Issued share capital US\$m	Share premium US\$m	Share options issued US\$m	Exchange reserve US\$m	Unrealized gains on available-for-sale assets US\$m	Unrealized gains/(losses) on cash flow hedges US\$m	Income tax related hedges US\$m	Capital and other reserves US\$m	Retained earnings US\$m	Total US\$m	Non-controlling interests US\$m														
Balance at 1 January 2009	32.1	974.1	34.7	(116.0)	11.7	2.7	(0.8)	(4.4)	196.0	1,130.1	1,245.1	2,375.2													
Total comprehensive income for the period	-	-	-	16.5	29.4	(1.9)	0.7	5.0	164.3	214.0	210.9	424.9													
Issue of shares upon																									
the exercise of share options	0.1	1.2	(0.4)	-	-	-	-	-	-	0.9	-	0.9													
Equity-settled share option arrangements	-	-	6.8	-	-	-	-	-	-	6.8	-	6.8													
2008 final dividend paid	-	-	-	-	-	-	-	-	(24.7)	(24.7)	-	(24.7)													
Dividends declared and paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(32.9)	(32.9)													
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6.6)	(6.6)													
Disposal of a disposal group classified as held for sale	-	-	-	-	-	-	-	(0.1)	-	(0.1)	(6.4)	(6.5)													
Balance at 30 June 2009	32.2	975.3	41.1	(99.5)	41.1	0.8	(0.1)	0.5	335.6	1,327.0	1,410.1	2,737.1													
Balance at 1 January 2010	38.6	1,245.9	43.1	1.2	22.4	(1.2)	0.3	9.5	556.4	1,916.2	2,122.9	4,039.1													
Total comprehensive income for the period	-	-	-	11.3	0.3	(3.1)	0.1	-	188.5	197.1	217.7	414.8													
Issue of shares upon																									
the exercise of share options	0.2	7.4	(2.3)	-	-	-	-	-	-	5.3	-	5.3													
Repurchase and cancellation of shares	-	-	-	-	-	-	-	-	(1.1)	(1.1)	-	(1.1)													
Equity-settled share option arrangements	-	-	3.9	-	-	-	-	-	-	3.9	-	3.9													
2009 final dividend paid	-	-	-	-	-	-	-	-	(39.6)	(39.6)	-	(39.6)													
Dividends declared and paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(66.3)	(66.3)													
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	4.5	4.5													
Dilution of interests in subsidiary companies and acquisition of non-controlling interests by associated companies	-	-	-	-	-	-	-	(2.9)	-	(2.9)	-	(2.9)													
Balance at 30 June 2010	38.8	1,253.3	44.7	12.5	22.7	(4.3)	0.4	6.6	704.2	2,078.9	2,278.8	4,357.7													

	Equity attributable to owners of the parent												Total equity HK\$m*												
	Issued share capital HK\$m*	Share premium HK\$m*	Share options issued HK\$m*	Exchange reserve HK\$m*	Unrealized gains on available-for-sale assets HK\$m*	Unrealized gains/(losses) on cash flow hedges HK\$m*	Income tax related hedges HK\$m*	Capital and other reserves HK\$m*	Retained earnings HK\$m*	Total HK\$m*	Non-controlling interests HK\$m*														
Balance at 1 January 2009	250.4	7,598.0	270.7	(904.8)	91.2	21.1	(6.3)	(34.3)	1,528.8	8,814.8	9,711.8	18,526.6													
Total comprehensive income for the period	-	-	-	128.7	229.4	(14.9)	5.5	39.0	1,281.5	1,669.2	1,645.0	3,314.2													
Issue of shares upon																									
the exercise of share options	0.8	9.3	(3.1)	-	-	-	-	-	-	7.0	-	7.0													
Equity-settled share option arrangements	-	-	53.0	-	-	-	-	-	-	53.0	-	53.0													
2008 final dividend paid	-	-	-	-	-	-	-	-	(192.6)	(192.6)	-	(192.6)													
Dividends declared and paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(256.6)	(256.6)													
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(51.5)	(51.5)													
Disposal of a disposal group classified as held for sale	-	-	-	-	-	-	-	(0.8)	-	(0.8)	(49.9)	(50.7)													
Balance at 30 June 2009	251.2	7,607.3	320.6	(776.1)	320.6	6.2	(0.8)	3.9	2,617.7	10,350.6	10,998.8	21,349.4													
Balance at 1 January 2010	301.1	9,718.0	336.2	9.4	174.7	(9.3)	2.3	74.1	4,339.9	14,946.4	16,558.6	31,505.0													
Total comprehensive income for the period	-	-	-	88.1	2.4	(24.2)	0.8	-	1,470.3	1,537.4	1,698.0	3,235.4													
Issue of shares upon																									
the exercise of share options	1.5	57.7	(17.9)	-	-	-	-	-	-	41.3	-	41.3													
Repurchase and cancellation of shares	-	-	-	-	-	-	-	-	(8.5)	(8.5)	-	(8.5)													
Equity-settled share option arrangements	-	-	30.3	-	-	-	-	-	-	30.3	-	30.3													
2009 final dividend paid	-	-	-	-	-	-	-	-	(308.9)	(308.9)	-	(308.9)													
Dividends declared and paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(517.1)	(517.1)													
Acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	-	35.1	35.1													
Dilution of interests in subsidiary companies and acquisition of non-controlling interests by associated companies	-	-	-	-	-	-	-	(22.6)	-	(22.6)	-	(22.6)													
Balance at 30 June 2010	302.6	9,775.7	348.6	97.5	177.1	(33.5)	3.1	51.5	5,492.8	16,215.4	17,774.6	33,990.0													

(66.3)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

For the six months ended 30 June	2010 US\$m	2009 US\$m	2010* HK\$m	2009* HK\$m
Profit before taxation				
From continuing operations	443.4	353.3	3,458.5	2,755.7
From a discontinued operation	-	1.7	-	13.3
Adjustments for:				
Interest expenses	132.7	123.3	1,035.1	961.7
Decrease/(increase) in other non-current assets	74.5	(30.5)	581.1	(237.9)
Depreciation	52.2	40.8	407.2	318.2
Amortization of other intangible assets	33.9	44.1	264.4	344.0
Equity-settled share option expense	3.6	5.7	28.1	44.4
Recognition of prepaid land premiums	3.6	2.8	28.1	21.8
Loss on dilution of interest in an associated company	0.3	-	2.3	-
Share of profits less losses of associated companies and joint ventures	(141.2)	(114.1)	(1,101.4)	(890.0)
Interest income	(14.5)	(12.6)	(113.1)	(98.2)
Foreign exchange and derivative gains, net	(5.6)	(32.0)	(43.7)	(249.6)
Increase in accounts receivables, other receivables and prepayments (Non-current)	(2.8)	(1.1)	(21.8)	(8.6)
Gain on changes in fair value of plantations	(2.2)	(53.8)	(17.2)	(419.6)
Gain on disposal of a joint venture	(1.8)	-	(14.0)	-
Gain on sale of property, plant and equipment	(1.3)	(0.3)	(10.1)	(2.3)
Others	(4.7)	7.2	(36.7)	56.2
	570.1	334.5	4,446.8	2,609.1
Increase in working capital ⁽ⁱ⁾	(15.1)	(141.1)	(117.8)	(1,100.6)
Net cash generated from operations	555.0	193.4	4,329.0	1,508.5
Interest received	14.9	9.0	116.2	70.2
Interest paid	(130.6)	(110.1)	(1,018.6)	(858.8)
Tax paid	(108.5)	(100.9)	(846.3)	(787.0)
Net cash flows from/(used in) operating activities	330.8	(8.6)	2,580.3	(67.1)
Decrease in loan receivables	244.6	-	1,907.9	-
Dividend received from associated companies	162.3	127.3	1,265.9	992.9
Proceeds from disposal of a joint venture	5.3	-	41.3	-
Proceeds from sale of property, plant and equipment	1.5	1.4	11.7	10.9
Dividends from available-for-sale assets	0.1	-	0.8	-
Investments in other intangible assets	(107.4)	(43.7)	(837.7)	(340.8)
Purchase of property, plant and equipment	(96.0)	(111.6)	(748.8)	(870.4)
Investments in plantations	(39.3)	(32.6)	(306.5)	(254.3)
Increased investments in associated companies	(13.3)	-	(103.7)	-
Acquisition of subsidiary companies	(5.1)	-	(39.8)	-
Acquisition of available-for-sale assets	(0.1)	(59.3)	(0.8)	(462.5)
Investments in associated companies	-	(15.5)	-	(120.9)
Increased investments in subsidiary companies	-	(8.1)	-	(63.2)
Advances to associated companies, net	-	(0.1)	-	(0.8)
Net cash flows from/(used in) investing activities	152.6	(142.2)	1,190.3	(1,109.1)
Decrease/(increase) in time deposits with original maturity of more than three months	60.1	(61.3)	468.8	(478.1)
Proceeds from issue of shares upon the exercise of share options	5.3	0.9	41.3	7.0
Net borrowings (repaid)/raised	(365.0)	187.4	(2,847.0)	1,461.7
Investments in preferred shares of a joint venture	(144.1)	-	(1,124.0)	-
Dividends paid to shareholders	(39.6)	(24.7)	(308.9)	(192.6)
Dividends paid to non-controlling shareholders by subsidiary companies	(4.2)	(14.2)	(32.8)	(110.8)
Repurchase of shares	(1.1)	-	(8.5)	-
Increase in restricted cash	(0.1)	(18.8)	(0.8)	(146.7)
Share issue expenses of a subsidiary company	-	(0.3)	-	(2.3)
Net cash flows (used in)/from financing activities	(488.7)	69.0	(3,811.9)	538.2
Net decrease in cash and cash equivalents	(5.3)	(81.8)	(41.3)	(638.0)
Cash and cash equivalents at 1 January	883.9	625.9	6,894.4	4,882.0
Exchange translation	9.5	11.1	74.1	86.6
Cash and cash equivalents at 30 June	888.1	555.2	6,927.2	4,330.6
Representing				
Cash and cash equivalents	889.8	616.5	6,940.4	4,808.7
Less time deposits with original maturity of more than three months	(1.7)	(61.3)	(13.2)	(478.1)
Cash and cash equivalents at 30 June	888.1	555.2	6,927.2	4,330.6

(i) Changes in working capital are stated excluding movements due to acquisition and disposal of subsidiary companies.

* The Company maintains its accounts and reports to its shareholders in United States dollars. The figures shown in Hong Kong dollars are for illustration only and are based on a fixed exchange rate of 7.8 Hong Kong dollars to one United States dollar.

Notes:-

1. Basis of preparation and impact of new and revised HKFRSs

(A) Basis of preparation

The Condensed Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (HKAS) 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the Listing Rules) issued by The Stock Exchange of Hong Kong Limited (SEHK). The Condensed Interim Financial Statements have been prepared on a basis consistent with the accounting policies adopted in the Group's 2009 audited financial statements, except for the new accounting policies adopted in 2010 in relation to the accounting for transactions between the owners and the non-controlling interests (previously referred as "minority interests") of subsidiary companies and business combinations following the adoption of HKAS 27 (Revised) "Consolidated and Separate Financial Statements" and Hong Kong Financial Reporting Standard (HKFRS) 3 (Revised) "Business Combinations", respectively.

(B) Impact of new and revised HKFRSs

Certain changes to Hong Kong Generally Accepted Accounting Principles (GAAP) have been implemented during 2010 as a consequence of the following new and revised HKFRSs (which include all HKFRSs, HKASs, Hong Kong (International Financial Reporting Interpretations Committee)-Interpretations (HK(IFRIC)-Ints) and Hong Kong Interpretations (HK Interpretations) issued by the HKICPA:

HKAS 27 (Revised)	"Consolidated and Separate Financial Statements" ⁽ⁱ⁾
HKAS 39 Amendment	"Eligible Hedged Items" ⁽ⁱ⁾
HKFRS 1 (Revised)	"First-time Adoption of Hong Kong Financial Reporting Standards" ⁽ⁱ⁾
HKFRS 1 Amendments	"Additional Exemptions for First-time Adopters" ⁽ⁱⁱ⁾
HKFRS 2 Amendments	"Group Cash-settled Share-based Payment Transactions" ⁽ⁱⁱⁱ⁾
HKFRS 3 (Revised)	"Business Combinations" ⁽ⁱ⁾
HKFRS 5 Amendments	"Non-current Assets Held for Sale and Discontinued Operations" ⁽ⁱ⁾⁽ⁱⁱⁱ⁾
HK(IFRIC)-Int 17	"Distributions of Non-cash Assets to Owners" ⁽ⁱ⁾
HK Interpretation 4 (Revised)	"Leases - Determination of the Length of Lease Term in respect of Hong Kong Leases" ⁽ⁱⁱⁱ⁾
Improvements to HKFRSs	"Improvements to HKFRSs" and "Improvements to HKFRSs 2009" ⁽ⁱⁱⁱ⁾

(i) Effective for annual periods commencing on or after 1 July 2009

(ii) Effective for annual periods commencing on or after 1 January 2010

(iii) Generally effective for annual periods commencing on or after 1 January 2010, unless otherwise stated in the specific HKFRSs

The adoption of the above pronouncements (except for HKAS 27 (Revised) and HKFRS 3 (Revised)) has had no effect on both the profit attributable to owners of the parent for the six-month periods ended 30 June 2010 and 30 June 2009 and equity attributable to owners of the parent at 30 June 2010 and 31 December 2009, but only results in certain changes in the financial statement presentation and disclosures. The impacts of adopting HKAS 27 (Revised) and HKFRS 3 (Revised) are summarized as follows.

The Group's adoption of HKAS 27 (Revised) and HKFRS 3 (Revised) results in changes in the Group's accounting policies which have been applied prospectively starting 1 January 2010. The adoption affects the Group's accounting treatments for (i) transactions between the owners and the non-controlling interests of subsidiary companies and (ii) business combinations.

HKAS 27 (Revised) changes (a) the term "minority interest" to "non-controlling interest" and (b) the accounting requirements of the Group in respect of (i) changes in its ownership interests in subsidiary companies, for cases which result in either a loss of control or not, and (ii) losses incurred by its subsidiary companies. For the changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control, the Group is required by the revised standard to account for such changes as equity transactions. Accordingly, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. For the changes in the Group's ownership interest in a subsidiary company that result in a loss of control, the Group is required by the revised standard to (a) remeasure the retained investment at its fair value at the date when control was lost and (b) recognize the difference between (i) the fair value of consideration received and the retained investment and (ii) the carrying amounts of assets (including the attributable carrying amount of goodwill), liabilities, non-controlling interests (including any components of other comprehensive income attributable to them) as an additional gain or loss on disposal. For the losses incurred by loss-making subsidiary companies, the Group is required by the revised standard to account for the losses attributable to its non-controlling interests even if that results in a deficit balance for the non-controlling interests in the Group's accounts.

