



# Press Release

## 2011 INTERIM FINANCIAL RESULTS

**RECURRING PROFIT UP 14.3% TO US\$219.4 MLN**  
**REPORTED NET PROFIT UP 16.3% TO US\$219.3 MLN**  
**RECURRING EPS UP 13.3% TO 5.63 U.S. CENTS PER SHARE**  
**INTERIM DIVIDEND UP 33% TO 8.0 HK CENTS (1.03 U.S. CENTS) PER SHARE**  
**TURNOVER UP 27.1% TO US\$2.7 BLN**  
**HIGHER CORE INCOME IN US\$ TERMS AT ALL OPERATING COMPANIES**  
**FULL-YEAR CONTRIBUTIONS FROM UNITS EXPECTED TO BE STRONG**

*Hong Kong, 29 August, 2011* – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or “the Company”) today reported its unaudited financial results for the first six (6) months of 2011 with recurring profit rising 14.3% to US\$219.4 million from US\$191.9 million a year earlier, as a result of significantly stronger earnings by all operating companies in U.S. dollar terms.

Reported net profit rose 16.3% to US\$219.3 million from US\$188.5 million reported in the same period last year, as acquisitions and investments made in earlier periods by First Pacific and its operating companies delivered increased contributions to earnings. Turnover rose 27.1% to US\$2.7 billion from US\$2.2 billion a year earlier.

“Our strong first-half earnings are a result of continuing strength in the emerging markets where earlier investments made by the Company are bearing fruit,” said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific.

First Pacific is a major shareholder in the Philippines’ biggest telecommunications, infrastructure and mining companies and in Indonesia’s biggest vertically-integrated food company. (Further details regarding these operating companies’ first-half financial results are below.)

Contributions from operations rose 18.6% to US\$260.1 million from US\$219.3 million. Each of the four operating companies reported increases in their own income in U.S. dollar terms.

Recurring earnings per share rose to 5.63 U.S. cents (43.9 HK cents) from 4.97 U.S. cents (38.8 HK cents) a year earlier. Basic earnings per share rose to 5.63 U.S. cents (43.9 HK cents) from 4.88 U.S. cents (38.1 HK cents).

The Company's Board of Directors earlier today approved an interim dividend of 8.0 HK cents (1.03 U.S. cents) per share, up 33% from 6.0 HK cents (0.77 U.S. cent) per share a year earlier. The 2011 interim dividend, together with a special dividend of 1.2 HK cents (U.S. 0.15 cent) paid on 8<sup>th</sup> August, represents a payout ratio of 21% of recurring profit, up from 16% a year earlier. The special dividend relates to the spin-off and separate listing earlier this year of PT Salim Ivomas Pratama Tbk.

The Company is committed to distributing 25% of full-year recurring profit to shareholders in the form of dividends. This is part of the Capital Management Program instituted last year by First Pacific's Board of Directors, which Program consists of dividends and share repurchases.

The second part of the Capital Management Program was launched on 1<sup>st</sup> June 2010 with a Share Repurchase Program committing the Company to repurchase up to US\$130 million of First Pacific shares from the market over a 24-month period.

In the 15 months since the Share Repurchase Program was announced by the Board, a total of US\$62.4 million has been invested in the repurchases, for a total of 71.3 million shares at an average price of HK\$6.80. Over the same period, First Pacific's share price has improved by 40%. By comparison, the Hang Seng Index is up 0.4% over the period and the MSCI Emerging Markets Ex-India Mid Cap Index is up 11%.

Referring to the increase in First Pacific's share price, Pangilinan said, "We aim to invest in companies that will deliver strong cash flows under our management. We have proved successful at this over the years and as we release those cash flows, the result is showing up in our share price and increasingly in our dividend payments to our shareholders."

First Pacific's profit increase in the first half of 2011 was driven mostly by higher contributions from Philex Mining Corporation ("Philex"), the largest listed mining company in the Philippines and the largest producer of gold and copper in the country, and from Metro Pacific Investments Corporation ("MPIC"), the leading infrastructure company in the Philippines.

Philex's contribution rose 483.3% to US\$21.0 million from US\$3.6 million a year earlier as the volume of ore milled, ore grade and prices for its products all rose from the year-earlier period. MPIC's contribution to the Group increased 55.9% to US\$35.4 million from US\$22.7 million a year earlier as a result of higher contributions from most its businesses: water distribution, electricity distribution and healthcare.

First Pacific Head Office's recurring operating cash inflow before interest expenses was approximately US\$161 million in the first half of 2011, up from US\$142 million a year earlier.