HKFRS 3 (Revised) introduces certain changes in the accounting requirements for business combinations that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results of the Group after the date of its adoption. These changes include, but are not limited to, the new requirements of (a) for partial acquisitions, allowing non-controlling interests to be measured either as their proportionate interests in the net identifiable assets or at their fair value; (b) for step acquisitions, (i) measuring goodwill as the difference at the acquisition date between the fair value of any investment in the business held before the acquisition plus the consideration transferred and the net assets acquired and (ii) recognizing gains or losses from remeasuring to the fair value the interest in the acquiree held by the Group immediately before the business combination; (c) recognizing acquisition-related costs as expenses, rather than including them in goodwill and (d) recognizing the fair value of contingent considerations at the acquisition date and reflecting the subsequent changes of such contingent considerations either in profit or loss or in other comprehensive income in accordance with the requirements of HKAS 39 "Financial Instruments: Recognition and Measurement".

The above changes (a) result in a decrease in the balances of (i) Associated companies and joint ventures and (ii) Capital and other reserves (included within Other components of equity) by US\$2.9 million (HK\$22.6 million) (representing the Group's share of the excess of consideration paid over the net asset values of non-controlling interests acquired by its associated companies) in the Group's consolidated statement of financial position at 30 June 2010 and (b) have no material effect on the Group's consolidated income statement and earnings per share attributable to owners of the parent for the six months ended 30 June 2010.

2. Turnover and segmental information

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Turnover				
Sale of goods	1,920.2	1,624.3	14,977.6	12,669.5
Rendering of services	241.3	184.8	1,882.1	1,441.5
Total	2,161.5	1,809.1	16,859.7	14,111.0

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group), whose operating results are regularly reviewed by the Group's chief operating decision maker who makes decisions about how resources are to be allocated to the segment and assesses its performance, and for which discrete financial information is available to him.

The Board of Directors considers the business from both product or service and geographical perspectives. From the product or service perspective, the Group business interests are divided into four main segments, which are telecommunications, infrastructure, consumer food products and natural resources. Geographically, the Board of Directors considers that the businesses of the Group are operating in the Philippines and Indonesia.

The Board of Directors assesses the performance of the operating segments based on a measure of recurring profit. This basis measures the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative gains/losses, gain/loss on changes in fair value of plantations and non-recurring items. Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items.

The revenue, results and other information for the six months ended 30 June 2010 and 2009, and total assets and total liabilities at 30 June 2010 and 31 December 2009 regarding the Group's reportable businesses are as follows.

By principal business activity - 2010

For the six months ended/at 30 June	The Philippines			Indonesia		2010 Total US\$m	2010* Total HK\$m
	Telecom- munications US\$m	Infrastructure US\$m	Natural Resources US\$m	Consumer Food Products US\$m	Head Office US\$m		
	Revenue						
Turnover	-	193.4	-	1,968.1	-	2,161.5	16,859.7
Results							
Recurring profit	113.3	22.7	3.6	79.7	(27.4)	191.9	1,496.8
Assets and Liabilities							
Associated companies and joint ventures	1,020.5	712.2	565.5	2.8	4.3	2,305.3	17,981.3
Other assets	-	1,990.4	-	5,265.2	103.7	7,359.3	57,402.5
Total assets	1,020.5	2,702.6	565.5	5,268.0	108.0	9,664.6	75,383.8
Borrowings	-	704.7	-	1,849.7	996.0	3,550.4	27,693.1
Other liabilities	-	516.8	-	1,154.7	85.0	1,756.5	13,700.7
Total liabilities	-	1,221.5	-	3,004.4	1,081.0	5,306.9	41,393.8
Other Information							
Depreciation and amortization	-	(25.6)	-	(64.0)	(3.7)	(93.3)	(727.7)
Interest income	-	7.1	-	7.1	0.3	14.5	113.1
Interest expenses	-	(46.4)	-	(68.1)	(18.2)	(132.7)	(1,035.1)
Share of profits less losses of associated companies and joint ventures	126.8	10.9	4.4	(1.1)	0.2	141.2	1,101.4
Taxation	-	5.1	-	(83.6)	(8.3)	(86.8)	(677.0)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	128.8	-	136.0	-	264.8	2,065.4

By principal business activity - 2009

For the six months ended 30 June/ at 31 December	The Philippines			Indonesia		2009 Total US\$m	2009* Total HK\$m
	Telecom- munications US\$m	Infrastructure US\$m	Natural Resources US\$m	Consumer Food Products US\$m	Head Office US\$m		
	Revenue						
Turnover	-	156.2	-	1,652.9	-	1,809.1	14,111.0
Results							
Recurring profit	102.9	14.6	2.1	31.8	(23.9)	127.5	994.5
Assets and Liabilities							
Associated companies and joint ventures	1,050.8	568.8	441.2	3.7	3.5	2,068.0	16,130.4
Other assets	-	2,214.1	-	4,882.1	233.1	7,329.3	57,168.6
Total assets	1,050.8	2,782.9	441.2	4,885.8	236.6	9,397.3	73,299.0
Borrowings	-	926.1	-	1,837.7	921.5	3,685.3	28,745.4
Other liabilities	-	571.4	-	1,008.7	92.8	1,672.9	13,048.6
Total liabilities	-	1,497.5	-	2,846.4	1,014.3	5,358.2	41,794.0
Other Information							
Depreciation and amortization	-	(38.4)	-	(50.2)	(4.8)	(93.4)	(728.5)
Interest income	-	5.4	-	6.4	0.8	12.6	98.2
Interest expenses	-	(38.9)	-	(72.0)	(12.4)	(123.3)	(961.7)
Share of profits less losses of associated companies and joint ventures	107.1	3.1	3.9	-	-	114.1	890.0
Taxation	-	23.2	-	(69.5)	(6.4)	(52.7)	(411.0)
Additions to non-current assets (other than financial instruments and deferred tax assets)	-	53.5	-	186.8	-	240.3	1,874.3

A reconciliation between profit before taxation as shown in the consolidated income statement and recurring profit is as follows.

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Profit before taxation				
- Continuing operations	443.4	353.3	3,458.5	2,755.7
- A discontinued operation	-	1.7	-	13.3
Exclusion of:				
- Foreign exchange and derivative gains	(10.3)	(23.2)	(80.3)	(181.0)
- Gain on changes in fair value of plantations	(2.2)	(53.8)	(17.2)	(419.6)
- Non-recurring items	21.2	(14.9)	165.4	(116.3)
Deduction of attributable taxation and non-controlling interests	(260.2)	(135.6)	(2,029.6)	(1,057.6)
Recurring profit	191.9	127.5	1,496.8	994.5

3. Net borrowing costs

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Total borrowing costs	132.7	123.3	1,035.1	961.7
Less interest income	(14.5)	(12.6)	(113.1)	(98.2)
Net Borrowing Costs	118.2	110.7	922.0	863.5

4. Profit before taxation

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Profit before taxation is stated after (charging)/crediting				
Cost of inventories sold	(967.0)	(750.8)	(7,542.6)	(5,856.2)
Employee remuneration	(227.8)	(182.7)	(1,776.8)	(1,425.1)
Cost of services rendered	(76.9)	(58.8)	(599.8)	(458.6)
Depreciation	(52.2)	(40.8)	(407.2)	(318.2)
Amortization of other intangible assets	(33.9)	(44.1)	(264.4)	(344.0)
Impairment losses for accounts receivable ⁽ⁱ⁾	(4.2)	(3.9)	(32.8)	(30.4)
Recognition of prepaid land premiums	(3.6)	(2.8)	(28.1)	(21.8)
Loss on dilution of interest in an associated company	(0.3)	-	(2.3)	-
Foreign exchange and derivative gains, net	5.6	32.0	43.7	249.6
Gain on changes in fair value of plantations	2.2	53.8	17.2	419.6
Gain on disposal of a joint venture	1.8	-	14.0	-
Gain on sale of property, plant and equipment	1.3	0.3	10.1	2.3
Dividend income from available-for-sale assets	0.1	-	0.8	-

(i) Included in distribution costs

5. Taxation

No Hong Kong profits tax (2009: Nil) has been provided as the Group had no estimated assessable profits (2009: Nil) in Hong Kong for the period. Taxation on assessable profits generated outside Hong Kong has been provided at the rates of taxation prevailing in the countries in which the Company's subsidiary companies operate.

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Subsidiary companies - overseas				
Current taxation	96.2	61.0	750.3	475.8
Deferred taxation	(9.4)	(8.3)	(73.3)	(64.8)
Total	86.8	52.7	677.0	411.0

Included within share of profits less losses of associated companies and joint ventures is taxation of US\$46.8 million (HK\$365.0 million) (2009: US\$45.5 million or HK\$354.9 million) and which is analyzed as follows.

For the six months ended 30 June	2010	2009	2010*	2009*
	US\$m	US\$m	HK\$m	HK\$m
Associated companies and joint ventures - overseas				
Current taxation	40.0	42.2	312.0	329.2
Deferred taxation	6.8	3.3	53.0	25.7
Total	46.8	45.5	365.0	354.9

6. Profit attributable to owners of the parent

The profit attributable to owners of the parent includes US\$5.6 million (HK\$43.7 million) (2009: US\$3.3 million or HK\$25.7 million) of net foreign exchange and derivative gains, which represent the foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives, US\$1.1 million (HK\$8.6 million) (2009: US\$8.4 million or HK\$65.5 million) of a gain on changes in fair value of plantations and US\$10.1 million (HK\$78.8 million) of net non-recurring losses (2009: gains of US\$25.1 million or HK\$195.8 million).

Analysis of foreign exchange and derivative gains/(losses)

For the six months ended 30 June

	2010 US\$m	2009 US\$m	2010* HK\$m	2009* HK\$m
Foreign exchange and derivative gains/(losses)				
- Subsidiary companies	5.6	32.0	43.7	249.6
- Associated companies and joint ventures	4.7	(8.8)	36.6	(68.6)
Subtotal	10.3	23.2	80.3	181.0
Attributable taxation and non-controlling interests	(4.7)	(19.9)	(36.6)	(155.3)
Total	5.6	3.3	43.7	25.7

The non-recurring losses of US\$10.1 million (HK\$78.8 million) for 2010 mainly represents the Group's share of Meralco's non-recurring losses, and provision and write-off of certain assets. The non-recurring gains of US\$25.1 million (HK\$195.8 million) for 2009 mainly represent Maynilad's reversal of provision for deferred credits following a resolution of the issue of new tariff rates with the regulator.

7. Ordinary share dividend

At a meeting held on 30 August 2010, the Directors declared an interim cash dividend of HK6.00 cents (U.S. 0.77 cent) (2009: HK4.00 cents or U.S. 0.51 cent) per ordinary share.

8. Earnings per share attributable to owners of the parent

The calculation of basic earnings per share is based on the profit for the period attributable to owners of the parent of US\$188.5 million (HK\$1,470.3 million) (2009: US\$164.3 million or HK\$1,281.5 million), and the weighted average number of ordinary shares of 3,864.7 million (2009: 3,388.0 million (Restated)) in issue during the period.

The calculation of diluted earnings per share is based on: (a) the profit for the period attributable to owners of the parent of US\$188.5 million (HK\$1,470.3 million) (2009: US\$164.3 million or HK\$1,281.5 million) reduced by the dilutive impacts of (i) US\$1.6 million (HK\$12.5 million) (2009: Nil) in respect of the conversion of convertible bonds issued by a subsidiary company and (ii) US\$1.3 million (HK\$10.1 million) (2009: US\$0.1 million or HK\$0.8 million) in respect of the exercise of share options issued by its subsidiary and associated companies and (b) a share base equal to the aggregate of the weighted average number of ordinary shares of 3,864.7 million (2009: 3,388.0 million (Restated)) in issue during the period (as used in the basic earnings per share calculation) and the weighted average number of ordinary shares of 44.0 million (2009: 39.7 million (Restated)) assumed to have been issued at no consideration on the deemed exercise of the share options of the Company during the period.

9. Accounts receivable, other receivables and prepayments

Included in accounts receivable, other receivables and prepayments are accounts receivables of US\$277.3 million (HK\$2,162.9 million) (31 December 2009: US\$238.4 million or HK\$1,859.5 million) with an ageing profile as follows.

	At 30 June 2010 US\$m	At 31 December 2009 US\$m	At 30 June 2010* HK\$m	At 31 December 2009* HK\$m
0 to 30 days	254.1	190.9	1,982.0	1,489.0
31 to 60 days	6.0	10.5	46.8	81.9
61 to 90 days	4.4	11.4	34.3	88.9
Over 90 days	12.8	25.6	99.8	199.7
Total	277.3	238.4	2,162.9	1,859.5

Indofood generally allows export customers 60 days of credit and local customers an average of 30 days of credit. MPIC (a) allows 60 days of credit for its water service customers and (b) collects toll fees through its associated company, Tollways Management Corporation (TMC), by cash, by prepaid and reloadable electronic toll collection devices and by credit card payment.

10. Accounts payable, other payables and accruals

Included in accounts payable, other payables and accruals are accounts payables of US\$230.3 million (HK\$1,796.3 million) (31 December 2009: US\$185.0 million or HK\$1,443.0 million) with an ageing profile as follows.

	At 30 June 2010 US\$m	At 31 December 2009 US\$m	At 30 June 2010* HK\$m	At 31 December 2009* HK\$m
0 to 30 days	192.1	162.9	1,498.4	1,270.6
31 to 60 days	2.3	5.1	17.9	39.8
61 to 90 days	25.1	11.6	195.8	90.5
Over 90 days	10.8	5.4	84.2	42.1
Total	230.3	185.0	1,796.3	1,443.0

11. Contingent liabilities

At 30 June 2010, except for US\$62.9 million (HK\$490.6 million) (31 December 2009: US\$62.1 million or HK\$484.4 million) guarantees given by Indofood for loan facilities obtained by certain plantation farmers in relation to arrangements for those farmers' production and sale of fresh fruit bunches to Indofood, neither the Group nor the Company had any significant contingent liabilities (31 December 2009: Nil).

12. Employee information

For the six months ended 30 June	2010 US\$m	2009 US\$m	2010* HK\$m	2009* HK\$m
Employee remuneration (including Directors' remuneration)	227.8	182.7	1,776.8	1,425.1
Number of employees			2010	2009
At 30 June			70,365	67,904
Average for the period			69,989	66,982

13. Comparative amounts

Due to the Group's early adoption of HKAS 32 Amendment "Classification of Rights Issues" (effective for annual periods beginning on or after 1 February 2010) in 2009, the comparative basic and diluted earnings per share figures for the six-month period ended 30 June 2009 have been restated to take into account the effect of the Company's rights issue (on the basis of one rights share for every five existing shares held at a subscription price of HK\$3.40 per one rights share) completed in December 2009.

REVIEW OF OPERATIONS

First Pacific Group companies continued to grow and strengthened their market positions during the period. Consolidated contribution from operations increased 45% to US\$219.3 million. PLDT, MPIC and Philex declared interim dividends which enabled First Pacific to approve an increase in its interim dividend of 50% in line with its improvement in recurring profit.

Below is an analysis of results by individual company.

Contribution Summary

For the six months ended 30 June	Turnover		Contribution to Group profit ⁽ⁱ⁾	
	2010	2009	2010	2009
US\$ millions				
PLDT ⁽ⁱⁱ⁾	-	-	113.3	102.9
MPIC	193.4	156.2	22.7	14.6
Indofood	1,968.1	1,652.9	79.7	31.8
Philex ⁽ⁱⁱ⁾	-	-	3.6	2.1
From Operations	2,161.5	1,809.1	219.3	151.4
Head Office items:				
- Corporate overhead			(8.5)	(7.8)
- Net interest expense			(15.5)	(11.7)
- Other expenses			(3.4)	(4.4)
Recurring Profit			191.9	127.5
Foreign exchange and derivative gains ⁽ⁱⁱⁱ⁾			5.6	3.3
Gain on changes in fair value of plantations			1.1	8.4
Non-recurring items ^(iv)			(10.1)	25.1
Profit Attributable to Owners of the Parent			188.5	164.3

(i) After taxation and non-controlling interests, where appropriate

(ii) Associated companies

(iii) Foreign exchange and derivative gains represent the gains on foreign exchange translation differences on the Group's unhedged foreign currency denominated borrowings and payables and the changes in the fair values of derivatives.

(iv) 1H10's non-recurring losses of US\$10.1 million mainly represent the Group's share of Meralco's non-recurring losses, and provision and write-off of certain assets. 1H09's non-recurring gains of US\$25.1 million mainly represent Maynilad's reversal of provision for deferred credits following a resolution of the issue of new tariff rates with the regulator.

Turnover ↑19%

- to US\$2,161.5 million from US\$1,809.1 million
- principally reflecting a 24% increase in MPIC's turnover and an approximately 20% appreciation of the average rupiah exchange rate against the U.S. dollar

Recurring profit ↑51%

- to US\$191.9 million from US\$127.5 million
- comprising a significantly improved performance and contribution from all operating companies
- partially offset by a higher net interest expense at the Head Office level

Non-recurring losses

- US\$10.1 million
- mainly represents the Group's share of Manila Electric Company ("Meralco")'s non-recurring losses, and provision and write-off of certain assets compared with a gain of US\$25.1 million mainly in relation to Maynilad's reversal of provision for deferred credits in the previous period

Reported profit ↑15%

- to US\$188.5 million from US\$164.3 million
- reflecting the increase in recurring profit
- reflecting derivative gains at PLDT and an approximately 4% appreciation of the closing rupiah against the U.S. dollar giving rise to a net foreign exchange and derivative gain of US\$5.6 million (1H09: US\$3.3 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 are summarized below.

	At 30		Six months change	At		Six months ended		12 months ended 31		Six months ended	
	June	December		30 June	One year change	30 June	December	Six months change	30 June	One year change	
Closing	2010	2009		2009	change	Average	2010	2009		2009	change
Peso	46.37	46.20	-0.4%	48.13	+3.8%	Peso	45.81	47.81	+4.4%	48.06	+4.9%
Rupiah	9,083	9,400	+3.5%	10,225	+12.6%	Rupiah	9,208	10,349	+12.4%	11,022	+19.7%

During the period, the Group recorded net foreign exchange and derivative gains of US\$5.6 million (1H09: US\$3.3 million), which may be further analyzed as follows:

For the six months ended 30 June	2010	2009
US\$ millions		
Head Office	(1.2)	(0.9)
PLDT	4.6	(6.2)
MPIC	(0.4)	0.2
Indofood	2.7	10.2
Philex	(0.1)	-
Total	5.6	3.3

Additional Investments

Additional investments made in the first six months:

Infrastructure/telecommunications

- Beacon, a special purpose vehicle for holding PLDT/PCEV and MPIC's investment in Meralco, exercised the call option to acquire an additional 6.6% interest in Meralco for Pesos 22.4 billion (US\$489.2 million)

Natural Resources

- Philex acquired 1.14% interest in FEC Resources, Inc. in January 2010 (US\$2.5 million)
- Philex acquired the remaining 19% equity interest in Philex Gold Inc. through a tender offer in April 2010 (US\$ 5.8 million)
- Philex's wholly-owned subsidiary Philex Petroleum Corporation acquired an additional 2.4% interest in Forum Energy Plc. (US\$0.8 million)

First Pacific Group has built a portfolio of assets which have strong growth and cash flow prospects. The Company's focus remains on improving the performance of these businesses and delivering higher profits, increasing cash flows and driving value appreciation.

Capital Management

Interim Dividends

The First Pacific Board has declared an interim dividend of HK6.00 cents (U.S. 0.77 cent) (1H09: HK4.00 cents (U.S. 0.51 cent) per share, which represents an increase of 50%.

Share Repurchase Program

The Board approved in June 2010 to conduct a two-year program to buy back up to US\$130 million of First Pacific shares by way of "on-market repurchases". Since the program was announced, US\$2.7 million have been invested in the repurchases.

Debt Profile

At 30 June 2010, gross debt at the Head Office stood at US\$996.0 million. In July, FPMH Finance Limited, a wholly owned subsidiary of the Company, issued a US\$300 million seven-year senior guaranteed secured bond as part of its refinancing and overall debt management program. The fixed rate bond enhanced First Pacific's interest rate risk management, reducing the Head Office's floating-rate borrowings to approximately 35% of the total from approximately 65% and doubled the average maturity of the Head Office's borrowings.

Net interest expense during the period increased 32% to US\$15.5 million as a result of a higher average debt level and higher interest rates during the period.

Interest Cover

For the first six months, Head Office's recurring operating cash inflow was approximately US\$142 million and cash interest payments were approximately US\$11 million. Cash interest cover stood at approximately 12.9 times.

Foreign Currency Hedging

First Pacific hedges declared dividends from operating companies, mainly peso dividends from PLDT. A two-year forward contract was entered in December 2009 to hedge a portion of the peso dividend income from PLDT. Rupiah dividends from Indofood are not hedged due to the high cost of hedging in that currency.

Interest Rate Hedging

As at 30 June 2010, 64% of the Head Office's borrowings were on a floating rate basis. To manage the interest rate risk, a 3.75-year interest rate swap contract to convert the interest rate of a US\$200 million loan from floating to fixed was entered in April 2009. Another three-year interest rate swap contract was entered in November 2009 to hedge another US\$45 million floating interest rate exposure. In July 2010, US\$300 million fixed-rate bonds were issued to refinance floating-rate borrowings.

2010 Outlook

Each of First Pacific's operating companies expressed cautious optimism with respect to their outlook for the second half of 2010. PLDT's core net income for 2010 has been guided at being north of Pesos 41.0 billion (US\$895 million), ahead of the 2009 figure, as it maintains market share in an increasingly competitive environment. MPIC, the infrastructure arm of First Pacific, raised its guidance for core net income for the year to Pesos 3.3 billion (US\$72.0 million) from Pesos 3.0 billion (US\$65.5 million) earlier. Indofood's strong operating margins are driving improved performance, while Philex is targeting higher-quality ore in the second half of the year.

MPIC's toll road unit expanding north and south. Meralco is looking into electricity generation and Philex is preparing to begin work at the very significant Silangan project while it examines other expansion possibilities as well. Maynilad is developing into an extremely valuable investment while improving the lives of millions of people in greater Manila. PLDT is leveraging its domination of cellular and fixed-line services to bring affordable data services to the country. Indofood continues to strengthen its market share and profit margins in an increasingly competitive environment and we expect a successful spin-off of its Consumer Branded Products division later this year.

PLDT

PLDT contributed a profit of US\$113.3 million to the Group (1H09: US\$102.9 million). This represents approximately 52% (1H09: 68%) of First Pacific's aggregate contribution derived from the operations of subsidiary and associated companies for the period. The increase in profit contribution (after the impact of an approximately 5% appreciation of the average peso rate against the U.S. dollar) was a reflection of PLDT's equity share in net earnings of associates, principally from its share of earnings of Manila Electric Company ("Meralco"), and lower cost of sales, partly offset by a decrease in service revenues.

Consolidated core net income ↑2%

- to Pesos 21.2 billion (US\$462.8 million) from Pesos 20.8 billion (US\$432.8 million)
- equity share in net earnings of associates, principally from PLDT's share in Meralco's earnings
- Decrease in PLDT Communications and Energy Ventures, Inc. ("PCEV") minority interest
- Decline in cost of sales
- Decrease in service revenues
- Higher net financing costs

Reported net income ↑10%

- to Pesos 21.7 billion (US\$473.7 million) from Pesos 19.7 billion (US\$409.9 million)
- reflecting a 2% increase in consolidated core net income
- net forex and derivative gains of Pesos 791 million (US\$17.3 million) due to gains arising from derivative contracts
- an increase in asset impairment provision and an adjustment for non-recurring items of Meralco

Consolidated service revenues ↓1%

- to Pesos 72.2 billion (US\$1.6 billion) from Pesos 72.9 billion (US\$1.5 billion)
- 3% growth in voice revenues particularly in cellular resulting from the introduction of unlimited voice offers and from growth in inbound international call volumes
- 5% decline in data and ICT revenues

EBITDA ↓2%

- to Pesos 43.3 billion (US\$945.2 million) from Pesos 44.1 billion (US\$917.6 million)

EBITDA margin

- stable at 60% of service revenues with 62% for wireless, 50% for fixed line and 14% for ICT

Consolidated free cash flow ↓18%

- to Pesos 19.4 billion (US\$423.5 million) from Pesos 23.7 billion (US\$493.1 million)
- capex decreased 9% to Pesos 9.7 billion (US\$211.7 million)
- lower cash from operations
- higher interest expense resulting from higher average debt level

Consolidated debt

- at US\$2.1 billion from US\$2.2 billion as at 31 December 2009
- U.S. dollar denominated debts increased slightly to 49% from 48% at the end of 2009; 23% of total debt remains unhedged taking into account peso borrowings, hedges and U.S. dollar cash holdings
- 71% of total debt are fixed-rate loans while 29% are floating-rate loans
- 60% of total debt matures in or after 2013

Consolidated net debt

- at US\$1.5 billion from US\$1.3 billion as at 31 December 2009

Net debt/EBITDA

- at 0.8 times from 0.6 times as at 31 December 2009

Interim Dividend

PLDT maintained its strong performance despite signs of increasing maturity in its core market. It declared an interim regular dividend of Pesos 78 (US\$1.7), an increase from Pesos 77 (US\$1.6) in the first half of 2009, which adheres to the committed 70% payout of core earnings.

Share Buyback

In 2008, PLDT's board approved a share buyback program of up to 5 million shares. As of 30 June 2010, PLDT had bought back 2.7 million shares into treasury at an average cost of Pesos 2,387 (US\$52.1) per share.

Under the approved share buyback program, PLDT may still acquire up to 2.3 million shares from the market on an opportunistic basis.

Wireless

Smart's cellular subscriber base grew 18% to 45.3 million (1H09: 38.5 million) representing approximately 53% of the total cellular market in the Philippines based on subscribers and approximately 59% in terms of revenue.

At the end of June 2010, the cellular SIM penetration rate in the Philippines was approximately 90%. About 99% of Smart's subscribers are prepaid. The average prepaid subscriber acquisition cost continues to decline and was approximately 18% of net blended prepaid ARPU of Pesos 153 (US\$3.3) for the period. Net blended ARPU declined 16% year-on-year to Pesos 164 (US\$3.6).

Combined broadband subscribers - Digital Subscriber Line ("DSL") fixed and wireless - grew 60% year-on-year to 1.96 million, which accounted for approximately 59% of the broadband market. Total DSL, wireless broadband and internet service revenues were up 21% to Pesos 8.0 billion (US\$174.6 million) with DSL ARPU at approximately Pesos 1,150 (US\$25.1) and net blended wireless ARPU at Pesos 465 (US\$10.2).

Voice revenues contributed 50% to total cellular service revenues in the first half of 2010 compared with 43% in the same period of last year. Low-cost/unlimited voice promotional offerings (*SmartTalk*, *SmartTalk Plus*, *Red Mobile Unlimited*) continue to stimulate demand for voice services with a 279% year-on-year increase in domestic call minutes. *Red Mobile* was relaunched in March 2010 and positioned to meet market demand for unlimited services, particularly for "second SIM" holders. In order to support the traffic requirements for unlimited voice and text without degrading the service quality of other subscribers, Smart built a secondary network that caters exclusively to unlimited service offerings.

SMS/data services as at end June 2010 accounted for 47% of cellular service revenues compared with 54% last year. SMS volumes continue to grow but yields are lower due to bucket plans. Text volume rose 27% in the period.

Wireless service revenue

- stable at Pesos 47.9 billion (US\$1.0 billion) from Pesos 48.1 billion (US\$1.0 billion)
- accounted for 61% of PLDT's consolidated service revenues
- reflecting revenue growth in wireless broadband and cellular voice
- partially offset by the decline in revenues in cellular data and the satellite business from the disposal of the satellite transponders

Wireless EBITDA ↓2%

- to Pesos 29.7 billion (US\$648.3 million) from Pesos 30.2 billion (US\$628 million)
- reflecting higher cash operating costs, largely from higher professional and other contracted services, rental costs for domestic leased circuits and sites, as well as repairs and maintenance expenses offset by lower cost of sales, selling and promotions expenses, and asset impairment charges, and stable service revenues

EBITDA margin

- to 62% from 63%

Net blended ARPU ↓16%

- to Pesos 164 (US\$3.6) from Pesos 195 (US\$4.1)
- due to the increase in the subscriber base, and the continued preference for bucket-priced and unlimited offers which accounted for 56% of cellular data revenues

Smart continues to invest in its cellular and multi-platform broadband networks while upgrading its transmission, core and access facilities. Its 3G and HSPA networks cover approximately 50% and 44% of the Philippine population, respectively.

Fixed Line

Fixed line subscribers increased 4% to 1.9 million year-on-year as a result of marketing initiatives offering an array of products and services to its retail customers, corporate clients and small-medium size enterprises ("SMEs").

Fixed line service revenue ↓1%

- to Pesos 25.2 billion (US\$550.1 million) from Pesos 25.4 billion (US\$528.5 million)
- reflecting lower revenues from local exchange, national long distance and international long distance call services as customers shifted to other means of communications
- partially offset by increases in corporate data and DSL service revenues
- accounted for 32% of PLDT's consolidated service revenues
- revenues from data service accounted for 46% (1H09: 41%) of total fixed line service revenues reflecting increases in both domestic and international data services revenues

Fixed line EBITDA ↓5%

- to Pesos 12.7 billion (US\$277.2 million) from Pesos 13.3 billion (US\$276.7 million)
- reflecting lower service revenues and a 1% increase in operating expenses primarily relating to professional and other contracted services and maintenance expenses
- flat in US\$ terms

EBITDA margin

- 50% (1H09: 52%)

PLDT DSL sustained its strong performance, with subscribers increasing 20% year-on-year to more than 609,000 as at the end of June 2010, and revenues rising 22% to Peso 4.1 billion (US\$89.5 million) year-on-year. The fixed line business continues to leverage PLDT's fixed and wireless networks for expansion and creation of new products for specific market segments in order to generate higher ARPUs.

The ongoing network upgrading to an all-IP next generation network ("NGN") will significantly improve the network's efficiency and capability, particularly data-related services.

Information and Communications Technology ("ICT")

The on-going reorganization of the ICT businesses aims to create better focus and maximize scale. ePLDT Ventus, which handles customer interaction services (more commonly known as "call center") and SPi Technologies, Inc., the knowledge processing arm (also known as business process outsourcing or "BPO") have combined their operations and will be known as SPi Global Holdings while Vitro Data Center and internet and on-line gaming operations will remain housed under ePLDT.

Ventus employs an average of 4,671 customer service representatives and operates approximately 6,230 seats at seven customer interaction solution sites.

ePLDT's service revenue ↑1%

- to Pesos 5.3 billion (US\$115.7 million) from Pesos 5.2 billion (US\$108.2 million)
- accounted for 7% of PLDT's consolidated service revenues
- reflecting primarily a 52% growth in data center revenues arising from increase in co-location rental revenues and disaster recovery services
- partially offset by decline in revenues from call center and BPO due the impact of the appreciation of the average peso/US\$ exchange rate on ePLDT revenues, of which 70% are US\$-denominated

ePLDT EBITDA ↑48%

- to Pesos 756 million (US\$16.5 million) from Pesos 511 million (US\$10.6 million)
- reflecting 1% increase in service revenues
- 4% decline in cash operating expenses in relation to reduction in headcount

EBITDA margin

- to 14% from 10%

Under the new business structure of ICT, SPi is focusing on creating end-to-end BPO solutions through consolidation, with the end of accelerating growth in all three of its verticals - call center, healthcare and content solutions. ePLDT will continue to expand its data center businesses while exploring cloud computing initiatives and other ICT programs.

Meralco

PCEV, a 99.5% owned subsidiary of Smart Communications, Inc., has a direct stake of approximately 6% in Meralco, the largest electricity distributor in the Philippines. PCEV also owns 50% of Beacon, a special purpose company jointly owned with Metro Pacific Investments Corporation ("MPIC"). Beacon presently owns approximately 34.8% of Meralco. Meralco's franchise allows it to distribute electricity in most of Luzon until 2028. The franchise area produces 46% of the country's gross domestic product and is home to 26% of the Philippines' population. Meralco accounts for approximately 60% of total electricity sales in the Philippines.

A synergy team composed of members from PLDT and Meralco, is working closely to identify areas of cooperation, including co-location of facilities, joint pole agreements, use of each other's fiber optic networks, cross marketing and selling to each other's subscriber bases, as well as broadband over power lines and prepaid metering.

On 25 May, 2010, Manuel V. Pangilinan, Chairman of PLDT and Managing Director and Chief Executive Officer of First Pacific, was appointed by the Meralco Board of Directors to the position of President and Chief Executive Officer of Meralco as well as Chairman of the Executive Committee. Napoleon L. Nazareno, Chief Executive Officer of PLDT and Non-executive Director of First Pacific, was re-elected to the Meralco Board of Directors and Executive Committee on the same date.

Details of Meralco's performance in the first half of 2010 can be found in the MPIC section of this report.

2010 Outlook

The cellular business faces challenges given the high market penetration, the market's increasing preference for unlimited offers and multiple SIM ownership, competition from social networking and broadband, as well as aggressive competition among the industry players. While growth in both broadband subscribers and revenues is expected to continue, PLDT is studying opportunities for growth in areas that may complement the traditional telco business, such as the use of content.

Full-year 2010 service revenues are expected to grow 2% to Pesos 148 billion (US\$3.2 billion) owing to strong growth in fixed/wireless broadband, corporate and SME business for the fixed line and improvement in the BPO business.

PLDT will continue to invest in its network with expected capex for 2010 of Pesos 28.6 billion (US\$624.3 million), representing approximately 19% of 2010 forecast service revenues. Core net income in 2010 is expected to be slightly higher than the Pesos 41.1 billion (US\$860 million) core net income for 2009 as a result of the expected increase in revenues, the contribution from Meralco and lower income tax provision, slightly offset by higher financing charges.

Reconciliation of reported results between PLDT and First Pacific

PLDT's operations are principally denominated in peso, which averaged Pesos 45.81 (1H09: Pesos 48.06) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on International Financial Reporting Standards (IFRSs), however, certain adjustments need to be made to PLDT's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June	2010	2009
Peso millions		
Net income under Philippine GAAP	21,679	19,720
Preference dividends ⁽ⁱ⁾	(44)	(45)
Net income attributable to common shareholders	21,635	19,675
Differing accounting and presentational treatments ⁽ⁱⁱ⁾		
- Reclassification of non-recurring items	342	-
- Others	(1,561)	(2,075)
Adjusted net income under Hong Kong GAAP	20,416	17,600
Foreign exchange and derivative (gains)/losses ⁽ⁱⁱⁱ⁾	(791)	1,119
PLDT's net income as reported by First Pacific	19,625	18,719
US\$ millions		
Net income at prevailing average rates for 1H10: Pesos 45.81 and 1H09: Pesos 48.06	428.4	389.5
Contribution to First Pacific Group profit, at an average shareholding of 1H10: 26.5% and 1H09: 26.4%	113.3	102.9

- (i) First Pacific presents net income after deduction of preference dividends.
- (ii) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- Reclassification of non-recurring items: Certain items through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 1H10 of Pesos 342 million represents share of Meralco's non-recurring losses of Pesos 227 million and asset impairment provisions of Pesos 115 million.
 - Others: The adjustment principally relates to the accrual of withholding tax on PLDT's net income in accordance with the requirements of HKAS 12 "Income Taxes".
- (iii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains/losses (net of related tax) are excluded and presented separately.

MPIC

MPIC's quality infrastructure portfolio comprising the following assets offering water distribution, toll roads, electricity distribution and healthcare services:

- 58.0% in Maynilad Water Services, Inc. ("Maynilad")
- 99.8% in Metro Pacific Tollways Corporation ("MPTC") which owns 67.1% of Manila North Tollways Corporation ("MNTC")
- 50.0% in Beacon Electric Asset Holdings, Inc. ("Beacon") which owns 34.8% of Manila Electric Company ("Meralco")
- 35.1% in Medical Doctors, Inc. ("MDI"), which owns 100% of Colinas Verdes Hospital Managers Corporation ("CVHMC"), the operator of Cardinal Santos Medical Center ("CSMC")
- 34.9% in Davao Doctors Hospital ("DDH")
- 51.0% in Riverside Medical Center, Inc. ("RMCI")

MPIC's contribution to the Group increased 55.5% to US\$22.7 million (1H09: US\$14.6 million) reflecting higher contribution from all its businesses with the exception of healthcare.

Consolidated core net income ↑1.7times	<ul style="list-style-type: none">• to Pesos 1,926 million (US\$42.0 million) from Pesos 716 million (US\$14.9 million)• Maynilad, MPTC, Meralco and Healthcare accounted for 46%, 27%, 24% and 3%, respectively, of MPIC consolidated profit contribution from operations, partly offset by higher interest expenses in relation to investments in Meralco and the issuance of convertible bonds, and higher personnel-related expenses
Revenues ↑18%	<ul style="list-style-type: none">• to Pesos 8,860 million (US\$193.4 million) from Pesos 7,508 million (US\$156.2 million)• reflecting improved performance from Maynilad and MPTC
Consolidated reported net income ↑3%	<ul style="list-style-type: none">• to Pesos 1,754 million (US\$38.3 million) from Pesos 1,696 million (US\$35.3 million)• reflecting slower growth than core net income due to a significant non-recurring income recorded in the first half of 2009 as part of the rate rebasing exercise for Maynilad in May 2009
Non-recurring losses	<ul style="list-style-type: none">• Pesos 172 million (US\$3.8 million)• provisions at Meralco
Consolidated debt ↓24%	<ul style="list-style-type: none">• to Pesos 32.7 billion (US\$704.7 million) from Pesos 42.8 billion (US\$926.1 million) as at 31 December 2009• reflecting loan repayments in the first quarter

Interim Dividend

The Board of Directors declared an interim cash dividend of Peso 0.01 (U.S. 0.022 cent) per share.

Maynilad

Maynilad operates a franchise that runs until 2037 for the sole water distribution system for the western half of Metro Manila, with a population of 9.3 million in a franchise that runs until 2037. During MPIC's operation of Maynilad, pipeline network expansion and leak repair have reduced the unserved population within the franchise area by 30% to 1.22 million and reduced the underserved population by 27% to 3.03 million.

Total billed water volume ↑10%	<ul style="list-style-type: none">• to 183 million cubic meters from 167 million cubic meters• reflecting a rise in total billed customers• partially offset by a 1% decline in average daily consumption for the period to 1.21 cubic meters per day as water resources decreased as a result of below-average rainfall
Total billed customers ↑9%	<ul style="list-style-type: none">• to 846,682 from 777,160 a year earlier• 77% of the customers are residential and semi-business and the remaining 23% are commercial and industrial
Average non-revenue water ↓10%	<ul style="list-style-type: none">• to 55% from 61%• 53% in June 2010• reflecting successes in leakage identification and repair, and redirecting available water to areas with fewer leaks
Revenues ↑24%	<ul style="list-style-type: none">• to Pesos 5,860 million (US\$127.9 million) from Pesos 4,743 million (US\$98.7 million)• reflecting higher billed water volume, additional water service connections, a higher average tariff and increased sewer service income
Core net income ↑87%	<ul style="list-style-type: none">• to Pesos 2,451 million (US\$53.5 million) from Pesos 1,308 million (US\$27.2 million)• higher than the growth in revenues due to decreased amortization of concession assets

- Core EBITDA ↑24%
 - to Pesos 3,737 million (US\$81.6 million) from Pesos 3,009 million (US\$62.6 million)
- Reported net income ↑5%
 - to Pesos 2,428 million (US\$53.0 million) from Pesos 2,316 million (US\$48.2 million)
 - reflecting slower growth than core net income due to a significant non-recurring income in the first half of 2009 as a result of the rate rebasing exercise in May 2009

Maynilad's major source of water is Angat which recorded historically low levels in July 2010. To minimize the impact from the recent water shortage, Maynilad implemented the following initiatives:

- recovered over 113 million liters per day of water by fixing over 34,000 leaks during the period, taking advantage of a governmental waiver of a requirement to secure permits before repairing leaks
- Installed five additional water tanks for water storage
- delivered water to affected communities by water tankers
- activated the Putatan water treatment plant, with expected production of 100 MLD by September 2010
- developing alternative raw water sources

Maynilad's revised capital expenditure plan enabled it to secure a six-year income tax holiday commencing in January 2010. It plans to reinvest additional funds arising from the tax holiday into network improvements.

By the end of 2010, Maynilad aims to further reduce non-revenue water to 51%, to increase the share of customers receiving water pressure of 7 pounds per square inch ("psi") to 84% of the total, to boost the share of customers receiving water 24 hours a day to 68% and to increase population coverage within the franchise area to 85%.

It plans to invest a total of Pesos 21 billion (US\$452.9 million) in capital expenditure from 2010 to 2012, with the aim of reducing non-revenue water to 40%, achieving 92% population coverage in the franchise area with all customers served enjoying 24-hour water supply and water pressure of 7 psi.

MPTC

MPTC, through its 67.1% interest in MNTC and 46.0% interest in Tollways Management Corporation ("TMC"), operates the North Luzon Expressway ("NLEX"), the Subic Clark Tarlac Expressway ("SCTEX") and the Subic Freeport Expressway. The franchise for NLEX runs until 2037.

In June 2010, the Bases Conversion and Development Authority granted MNTC a franchise to operate and maintain the 94-kilometer SCTEX for 25 years and renewable for another 8 years to 2043. The total MPTC toll road network comprises a total of 187 kilometers for a 62% share of all toll roads in the Philippines

MPTC's improvement in operational performance continues. The 2.7-kilometer Segment 8.1 opened in June 2010 and average daily traffic rose 5% to 158,729 vehicle entries per day from 151,653 a year earlier as a result of marketing initiatives and stable fuel prices.

- Revenues ↑6%
 - to Pesos 2,922 million (US\$63.8 million) from Pesos 2,765 million (US\$57.5 million)
 - reflecting higher traffic volumes and longer average journeys as a result of marketing initiatives aimed at boosting local tourism and higher traffic from commercial vehicles in spite of the gradual increase in fuel prices
- Core net income ↑18%
 - to Pesos 753 million (US\$16.4 million) from Pesos 636 million (US\$13.2 million)
 - reflecting lower provisions for heavy maintenance this year
- Core EBITDA ↑6%
 - to Pesos 1,827 million (US\$39.9 million) from Pesos 1,718 million (US\$35.7 million)
 - in line with the growth in revenues
- Reported net income ↓8%
 - to Pesos 561 million (US\$12.2 million) from Pesos 608 million (US\$12.7 million)
 - reflecting a non-recurring and non-cash provision relating to the imposition of value added taxes ("VAT") on toll rates

The construction of the 2.4-kilometer Segment 9 is expected to be completed by the end of 2011, followed by completion of the 5.6-kilometer Segment 10 by mid-2013. In June 2010, the Department of Public Works and Highways ("DPWH") accepted an unsolicited proposal from Metro Pacific Tollways Development Corporation ("MPTDC"), a wholly-owned subsidiary company of MPTC, for the development of a 13.5-kilometer Connector Road between the NLEX and the South Luzon Expressway ("SLEX")/Skyway. The construction of the four-lane elevated expressway over an existing railway is scheduled to start in 2012. The bid has been granted original proponent status by DPWH and is being reviewed by the National Economic Development Authority. The opening of the Connector Road is expected to drive an increase in traffic volumes and reduce the journey time across Metro Manila by approximately one hour.

Meralco

MPIC holds a 17.4% economic interest in Meralco, the largest electricity distributor in the Philippines, with a franchise to distribute electricity in most of Luzon until 2028. The franchise area produces 46% of the country's gross domestic product and is home to 26% of the Philippines' population. Meralco accounts for approximately 60% of total electricity sales in the Philippines.

System reliability improved by 26.4% in the first half of 2010 while system availability improved by 21%. System loss declined to a record low of a 12-month moving average of 7.9% as of June 2010, well below the regulatory requirement of 8.5%. The number of customers served by Meralco increased 3.2% to approximately 4.8 million.

Meralco's revenues ↑35%

- to Pesos 127,463 million (US\$2,782 million) from Pesos 94,459 million (US\$1,966 million)
- reflecting a 14% increase in energy sales to 14,950 GWh, higher average purchased power and transmission pass-through cost, and higher average tariffs under the Performance Based Regulatory ("PBR") regime

Meralco's core net income ↑82%

- to Pesos 5,805 million (US\$126.7 million) from Pesos 3,185 million (US\$66.3 million)
- reflecting higher tariffs and energy sales

EBITDA margin

- unchanged at 9%

Consolidated debt ↓7%

- to Pesos 20.3 billion (US\$437.4 million) from Pesos 21.8 billion (US\$472.2 million)
- reflecting an improved cash position of Meralco due to improved earnings in the period
- 79% is long-term

In February 2010, Meralco's Board of Directors approved a dividend policy of a regular payout of 50% of core net income plus a "look back" approach at the end of the year for any supplementary special dividend. The Board has approved a cash interim dividend of Pesos 2.5 per share versus Pesos 1.5 per share a year earlier. 2010 dividend payments to date total Pesos 5.65 per share compared with Pesos 2.5 per share in 2009.

On May 25, 2010, Manuel V. Pangilinan, Chairman of MPIC and Managing Director and Chief Executive Officer of First Pacific, was appointed by the Meralco Board of Directors to the position of President and Chief Executive Officer of Meralco as well as Chairman of the Executive Committee. Jose Ma. K. Lim, Chief Executive Officer of MPIC, was elected to Meralco's Audit and Risk Management Committee at the same time.

Healthcare

MPIC is developing the Philippine's first nationwide premier private healthcare portfolio of hospitals to deliver improved services including diagnostic, therapeutic and preventive medical services. It is the single largest shareholder of MDI, DDH and RMCI. The MPIC healthcare division's total bed capacity was 1,336 at the end of the period.

During the period, MPIC expanded its healthcare portfolio by acquiring a 51.0% interest in RMCI, the largest hospital in Bacolod with a bed capacity of 324.

MDI operates and manages the Makati Medical Center ("MMC") which has a 471-bed capacity and a training facility for approximately 750 nursing students. It is located at the primary central business district in Makati and specializes in oncology and cardiology.

DDH is the largest private hospital in Davao City with a 306-bed capacity and is considered the best medical facility in Mindanao. It is the largest medical institution in Mindanao. DDH operates a teaching institution Davao Doctors College Inc., which currently has approximately 1,900 students and is in the process of establishing a specialist eye center.

CVHMC's operating contract for the 235-bed CSMC facility in Metro Manila runs until 2029. MPIC is committed to investing Pesos 750 million (US\$16.2 million) by 2019 to upgrade CSMC's medical facilities, equipment and parking facilities to enhance the range and quality of services.

Revenues ↑3%

- to Pesos 2,831 million (US\$61.8 million) from Pesos 2,760 million (US\$57.4 million)
- a 4% revenue growth at MMC and a 5% at CSMC
- consolidated one month contribution of Pesos 76 million (US\$1.7 million) from RMCI

Core EBITDA ↓9%

- to Pesos 540 million (US\$11.8 million) from Pesos 591 million (US\$12.3 million)
- reflecting the reduction in core net income

Core net income ↓25%

- to Pesos 181 million (US\$4.0 million) from Pesos 242 million (US\$5.0 million)
- principally reflecting higher operating expenses for personnel, equipment and infrastructure following investments in improved facilities, and lower revenues from three nursing colleges

The healthcare division continues to invest in improving infrastructure, equipment and facilities, leveraging its technical and professional expertise to expand services and enhance operational efficiency across its hospitals. The division continues to evaluate opportunities for expansion through the acquisition of additional hospitals in strategic areas in the Philippines.

Manila North Harbour - Divested

In June 2010, MPIC divested its entire 35.0% interest in Manila North Harbour Port, Inc. to its joint venture partner Harbour Center Port Terminal, Inc. with investment costs fully recovered.

2010 Outlook

MPIC will report a full year's contribution from Meralco and is expected to receive a cash dividend from Maynilad. During the second half of the year, it is expected that Maynilad will see increased water supply and the healthcare division will see increased take-up of services, led by new diagnostic and treatment services. However, the imposition of VAT, which remains uncertain, may have an adverse impact on NLEX's traffic growth.

The longer term prospects for each portfolio company are very positive. Meralco plans to participate in electricity generation and retail electricity sales; Maynilad is accelerating its development to reach the 1.22 million unserved population and 3.03 million underserved customers in the water franchise area; MPTC's plans to drive traffic higher by connecting the Northern and Southern toll road networks through Metro Manila are progressing; and the integration of the existing four hospitals under the healthcare division is ongoing.

Reconciliation of reported results between MPIC and First Pacific

MPIC's operations are principally denominated in peso, which averaged Pesos 45.81 (1H09: Pesos 48.06) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to MPIC's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June	2010	2009
Peso millions		
Net income under Philippine GAAP	1,754	1,696
Differing accounting and presentational treatments ⁽ⁱ⁾		
- Reclassification of non-recurring items	143	(971)
- Others	(54)	-
Adjusted net income under Hong Kong GAAP	1,843	725
Foreign exchange and derivative losses/(gains) ⁽ⁱⁱ⁾	29	(9)
MPIC's net income as reported by First Pacific	1,872	716
US\$ millions		
Net income at prevailing average rates for 1H10: Pesos 45.81 and 1H09: Pesos 48.06	40.9	14.9
Contribution to First Pacific Group profit, at an average shareholding of 1H10: 55.6% and 1H09: 97.8%	22.7	14.6

- (i) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- *Reclassification of non-recurring items: Certain items through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 1H10 of Pesos 143 million principally represents share of Meralco's non-recurring losses. Adjustment for 1H09 of Pesos 971 million principally represents Maynilad's reversal of provision for deferred credits following a resolution of new tariff rates with the regulator.*
 - *Others: The adjustment principally relates to revenue recognition regarding pre-completion contracts for sale of development properties. Under Philippine GAAP, MPIC recognizes revenue from pre-completion contracts for sale of development properties based on the percentage of completion method. HKAS 18 "Revenue" and Hong Kong International Financial Reporting Interpretation Committee - Interpretation (HKIFRIC-Int) 15 "Agreements for the Construction of Real Estate" requires the recognition of revenue for such contracts based on the satisfaction of certain conditions, which includes the transfer of significant risks and rewards of ownership of the properties to the buyers and the absence of continuing managerial involvement to the degree usually associated with ownership and effective control over the properties sold.*
- (ii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative losses/gains (net of related tax) are excluded and presented separately.

INDOFOOD

During the first half of 2010, Indofood's improved financial performance continued into its sixth year with contributions from all of its four complementary strategic businesses: Consumer Branded Products, Bogasari, Agribusiness and Distribution. Indofood is a vertically integrated food company with production operations ranging from raw materials through to consumer branded products to the distribution of these products to a market of more than 230 million people across the archipelago of Indonesia.

Indofood's contribution to the Group increased 151% to US\$79.7 million (1H09: US\$31.8 million), principally reflecting the stronger performance of the Consumer Branded Products and Bogasari groups as well as lower net interest expenses, partially offset by weaker performance of the cooking oil and fats division of the Agribusiness group as a result of lower sales volumes.

Consolidated net sales ↑0.2%	<ul style="list-style-type: none">to Rupiah 18.12 trillion (US\$1.97 billion) from Rupiah 18.08 trillion (US\$1.65 billion)reflecting the increase in sales in the Consumer Branded Products, offset by reduction in volume in the Agribusiness and the reduction in volume and selling prices in the Bogasari groupcontributions from CBP, Bogasari, Agribusiness and Distribution groups were 47.6%, 25.6%, 19.0% and 7.8% respectively
Gross profit margin	<ul style="list-style-type: none">to 32.5% from 26.1%reflecting strong performance in the CBP group and lower raw material costs
Consolidated operating expenses ↑10.6%	<ul style="list-style-type: none">to Rupiah 2.76 trillion (US\$299.9 million) from Rupiah 2.50 trillion (US\$226.5 million)due to higher variable selling expenses in conjunction with increases in sales volumes andhigher employee-related expenses
EBIT margin	<ul style="list-style-type: none">to 17.2% from 12.3%resulting from stronger performance by the CBP and Bogasari groups mainly reflecting overall lower input prices and the strengthening of the Rupiah
Core income ↑132.1%	<ul style="list-style-type: none">to Rupiah 1.38 trillion (US\$150.0 million) from Rupiah 595.2 billion (US\$54.0 million)reflecting stronger operating results
Net income ↑76.4%	<ul style="list-style-type: none">to Rupiah 1.41 trillion (US\$153.2 million) from Rupiah 799.7 billion (US\$72.6 million)reflecting the strong operating results and lower net interest expenses
Net gearing	<ul style="list-style-type: none">to 0.67 times from 0.83 times at the end of 2009 after taking into account the equity of minority interests in subsidiaries

Refinancing and Debt Profile

As at the end of June 2010, Indofood recorded gross debt of Rupiah 16.80 trillion (US\$1.85 billion) (31 December 2009: Rupiah 17.28 trillion (US\$1.84 billion)) of which Rupiah 6.74 trillion (US\$ 741.8 million) matures within a year. The remaining Rupiah 10.06 trillion (US\$1.11 billion) matures between 2011 and 2018.

Consumer Branded Products ("CBP")

The CBP group comprises Noodles, Dairy, Food Seasonings, Snack Foods (including Biscuits) and Nutrition & Special Foods. The CBP group reported significantly improved performance in the first half of 2010 as a result of its competitiveness, strong brand equity and distribution network.

All of the consumer branded product subsidiaries were consolidated into a single wholly-owned subsidiary, PT Indofood CBP Sukses Makmur ("ICBP"). This internal restructuring was completed on 17 March 2010.

Indofood's **Noodles** division is one of the world's largest producers of instant noodles. It has 15 production plants in Indonesia and one in Malaysia with a combined annual production capacity of around 15.7 billion packs per year. *Indomie*, *Supermi*, *Sarimi*, *Sakura*, *Pop Mie*, *Pop Bihun* and *Mi Telur Cap 3 Ayam* are the popular brands. Sales volumes continued to recover in the first half of 2010 partly due to macroeconomic conditions and the group's performance was stronger particularly as a result of focusing on higher value-added products.

The operating subsidiary in Dairy division, **Indolakto** is one of the largest dairy products manufacturers in Indonesia with a flagship brand *Indomilk*, producing sweetened condensed milk, UHT milk, sterilized bottled milk, pasteurized liquid milk as well as powdered milk, ice cream, yogurt drinks and butter. Consumption per capita for dairy products in Indonesia remains low at around 9 to 10 liters per year. In conjunction with increasing consumer awareness of the nutritional value of dairy products, volume continued to increase during the first half of 2010. To meet increasing demand, Indolakto plans to build a new factory with expected completion coming in stages starting in 2012.

The **Food Seasonings** division manufactures a wide range of culinary products, of which instant seasonings and chili sauce are the most popular. The division also produces soy sauce, tomato sauce and other condiments. All of its culinary products are marketed by Nestlé Indofood Citarasa Indonesia, a joint venture between Indofood and Nestlé. The division also manufactures, markets and sells syrup, a product whose sales have grown in the last few years as a result of strengthening brand equity and visibility. The Food Seasoning division's sales volumes in the first half of 2010 improved as a result of the success of *bumbu Racik*, and higher chili and syrup sales.

The **Snack Foods** division maintained its leadership position through its leading brands *Chitato* and *Lays* (potato chips), and *Qtela* (cassava chips), and the introduction of new products and packaging. Biscuits are marketed under the brand names *Trenz* and *Wonderland*. Sales volumes increased, led by high growth in *Qtela*, potato chips and biscuits, stimulated by focused marketing programs, enhanced product visibility in modern and traditional outlets as well as by increased distribution penetration in traditional outlets.

The **Nutrition & Special Foods** division produces food for babies, children, and milk for expectant and lactating mothers under two brands: *Promina* caters to higher-income groups, while *SUN* is marketed to the lower-middle segment. Sales volumes in the first half of 2010 continued to increase through focused marketing strategies.

Sales ↑10.1%

- to Rupiah 8.87 trillion (US\$963.4 million) from Rupiah 8.06 trillion (US\$731.3 million)
- accounting for 47.6% (2009: 43.4%) of Indofood's consolidated sales
- reflecting higher sales volumes across all divisions driven by enhanced marketing strategies and higher average selling prices, and higher domestic demand in conjunction with the general improvement in the economy

Sales volume

- Noodles up 4% to 5.8 billion packs from 5.6 billion packs
- Dairy up 9% to 88.3 thousand tonnes from 81.4 thousand tonnes and in liters up 6% to 44.6 million liters from 42.2 million liters
- Food Seasonings up 17% to 35.0 thousand tonnes from 29.9 thousand tonnes
- Snack Foods up 34% to 9.9 thousand tonnes from 7.4 thousand tonnes
- Nutrition & Special Foods up 22% to 7.5 thousand tonnes from 6.1 thousand tonnes

EBIT margin

- to 14.1% from 10.0% mainly reflecting overall lower raw material price and the strengthening of the Rupiah
- reflecting margin improvement, in particular for the Noodles, Dairy and Snack Foods divisions
- the Noodle division's margins significantly improved to 15.5% from 11.0% mainly due to lower flour costs and the full year impact of price increases which took place in August 2009
- the Dairy division's margins improved significantly to 13.4% from 7.4% due to price increases in January 2010 and lower input costs
- the Food Seasoning division's margins declined to 3.1% from 5.2% because of higher chili and sugar prices
- the Snack Foods division's margins improved to 6.7% from 5.5% due to volume growth
- the Nutrition & Special Foods division's margins declined to 9.3% from 12.6% reflecting higher raw material costs, particularly for mung beans and brown rice

The CBP group will continue to pursue cost efficiency measures to ensure its maintained competitiveness. The rural development program remains key to further increasing Indofood's product penetration in rural areas. Demand for the rest of 2010 is expected to remain strong as the economy recovers and the Consumer Confidence Index remains strong.

Bogasari

Bogasari is the largest integrated flour miller in Indonesia. Its flour mills located in Jakarta and Surabaya have a combined annual milling capacity of 3.2 million tonnes of wheat flour. It also manufactures pasta for both domestic and international markets. Its six ocean-going vessels mainly transport wheat supplies from Australia, the United States and Canada to Indonesia.

The competitive environment continued to be a challenging one for Bogasari. The number of domestic millers has tripled in the last two years and the volume of imported flour, particularly from Turkey, has also been increasing. Despite the challenge, Bogasari continued to maintain its market leadership supported by its well-established brand equity (*Segitiga Biru*, *Cakra Kembar* and *La Fonte*), customer loyalty and its extensive distribution network. During the first half of 2010 the group's focus was directed toward balancing profitability and market share. Bogasari's strategies will dynamically evolve in response to market conditions.

- Sales ↓12.8%
 - to Rupiah 6.16 trillion (US\$668.6 million) from Rupiah 7.06 trillion (US\$640.2 million)
 - accounting for 25.6% (2009: 29.7%) of Indofood's consolidated sales
 - reflecting lower sales volumes and average selling prices
- Sales volume of food flour ↓4.1%
 - to 1,092 thousand tonnes from 1,139 thousand tonnes
 - reflecting the division's strategy to improve margins
- EBIT margin
 - to 15.2% from 7.2%
 - reflecting the division's strategy of focusing margin improvement and lower input prices and the strengthening of the Rupiah

Agribusiness

The Agribusiness group consists of three divisions: Plantations, Cooking Oils and Fats, and Commodities, which operate through Indofood's 58.2%-owned Singapore-listed subsidiary Indofood Agri Resources Ltd. ("IndoAgri") and IndoAgri's 58.8% owned Indonesia-listed subsidiary, PT PP London Sumatra Indonesia Tbk ("Lonsum"). The Agribusiness group is a market leader in Indonesia's branded cooking oil and margarine segments, and is one of the lowest-cost palm oil producers in the world.

The Agribusiness group is vertically integrated, producing a number of leading food products derived from palm oil. Its operations cover the entire value chain from research and development, oil palm seed breeding and oil palm cultivation to milling, refining, branding and marketing of cooking oil, margarine, shortening and other palm oil derivative products. It also operates rubber, sugar cane, cocoa, tea and coconut plantations.

Plantations: IndoAgri and Lonsum have a combined planted area of 231,307 hectares at the end of June 2010. Oil palm is the dominant crop, and 40% of the palms are younger than seven years old. During the period, new plantings of oil palms was 3,678 hectares and the crude palm oil ("CPO") extraction rate was at 22.6%. The planted area of sugar cane increased by 1,865 hectares to 10,537 hectares. The group operates 20 palm oil mills with a total annual processing capacity of 4.5 million tonnes of fresh fruit bunches. Its North Sumatra oil palm estates and mills, which produce 170,000 tonnes of sustainable CPO annually, have attained RSPO certification.

Cooking Oils and Fats This division manufactures cooking oils and fats and markets products under various brands for both export and domestic consumption. IndoAgri's main premium branded products, *Bimoli* and *Simas Palmia*, have leading market shares in the branded cooking oils and margarine segment in Indonesia. Approximately 75% of margarine and shortening sales were industrial packs supplied to domestic bakeries, snack and biscuit manufacturers. The division has refinery capacity of 1.0 million tonnes per annum and approximately 77% of this division's refinery needs are sourced from the plantation division's CPO production.

The **Commodities** division mainly produces crude coconut oil and derivative products, most of which are exported to the United States, Europe, and Asia. The division operates three copra-crushing plants with a combined annual production capacity of 270,000 tonnes.

- Sales ↑4.9%
 - to Rupiah 5.87 trillion (US\$637.6 million) from Rupiah 5.60 trillion (US\$507.6 million)
 - reflecting higher commodity prices despite lower sales of edible oil products and flat CPO sales due to lower production caused by adverse weather
 - accounted for 19.0% (2009: 19.1%) of Indofood's consolidated sales
 - Plantations, Cooking Oils and Fats and Commodities accounted for 49%, 44% and 7%, respectively, of the total sales of Agribusiness
- EBIT margin
 - to 13.8% from 15.0%
 - reflecting lower refining margin for Cooking Oils and Fats division
 - CPO average selling prices 3.0% higher and palm kernel average selling prices 23% higher
 - Cooking Oils and Fats declined to 0.5% from 4.3% reflecting mainly lower sales volume
 - Commodities margin of -2.6%, improving from -5.8%, reflecting lower input costs
- Sales volume of CPO ↓2.9%
 - decreased to 325 thousand tonnes from 335 thousand tonnes
 - Reflecting challenging weather conditions, particularly in South Sumatra during the first quarter of 2010
 - mature oil palm plantation increased by 18,699 hectares as more trees came into maturity in South Sumatra and Kalimantan

Palm oil remains a low-cost vegetable oil given its high production yield. Prices for CPO remained firm at US\$807 per ton (CIF Rotterdam) due to tight palm oil supply and lower palm oil inventory in Malaysia. However, the demand for palm oil is expected to remain strong through the rest of 2010, especially from emerging markets and as a result of increasing demand for bio-diesel, particularly in Europe.

The Agribusiness group's expansion focus is on new palm and sugar plantings. It is building two palm oil mills, in Kalimantan and South Sumatra, each capable of processing 45 tonnes of fresh fruit bunches per hour. The group also plans to complete construction in 2011 of a sugar refinery in South Sumatra capable of processing 8,000 tonnes per day of cane. The Jakarta refinery with annual refining capacity of 420 thousand tonnes aims to be completed in the fourth quarter of 2010.

The Medan fractionation capacity increased by 100 tonnes per day in June 2010 and its margarine capacity increased by 60 tonnes per day in May 2010. The Surabaya fractionation plant will increase capacity by 300 tonnes per day in the first quarter of 2011.

Distribution

The Distribution group is a major component of Indofood's Total Food Solutions chain of operations as it has the most extensive distribution network of stock points in Indonesia. It distributes the majority of Indofood's consumer products and third-party products across the archipelago. Indofood increased its market penetration and service standard through its stock points which are located in areas with a high density of retail outlets, ensuring high product availability. To further improve product visibility and increase availability, the group engaged merchandisers and canvassers, in conjunction with marketing efforts and promotions with its principals. The implementation of a new IT system since 2008 has complemented the Distribution group's strength.

Sales ↑0.7%

- to Rupiah 1.42 trillion (US\$153.7 million) from Rupiah 1.41 trillion (US\$127.5 million)
- accounting for 7.8% (2009: 7.8%) of Indofood's consolidated sales
- reflecting higher sales volumes

EBIT margin

- maintained at 1.5%

The group will further leverage its distribution system for increasing penetration in rural areas. Internal controls will continue to ensure higher cost efficiency. Its sales force will enhance communication with retail outlets to better understand and respond to customers' needs, while its team of merchandisers will ensure high product visibility in retail outlets.

2010 Outlook

The Indonesian economy is expected to grow at a healthy pace, fueled by domestic consumption. Demand for Indofood's products is expected to be strong as the largest portion of private consumption expenditures is on food. Indofood will focus on maximizing synergies within the group through the consolidation of the CBF business, enhancement of marketing strategies, and increasing product visibility and penetration in rural areas, as well as further enhancement of product innovation capabilities and expansion of product categories.

On the Agribusiness side, the company expects to commence sugar production in 2011 in conjunction with the completion of its South Sumatra sugar mill.

With new entrants to the flour market in Indonesia and increasing volumes of imported flour, the competitive environment for Bogasari is increasingly competitive. It will continue to invest in brand equity and strengthen its customer relationships as well as its distribution network while improving product quality and increasing efficiency in order to sustain its competitive advantage.

Reconciliation of reported results between Indofood and First Pacific

Indofood's operations are principally denominated in rupiah, which averaged Rupiah 9,208 (1H09: Rupiah 11,022) 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	2010	2009
Rupiah billions		
Net income under Indonesian GAAP	1,411	800
Differing accounting and presentational treatments ⁽ⁱ⁾		
- Reclassification of non-recurring items	20	21
- Gain on changes in fair value of plantations	20	185
- Foreign exchange accounting	27	27
- Others	57	76
Adjusted net income under Hong Kong GAAP	1,535	1,109
Foreign exchange and derivative gains ⁽ⁱⁱ⁾	(50)	(225)
Gain on changes in fair value of plantations ⁽ⁱⁱ⁾	(20)	(185)
Indofood's net income as reported by First Pacific	1,465	699
US\$ millions		
Net income at prevailing average rates for 1H10: Rupiah 9,208 and 1H09: Rupiah 11,022	159.1	63.4
Contribution to First Pacific Group profit, at an average shareholding of 1H10: 50.1% and 1H09: 50.1%	79.7	31.8

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

- Reclassification of non-recurring items: Certain items, through occurrence or size, are not considered usual operating items which are reallocated and presented separately. Adjustment for 1H10 of Rupiah 20 billion (1H09: Rupiah 21 billion) represents manpower rightsizing costs.
- Gain on changes in fair value of plantations: Under Indonesian GAAP, Indofood measures its plantations (biological assets) on a historical cost basis. HKAS 41 "Agriculture" requires the measurement of plantations at fair value less estimated point-of-sale costs. The adjustment relates to the change in fair value of plantations during the period.
- 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, as the originating capitalized foreign exchange losses has already been written off by First Pacific.

(ii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative gains (net of related tax) and gain on changes in fair value of plantations are excluded and presented separately.

Philex Mining Corporation

Philex's natural resources portfolio comprises:

Metals group

- Philex Mining Corporation
- Philex Gold Philippines, Inc.
- Silangan Mindanao Mining Co., Inc.

Energy group

- Brixton Energy and Mining Corporation
- Philex Petroleum Corporation, a holding company of Pitkin Petroleum Plc, Forum Energy Plc and Petro Energy Resources

Philex's contribution to the Group increased 71% to US\$3.6 million (1H09: US\$2.1 million) reflecting the Group's higher average economic interest in Philex and higher realized gold and copper prices during the period.

Philex is currently the largest mining company operating a gold-copper mine in the Philippines. It has been operating the Padcal Mine since 1958 and was the first operator of an underground block cave in the Far East. Philex's copper concentrate is shipped to Pan Pacific Copper Company Limited, a smelter based in Saganoseki, Japan. The Padcal Mine has a work force of 2,313. Its operating life is up to 2017 with proved reserves of 69 million tonnes reported as of 31 December 2009.

Total ore milled in the first half of 2010 increased 8% to 4.4 million tonnes at an average grade of 0.208% copper and 0.476 grams of gold per tonne (1H09: 0.239% copper and 0.624 grams of gold per tonne). Concentrate production decreased 10% to 29,376 tonnes due to lower ore grade. For the same reason, copper production declined 8% to 16.2 million pounds and gold output fell 22% to 51,122 ounces. Copper contributed 46% of mining revenue and gold accounted for 51%, with the remainder contributed by silver, petroleum and coal. During the period, the average realized price for gold increased to US\$1,054 per ounce (1H09: US\$881 per ounce) and the average realized copper price increased to US\$3.04 per pound (1H09: US\$2.18 per pound). The production cost of ore per tonne was Pesos 557 (US\$12.2) while revenue was Pesos 1,086 (US\$23.7).

As at 30 June 2010, Philex had Pesos 2.1 billion (US\$45.3 million) of cash and Pesos 474 million (US\$10.2 million) of short-term bank loans.

Core net income ↑4%

- to Pesos 984 million (US\$21.5 million) from Pesos 948 million (US\$19.7 million)
- reflecting higher metal prices and a small contribution from the energy group, partially offset by lower ore grades from Padcal Mine

Net income attributable to owners of the parent company ↓17%

- to Pesos 974 million (US\$21.3 million) from Pesos 1,170 million (US\$24.3 million)
- reflecting copper revenue up 28% to Pesos 2.2 billion (US\$48.0 million), gold revenue down 6% to Pesos 2.5 billion (US\$54.6 million), revenue from energy group up 11 times to Pesos 116 million (US\$2.5 million) and revenue from coal trading of Pesos 14 million (US\$0.3 million)
- tonnes milled increased 8% to 4.4 million tonnes, however due to lower ore grades, the volume of copper production declined 8% to 16.2 million pounds and gold declined 22% to 51,122 ounces
- marked-to-market non-recurring gains of Pesos 330 million (US\$6.9 million) were recorded in the first half of 2009

Operating costs and expenses ↑10%

- to Pesos 3,105 million (US\$67.8 million) from Pesos 2,820 million (US\$58.7 million)
- reflecting a 9% increase in production costs due to higher materials and supplies costs and purchase contracts on account of higher tonnage
- a 19% increase in general and administrative expenses

Capital expenditure (including exploration costs) ↑30%

- to Pesos 1,098 million (US\$24.0 million) from Pesos 846 million (US\$17.6 million) due to increased drilling activities for the Silangan Project, and mine development and acquisition of new machineries and equipment for the Padcal Mine

Net interest income ↓80%

- to Pesos 9 million (US\$0.2 million) from Pesos 44 million (US\$0.9 million)
- resulting from a reduction in cash being placed on deposit

Net foreign exchange loss

- flat at Pesos 14 million (US\$0.3 million)

Interim Dividend

The Board of Directors of Philex declared an interim dividend of Peso 0.05 (U.S. 0.11 cent) per share, representing a payout ratio of about 25% of its core earnings.

Silangan Project

The development project is located in Surigao del Norte, Northern Mindanao in the Philippines, and comprises two gold and copper deposits: Boyongan and Bayugo.

Independent Resources Estimations ("IRES") of South Africa completed a pre-feasibility study on Boyongan in October 2008 and concluded that based on the assumptions used in their report, the Boyongan deposit is technically and financially feasible, with proven mineral reserves of 65.8 million tonnes containing 1.39 grams of gold and 0.87% copper per tonne.

Listed below are the resources and proved reserves of the Padcal Mine and Silangan Project based on the latest status:

	Silangan Project			
	Padcal Mine (as of December 2009)	Boyongan (as of October 2008)	Bayugo (as of November 2009)	
			Indicated	Inferred
Resources (million tonnes)	156	105 *	86	33
Gold (gram/tonne)	0.50	0.98	0.73	0.63
Copper (%)	0.24	0.80	0.88	0.75
Proved Reserves (million tonnes)	69	66	Resource estimation ongoing	
Gold (gram/tonne)	0.44	1.39		
Copper (%)	0.22	0.87		

* Measured and indicated

Hedging Positions

As of 30 June 2010, Philex has outstanding contracts for purchased gold put options totaling 55,500 ounces at an average strike price of US\$849.15 per ounce, outstanding contracts for purchased copper put options amounted to 7,800 tonnes at an average strike price of US\$3.00 per pound. All outstanding contracts have a maturity up to December 2010.

2010 Outlook

The production volume and metal grades from Padcal Mine are expected to improve in the second half of 2010 and copper and gold prices to remain stable as demand from the region remains high. The development of the energy operations is on track to deliver an increased contribution to Philex. The Silangan Project is scheduled to complete its definitive feasibility study and to enter development phase by 2011. At the same time there is ongoing exploration at the Padcal Mine tenement where mining operations currently occupy a small fraction of Philex's license area.

Reconciliation of reported results between Philex and First Pacific

Philex's operations are principally denominated in peso, which averaged Pesos 45.81 (1H09: 48.06) to the U.S. dollar. Its financial results are prepared under Philippine GAAP and reported in peso. First Pacific's financial results are prepared under Hong Kong GAAP and reported in U.S. dollars. Philippine GAAP and Hong Kong GAAP are largely based on IFRSs, however, certain adjustments need to be made to Philex's reported peso results to ensure full compliance with Hong Kong GAAP. An analysis of these adjustments follows.

For the six months ended 30 June	2010	2009
Peso millions		
Net income under Philippine GAAP	974	1,170
Differing accounting and presentational treatments ⁽ⁱ⁾		
- Depreciation of revaluation increment of assets	(284)	(390)
- Revenue recognition regarding sale of mine products	(244)	(173)
- Others	(97)	(117)
Adjusted net income under Hong Kong GAAP	349	490
Foreign exchange and derivative losses/(gains) ⁽ⁱⁱ⁾	10	(8)
Philex's net income as reported by First Pacific	359	482
US\$ millions		
Net income at prevailing average rates for		
1H10: Pesos 45.81 and 1H09: Pesos 48.06	7.8	10.0
Contribution to First Pacific Group profit, at an average shareholding of		
1H10: 45.5% and 1H09: 21.5%	3.6	2.1

- (i) Differences in accounting treatment under Philippine GAAP, compared with Hong Kong GAAP, and other presentational differences. The principal adjustments include:
- Depreciation of revaluation increment of assets: A fair value assessment was performed at the date of acquisition of Philex and certain revaluation increment adjustments have been made to property, plant and equipment. The adjustment relates to the recognition of additional depreciation based on the revalued fair value of property, plant and equipment.
 - Revenue recognition regarding sale of mine products: Philex recognizes revenue based on the production of mine products. HKAS 18 "Revenue" requires the recognition of revenue based on the satisfaction of certain conditions, which includes the transfer of significant risks and rewards of ownership of the products to the buyers and the absence of continuing managerial involvement to the degree usually associated with ownership and effective control over the products sold.
 - Others: The adjustment principally relates to the accrual of withholding tax on Philex's net income in accordance with the requirements of HKAS 12 "Income Taxes".
- (ii) To illustrate the underlying operational results and profit contributions, foreign exchange and derivative losses/gains (net of related tax) are excluded and presented separately.

2010 GOALS: HALF-YEAR REVIEW

First Pacific

Goal: Promote the continuing growth in profitability across all group companies

Achievement: *Achieved and ongoing.* All operating companies, which are at different stages of business development reported strong financial results for the first half of 2010, lifting First Pacific's recurring profit 51% to US\$191.9 million. Performance in the second half of the year is expected to remain strong.

Goal: Drive an increase in head office cashflow

Achievement: *Achieved and ongoing.* The Head Office operating cash inflow increased 21% to approximately US\$142 million as a result of higher final and special cash dividends for 2009 received from PLDT and 2009 final dividends from Indofood and Philex. Cash inflow for the full year 2010 is expected to increase given PLDT's committed payout of 70% of its recurring earnings, Indofood's 40% and 25% at Philex. In addition, MPIC's Board declared an interim cash dividend of Peso 0.01 (U.S. 0.022 cent) per share.

Goal: Continue to explore investment opportunities in existing core businesses across the region

Achievement: *Ongoing.* First Pacific continues to evaluate complementary investment opportunities in telecoms, infrastructure, consumer food products and natural resources in the emerging markets of Asia.

PLDT

Goal: Achieve core net income for 2010 of over Pesos 41 billion

Achievement: *Ongoing.* Core net income increased by 2% to Pesos 21.2 billion (US\$462.8 million) in the period, reflecting PLDT's equity share in Meralco's net earnings and lower cost of sales, partially offset by higher financing costs.

Goal: Achieve continued growth of the broadband business in terms of subscribers and revenues, as a key driver to overall revenue growth in 2010

Achievement: *On-track.* Combined broadband subscribers – Digital Subscriber Line (“DSL”) fixed and wireless – grew 60% to 1.96 million, which accounted for approximately 59% of the broadband market. Total DSL, wireless broadband and internet service revenues rose 21% in the period to Pesos 8.0 billion (US\$174.6 million) with DSL ARPU at approximately Pesos 1,150 (US\$25.1) and net blended wireless ARPU at Pesos 465 (US\$10.2).

Goal: Upgrade the fixed and wireless networks within a capex budget of Pesos 28.6 billion to support broadband growth and the group's new initiatives in the wireless business, including more aggressive voice offers

Achievement: *Ongoing.* Capex for the period included investment in the secondary network that caters exclusively to unlimited service offerings. The success of *Red Mobile* and Smart's new unlimited offers stimulated text volume and voice minutes up 27% and 279%, respectively during the period.

Goal: Complete the consolidation of the voice/customer interaction services and business process outsourcing/knowledge processing solutions business into one entity

Achievement: *On-going.* ICT is undertaking the reorganization of its businesses into SPi Global Holdings (“SPi”) and ePLDT. SPi provides customer interaction services and call centers under the *Ventus* brand and knowledge processing solutions and business process outsourcing services. ePLDT operates data centers, internet and on-line gaming businesses.

Goal: Consolidate PLDT Communications and Energy Ventures, Inc.'s (“PCEV”) (formerly Pilipino Telephone Corporation) interest in Meralco with Metro Pacific Investments Corporation's (“MPIC”) Meralco stake into Beacon Electric Asset Holdings, Inc. (“Beacon”)

Achievement: *Achieved.* In March 2010, PCEV and MPIC completed the consolidation of a total of 28.2% interest in Meralco to a special purpose company Beacon Electric which is jointly owned by PCEV and MPIC. Beacon Electric subsequently exercised a call option to acquire an additional 6.6% interest in Meralco which increased its total interest in Meralco to 34.8%. PCEV's current direct interest in Meralco is approximately 6%.

MPIC

Goal: Complete the consolidation of MPIC's and Piltel's Meralco stake into Beacon

Achievement: *Achieved and ongoing.* In March 2010, Metro Pacific Investments Corporation's (“MPIC”) and PLDT Communications and Energy Ventures, Inc. (“PCEV”) (formerly Piltel) completed the consolidation of a total of 28.2% interest in Meralco to a special purpose company Beacon Electric Asset Holdings, Inc. (“Beacon”) which is jointly owned by MPIC and PCEV. Beacon subsequently exercised a call option to acquire an additional 6.6% interest in Meralco which increased its total interest in Meralco to 34.8%. At the last stage of consolidation, MPIC's interest in Meralco will be 21%.

Goal: Continue to grow billed volumes at Maynilad and minimize the impact of El Niño

Achievement: *Achieved and ongoing.* Total billed water volume increased 10% to 183 million cubic meters from 167 million cubic meters, water service connections increased 9% to 846,682. To minimize the negative impact of the water shortage, Maynilad is employing advance leak detection technology to further reduce system loss, has installed additional water tanks for water storage and has activated the Putatan water treatment plant while continuing to develop alternative water sources.

Goal: Conclude further investments in the Southern Tollway system and conclude the negotiations for the SCTEX franchise. Secure equity at the Metro Pacific Tollways Corporation level in order to fund these expansion projects

Achievement: *Achieved and ongoing.* In June 2010, the Bases Conversion and Development Authority granted MNTC the franchise to operate and maintain the 94-kilometer Subic-Clark-Tarlac Expressway for 25 years and renewable for another 8 years to 2043. MPIC is evaluating expansion opportunities in southern Luzon.

Goal: Conclude the acquisition of the largest hospital in the Visayas region, complete the renovation at Makati Medical, the redevelopment plans for Cardinal Santos and additional doctors' clinics at Davao Doctors

Achievement: *Achieved and ongoing.* The acquisition of 51.0% interest in Riverside Medical Center, Inc. ("RMCI"), the largest hospital in Bacolod with bed capacity of 324, was completed in May 2010. The renovation, redevelopment, facilities upgrading and integration of the existing four hospitals are on track.

Goal: Complete the takeover of Manila North Harbour

Achievement: *Divested.* In June 2010, as a result of inconclusive negotiation and agreements with the proposed partner, MPIC divested its entire 35.0% interest in Manila North Harbour Port, Inc. to its joint venture partner Harbour Center Port Terminal, Inc. with investment costs fully recovered.

Goal: Continue evaluating promising infrastructure projects

Achievement: *Ongoing.* MPIC continues to evaluate promising infrastructure opportunities in the Philippines.

Indofood

Goal: Focus on organic growth through product innovations and distribution penetration

Achievement: *Achieved and ongoing.* During the first half of 2010, the CBP group widened its offerings across a spectrum of food products while Indofood as a whole strengthened and extended its distribution network.

Goal: Expand oil palm and sugar plantation area through new planting

Achievement: *Achieved and ongoing.* The Agribusiness group planted 3,678 hectares of new palm oil trees and 1,865 hectares of sugar cane while extending the area devoted to rubber, tea, cocoa and coconut in the first half of 2010.

Goal: Enhance supply chain through increasing partnerships with farmers

Achievement: *Achieved and ongoing.*

Goal: To strengthen balance sheet and reduce debt

Achievement: *Achieved and ongoing.* As at 30 June 2010, Indofood recorded gross debt of Rupiah 16.80 trillion (US\$1.85 billion), down from Rupiah 17.28 trillion (US\$1.84 billion) as at 31 December 2009.

Goal: Continue harmonization of IT system

Achievement: *Achieved and ongoing.* The majority of IT systems investment has been completed. This is delivering increased efficiency while reducing waste across the entire distribution system and further refinements will continue to support this.

Philex Mining Corporation

Goal: Improve the output from the Padcal Mine to approximately 9 million tonnes of ore

Achievement: *Ongoing.* Total ore milled in the first half of 2010 increased 8% to 4.4 million tonnes at an average grade of 0.208% copper and 0.476 grams of gold per tonne (1H09: 0.239% copper and 0.624 grams of gold per tonne).

Goal: Complete the prefeasibility study of the Silangan Project

Achievement: *Ongoing.* The Silangan Project is scheduled to complete its definitive feasibility study and thereafter enter to development phase by 2011.

Goal: Start commercial operation of the Zamboanga coal mine of Brixton Energy & Mining Corporation

Achievement: *Ongoing.* On track to start commercial operation in the fourth quarter of 2010.

Goal: Further evaluate the opportunities of the energy group and the petroleum/hydro-carbon assets

Achievement: *Ongoing.* Exploration work for oil and gas deposits continues. The GSEC 101 over the Sampaguita natural gas discovery, northwest of Palawan under Forum Energy Plc was converted into Service Contract (SC) 72.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES

NET DEBT AND GEARING

An analysis of net debt and gearing for principal consolidated and associated companies follows.

Consolidated

US\$ millions	At 30 June 2010			At 31 December 2009		
	Net debt/(cash) ⁽ⁱ⁾	Total equity	Gearing ⁽ⁱⁱ⁾ (times)	Net debt/(cash) ⁽ⁱ⁾	Total equity	Gearing ⁽ⁱⁱ⁾ (times)
Head Office	879.2	1,792.5	0.49x	651.7	1,808.3	0.36x
MPIC	547.1	1,354.7	0.40x	706.1	1,303.6	0.54x
Indofood	1,205.0	2,201.8	0.55x	1,361.7	2,022.6	0.67x
Group adjustments ⁽ⁱⁱⁱ⁾	-	(991.3)	-	-	(1,095.4)	-
Total	2,631.3	4,357.7	0.60x	2,719.5	4,039.1	0.67x
Associated						
PLDT	1,390.9	2,035.8	0.68x	1,309.0	2,145.6	0.61x
Philex	(34.0)	389.9	-	(62.4)	386.4	-

(i) Includes restricted cash and pledged deposits

(ii) Calculated as net debt divided by total equity

(iii) Group adjustments mainly represents elimination of goodwill arising from acquisitions prior to 1 January 2001 against the Group's retained earnings and other standard consolidation adjustments to present the Group as a single economic entity.

Head Office's gearing increased principally because of its investments in MPIC's convertible bonds and additional interests in Philex. MPIC's and Indofood's gearing decreased principally due to lower net debt levels and growth of their equity as a result of the profit recorded for the period. PLDT's gearing increased as dividends reduced total equity. Philex's net cash reduced principally because of payments for capital expenditure, exploration costs and the privatization of Philex Gold, Inc.

The Group's gearing improved to 0.60 times level principally because of a growth of the Group's total equity as a result of the profit recorded for the period and a lower net debt level.

MATURITY PROFILE

The maturity profile of debt of consolidated and associated companies follows.

Consolidated

US\$ millions	Carrying amounts				Nominal values			
	At 30 June 2010		At 31 December 2009		At 30 June 2010		At 31 December 2009	
	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009
Within one year	865.9	829.7	867.3	830.4	867.3	830.4	867.3	830.4
One to two years	1,045.8	764.5	1,053.0	775.5	1,053.0	775.5	1,053.0	775.5
Two to five years	1,190.8	1,408.2	1,194.7	1,412.9	1,194.7	1,412.9	1,194.7	1,412.9
Over five years	447.9	682.9	454.0	692.9	454.0	692.9	454.0	692.9
Total	3,550.4	3,685.3	3,569.0	3,711.7	3,569.0	3,711.7	3,569.0	3,711.7

The change in the Group's debt maturity profile at 30 June 2010 principally reflects (a) MPIC early repayment of Pesos 11.2 billion (US\$241.6 million) borrowings, (b) Head Office's new borrowings of Pesos 5.4 billion (US\$116.5 million) arranged for the purchase of a 5.9% interest in Philex and (c) Indofood's repayment of borrowings.

In July 2010, FPMH Finance Limited, a wholly-owned subsidiary company of the Company, issued US\$300 million of 7.375% guaranteed secured bonds due July 2017, which changed the maturity profile of the Group's consolidated debt by increasing the amount of borrowings due over five years. The proceeds from the bonds have been/will be used to early repay US\$100 million loans and US\$195 million loans due within one year and one to two years, respectively. Of the US\$295 million total loan repayments, US\$250 million was repaid on 4 August 2010 while the remaining US\$45 million is expected to be repaid on 10 September 2010.

Associated

US\$ millions	PLDT				Philex			
	Carrying amounts		Nominal values		Carrying amounts		Nominal values	
	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009	At 30 June 2010	At 31 December 2009
Within one year	240.4	275.3	244.2	278.5	10.2	-	10.2	-
One to two years	473.1	232.3	499.1	265.1	-	-	-	-
Two to five years	762.4	1,079.4	807.9	1,125.6	-	-	-	-
Over five years	537.8	551.4	538.7	552.7	-	-	-	-
Total	2,013.7	2,138.4	2,089.9	2,221.9	10.2	-	10.2	-

The change in PLDT's debt maturity profile at 30 June 2010 principally reflects loan repayments and new borrowings arranged to finance capital expenditures and/or refinance its loan obligations which were utilized for service improvements and expansion programs.

CHARGES ON GROUP ASSETS

At 30 June 2010, certain bank and other borrowings were secured by the Group's property, plant and equipment, plantations, other intangible assets, accounts receivable, prepaid land premiums, cash and cash equivalents, and inventories equating to a net book value of US\$1,208.8 million (31 December 2009: US\$1,032.0 million) and the Group's interest of 24.3% (31 December 2009: 24.3%) in PLDT, 5.8% (31 December 2009: 2.0%) in Philex, 99.8% (31 December 2009: 99.8%) in MPTC, 16.5% (31 December 2009: 16.5%) in DMWC, 9.9% (31 December 2009: 9.9%) in Maynilad and none (31 December 2009: 10.5%) in Meralco.

FINANCIAL RISK MANAGEMENT

FOREIGN CURRENCY RISK

(A) Company risk

As the Head Office debts are currently denominated in U.S. dollars, foreign currency risk relates mainly to the receipt of cash dividends and to the translation of non-U.S. dollar denominated investments in subsidiary and associated companies.

The Company actively reviews the potential benefits of hedging based on forecast dividend flows and enters into hedging arrangements (including the use of forward exchange contracts) for managing its foreign currency exposure in respect of dividend income and payments in foreign currency on a transactional basis. In December 2009, a wholly-owned subsidiary company of the Company entered into a two-year Peso/U.S. dollar forward exchange contract, with several interim settlements, to hedge a portion of the peso-denominated dividend income from PLDT. However, the Company does not actively seek to hedge risks arising on the translation of foreign currency denominated investments due to (i) the non-cash nature of such exposure until the values of the investments are realized and (ii) the high costs associated with such hedging. Accordingly, the Company is exposed to the impact of foreign currency fluctuations on the translated U.S. dollar value of its foreign currency denominated investments.

With the exception of the Head Office, the principal components of the Group's NAV relate to investments denominated in the peso and rupiah. Accordingly, any change in these currencies, against their respective 30 June 2010 exchange rates, would have an effect on the Group's NAV in U.S. dollar terms.

The following table illustrates the estimated effect on the Group's adjusted NAV for a one per cent change of the peso and rupiah against the U.S. dollar.

Company	Effect on adjusted NAV ⁽ⁱ⁾ US\$ millions	Effect on adjusted NAV per share HK cents
PLDT	25.6	5.14
MPIC	6.8	1.36
Indofood	20.1	4.04
Philex	6.2	1.26
Total	58.7	11.80

(i) Based on quoted share prices as at 30 June 2010 applied to the Group's economic interest

(B) Group risk

The Group's operating results are denominated in local currencies, principally the peso and rupiah, which are translated and consolidated to give the Group's results in U.S. dollars.

NET DEBT BY CURRENCY

It is often necessary for operating entities to borrow in U.S. dollars, which results in the risk of a translation impact on local currency results. A summary of consolidated and associated companies' net debt by currency follows.

Consolidated

US\$ millions	US\$	Peso	Rupiah	Others	Total
Total borrowings	1,569.9	660.7	1,319.8	-	3,550.4
Cash and cash equivalents ⁽ⁱ⁾	(438.3)	(193.2)	(264.4)	(23.2)	(919.1)
Net debt/(cash)	1,131.6	467.5	1,055.4	(23.2)	2,631.3
Representing:					
Head Office	819.2	66.0	-	(6.0)	879.2
MPIC	145.6	401.5	-	-	547.1
Indofood	166.8	-	1,055.4	(17.2)	1,205.0
Net debt/(cash)	1,131.6	467.5	1,055.4	(23.2)	2,631.3

Associated

US\$ millions	US\$	Peso	Others	Total
Net debt/(cash)				
PLDT	834.1	562.0	(5.2)	1,390.9
Philex	(29.7)	(4.3)	-	(34.0)

(i) Includes restricted cash and pledged deposits

As a result of unhedged U.S. dollar net debt, the Group's results are sensitive to fluctuations in U.S. dollar exchange rates. The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in the principal operating currencies of subsidiary and associated companies. This does not reflect the indirect effect of fluctuating exchange rates on revenues and input costs at the operating company level.

US\$ millions	Total US\$ exposure	Hedged amount	Unhedged amount	Profit effect of 1% currency change	Group net profit effect
Head Office ⁽ⁱ⁾	819.2	-	819.2	-	-
MPIC	145.6	49.1	96.5	1.0	0.4
Indofood	166.8	-	166.8	1.7	0.6
PLDT	834.1	362.9	471.2	4.7	0.9
Philex	(29.7)	-	(29.7)	(0.3)	(0.1)
Total	1,936.0	412.0	1,524.0	7.1	1.8

(i) As the Group reports its results in U.S. dollars, unhedged U.S. dollar net debt at the Head Office does not give rise to any significant exchange exposure.

INTEREST RATE RISK

The Company and its operating entities are exposed to changes in interest rates to the extent that they impact the cost of variable interest rate borrowings. An analysis of this for consolidated and associated companies follows.

Consolidated

US\$ millions	Fixed interest rate borrowings	Variable interest rate borrowings	Cash and cash equivalents ⁽ⁱ⁾	Net debt/(cash)
Head Office ⁽ⁱⁱ⁾	361.1	634.9	(116.8)	879.2
MPIC ⁽ⁱⁱⁱ⁾	426.8	277.9	(157.6)	547.1
Indofood	476.8	1,372.9	(644.7)	1,205.0
Total	1,264.7	2,285.7	(919.1)	2,631.3
Associated				
PLDT	1,429.5	584.2	(622.8)	1,390.9
Philex	-	10.2	(44.2)	(34.0)

(i) Includes restricted cash and pledged deposits

(ii) In April 2009 and November 2009, a wholly-owned subsidiary company of the Company entered into two interest rate swap agreements, which effectively changed US\$245.0 million of Head Office's bank loans from London Inter-bank Offer Rate (LIBOR)-based variable interest rates to fixed interest rates. In July 2010, FPMH Finance Limited, a wholly-owned subsidiary company of the Company, issued US\$300 million of fixed interest rate bonds. US\$295 million of the proceeds from the issue of these bonds have been/will be used in repaying Head Office's variable interest rate borrowings in August/September 2010, which effectively changed the interest rate profile of the Head Office's and, hence, the Group's borrowings by reducing US\$295 million of their variable interest rate borrowings.

(iii) MNTC, a subsidiary company of MPIC, entered into certain interest rate swap agreements, which effectively changed US\$35.4 million of its bank loans at 30 June 2010 from LIBOR-based and Philippine Reference Rates (PHIREF)-based variable interest rates to fixed interest rates.

The following table illustrates the estimated effect on the Group's reported profitability for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings.

US\$ millions	Variable interest rate borrowings	Profit effect of 1% change in interest rates	Group net profit effect
Head Office ⁽ⁱ⁾	634.9	6.3	6.3
MPIC	277.9	2.8	1.1
Indofood	1,372.9	13.7	5.2
PLDT	584.2	5.9	1.1
Philex	10.2	0.1	-
Total⁽ⁱ⁾	2,880.1	28.8	13.7

(i) As a result of the repayment/proposed repayment of US\$295 million variable interest rate borrowings of Head Office in August/September 2010 (by using the proceeds from the US\$300 million fixed interest rate bonds issued by FPMH Finance Limited in July 2010), the estimated impact to the Head Office's and the Group's net profit for a one per cent change in average annual interest rates in respect of the variable interest rate borrowings reduces to US\$3.4 million and US\$10.8 million, respectively.

ADJUSTED NAV PER SHARE

There follows a calculation of the Group's underlying worth.

US\$ millions	Basis	At	At
		30 June 2010	31 December 2009
PLDT	(i)	2,558.5	2,803.4
MPIC	(i)	676.4	630.4
Indofood	(i)	2,008.6	1,660.2
Philex	(i)	627.3	690.8
Head Office - Net debt		(879.2)	(651.7)
- Receivable	(ii)	142.3	-
Total valuation		5,133.9	5,133.1
Number of ordinary shares in issue (millions)		3,881.7	3,860.3
Value per share			
- U.S. dollar		1.32	1.33
- HK dollars		10.32	10.37
Company's closing share price (HK\$)		5.30	4.74
Share price discount to HK\$ value per share (%)		48.6	54.3

(i) Based on quoted share prices applied to the Group's economic interest

(ii) Represents investment in MPIC's convertible bonds

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 1 June 2010, the Company announced that its Directors have approved a programme to repurchase up to US\$130 million (equivalent to approximately HK\$1 billion) in value of the Company's shares from the open market, by way of "on market repurchases", over a 24-month period.

In June 2010, the Company repurchased 1,650,000 ordinary shares on the SEHK at an aggregate consideration of US\$1.1 million before expenses. Details of the repurchases are summarized as follows:

Month of repurchases	Number of ordinary shares repurchased	Purchase price paid per share		Aggregate consideration paid	
		Highest HK\$	Lowest HK\$	HK\$ millions	US\$ millions
June 2010	1,650,000	5.50	5.05	8.7	1.1
Total	1,650,000			8.7	1.1

The repurchases were effected by the Directors with a view to benefiting the shareholders as a whole by enhancing the Company's net assets and earnings per share.

Except as disclosed above, neither the Company, nor any of its subsidiary companies, has made any purchase, sale or redemption of any of the Company's listed securities during the period.

CORPORATE GOVERNANCE

First Pacific is committed to building and maintaining high standards of corporate governance. The Company has adopted its own Code on Corporate Governance Practices (the First Pacific Code), which incorporates the principles and requirements set out in the Code on Corporate Governance Practices (CG Code) contained in Appendix 14 of the Listing Rules.

First Pacific has applied these principles and complied with all the CG Code mandatory provisions and has also met all of the recommended best practices in the CG Code throughout the current financial period, except for the following:-

1. The appointment of Independent Non-executive Directors (INEDs) representing at least one-third of the board, currently only four out of the current thirteen Directors are INEDs.
2. The disclosure of details of remuneration payable to members of senior management on an individual and named basis in the annual reports and accounts.
3. The announcement and publication of quarterly financial results within 45 days after the end of the relevant quarter.

Further information concerning our corporate governance practices has been set out on pages 54 to 72 of the Company's 2009 Annual Report.

Having made specific enquiry, the Company can confirm that all of the Directors have complied with the Company's code of conduct regarding directors' securities transactions, prepared and adopted on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 of the Listing Rules.

Connected and Continuing Connected Transactions

The Independent Non-executive Directors discussed with the Directors in relation to the following connected and continuing connected transactions and approved the disclosure in the form of published announcements:-

- 23 February 2010: entering into of new contracts relating to the flour business of the Indofood group between Bogasari Flour Mills, a division of Indofood, and PT Nippon Indosari Corpindo and PT Indotek Konsultan Utama.
- 17 May 2010 and 27 May 2010: connected transactions and continuing connected transaction arising out of an internal restructuring of certain entities within the Indo Agri group with a view to consolidate the Indo Agri group's joint ventures with the Salim Group in oil palm plantations and sugar plantation under a newly incorporated indirect subsidiary of First Pacific.
- 15 June 2010: entering into of new contracts between members of the Indofood group, PT Fastfood Indonesia and other associates of Mr. Anthoni Salim relating to new Plantations Business Transactions, new Distribution Business Transaction, new Flour Business Transaction and new Snack Foods Business Transactions, the revised aggregated 2010 Annual Caps for the respective businesses, as well as the revision of the 2010 Annual Caps for the existing Distribution Business Transaction.

Risk Management and Internal Control

The Board is responsible for maintaining an adequate system of internal controls in the Group and reviewing its effectiveness through the Audit Committee.

In addition, during the period ended 30 June 2010, the Audit Committee reviewed and advised that:

- The internal controls and accounting systems of the Group function effectively and are designed to provide reasonable assurance that material assets are protected, business risks attributable to the Group are identified and monitored, material transactions are executed in accordance with management's authorization and the financial statements are reliable for publication and compliant with all relevant laws and regulations.
- There are processes in place for identifying, evaluating and managing the material business risks faced by the Group. Such processes are incorporated in all the Group's businesses.

REVIEW STATEMENTS BY THE AUDIT COMMITTEE AND EXTERNAL AUDITORS

The Audit Committee and external auditors have reviewed the 2010 interim results, including the accounting policies and practices adopted by the Group.

INTERIM DIVIDEND

The Board has declared an interim cash dividend of HK6.00 cents (U.S. 0.77 cent) per ordinary share. It is expected that the interim dividend will be paid in the currencies in accordance with the registered address of the shareholders (i.e. HK dollars for Hong Kong, Macau and PRC shareholders, Sterling pounds for UK shareholders and U.S. dollars for shareholders of all other countries). Dividend warrants will be dispatched to shareholders on or about 22 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 14 to 16 September 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4.30 p.m. on Monday, 13 September 2010.

INTERIM REPORT

The 2010 Interim Report will be mailed to shareholders and will be available on the Company's website at www.firstpacific.com by the end of September 2010.

On behalf of the Board of Directors
First Pacific Company Limited
Manuel V. Pangilinan
Managing Director and Chief Executive Officer

Hong Kong, 30 August 2010

As at the date of this announcement, the Board of First Pacific comprises the following Directors:

Anthoni Salim, *Chairman*
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson
Napoleon L. Nazareno
Ambassador Albert F. del Rosario
Sir David W.C. Tang*, *KBE*

Tedy Djuhar
Ibrahim Risjad
Benny S. Santoso
Graham L. Pickles*
Professor Edward K.Y. Chen*, *GBS, CBE, JP*
Jun Tang*

* *Independent Non-executive Directors*