Gross debt at the end of June 2011 stood at US\$1.1 billion, unchanged from 31<sup>st</sup> December 2010. Net interest expenses increased to US\$29.7 million from US\$15.5 million as a result of higher interest rates on debts with longer average maturities.

At the same time, equity attributable to First Pacific shareholders rose 7.9% to US\$2.8 billion at the end of June 2011 from US\$2.6 billion six months earlier.

“The current volatile state of financial markets, persistent economic weakness in Europe and continuing uncertainty over policy direction of the U.S. economy combine to temper rational enthusiasm,” Pangilinan said. “Still, we can bear in mind that the First Pacific Group of Companies are all strong businesses operating in young markets and generating strong cash flows. This bodes well for our future profitability and cash flows.”

Further details of earnings by First Pacific’s subsidiary and associated companies follow.

## REVIEW OF OPERATIONS

Each of First Pacific’s subsidiary and associated companies reported higher core income in U.S. dollar terms in the first half of 2011 than in the same period of 2010. In local currency terms, PLDT reported a slight decline. Strengthening of the Indonesian rupiah and the Philippine peso exchange rates contributed to the improvement in financial results in U.S. dollar terms.

**Philippine Long Distance Telephone Company** (“PLDT”) contributed US\$115.4 million to First Pacific, up 1.9% from US\$113.3 million a year earlier, amounting to 44.4% of the aggregate contribution made by subsidiary and associated companies in the first half of 2011.

In local currency terms, consolidated core income declined 1% to ₱21.0 billion from ₱21.2 billion a year earlier as election-related spending in 2010 was not repeated. In U.S. dollar terms, core income rose 4.5% to US\$483.5 million from US\$462.8 million a year earlier. Consolidated service revenues slipped 3% to ₱69.6 billion, though in U.S. dollar terms these rose to US\$1.60 billion from US\$1.58 billion.

Among PLDT’s three main businesses, wireless service revenues fell 4.6% to ₱45.7 billion (US\$1.1 billion); fixed line service revenues declined 6.7% to ₱23.5 billion (US\$541.1 million); and the information and communications technology arm of PLDT reported an increase of 3% in service revenues to ₱5.4 billion (US\$124.3 million).

More details are available at [www.pldt.com](http://www.pldt.com).

**Metro Pacific Investments Corporation** (“MPIC”) contributed US\$35.4 million, up 55.9% from US\$22.7 million a year earlier as the contribution by the water distributor Maynilad Water Services, Inc. (“Maynilad”) rose 21.1% to ₱1.5 billion (US\$35.6 million) and the contribution from electricity distributor Manila Electric Company (“Meralco”) soared 63.5% to ₱1.1 billion (US\$25.1 million). Metro Pacific Tollways Corporation, the largest toll road operator in the Philippines, saw a 5.4% decline in its contribution to ₱720 million (US\$16.6 million) as the impact of a toll increase was largely offset by the requirement to pay income taxes following the expiration of a tax holiday at the end of 2010. The contribution from

MPIC's healthcare operations jumped 47.8% to ₱99 million (US\$2.3 million) following the acquisition of two hospitals in 2010, bringing the total number of hospitals in the MPIC system to five (5).

The contribution increase from Maynilad came on the strength of a 6% increase in billed water volume to 194 million cubic meters and a 7.6% tariff rise in February 2011. Meralco's contribution rose on the strength of a 16% increase in the average distribution rate per kilowatt-hour, even as energy sales fell 1.1% in volume terms to 14,781 GWh.

Core income at MPIC rose 38.0% to ₱2.7 billion from ₱1.9 billion a year earlier, or an increase of 45.7% to US\$61.2 million from US\$42.0 million. Reported net income rose 11.6% to ₱2.0 billion (US\$45.1 million) from ₱1.8 billion (US\$38.3 million) as revenues jumped 19.5% to ₱10.6 billion (US\$243.7 million) from ₱8.9 billion (US\$193.4 million).

More details are available at [www.mpic.com.ph](http://www.mpic.com.ph).

**PT Indofood Sukses Makmur Tbk** ("Indofood") saw its contribution to First Pacific rise 10.8% to US\$88.3 million from US\$79.7 million a year earlier thanks largely to stronger sales which came as Indofood's margin on earnings before interest and tax (EBIT) fell overall.

Core income rose 11.4% to Rp1.5 trillion (US\$176.4 million) in the first half of 2011 from Rp1.4 trillion (US\$150.0 million) on the strength of higher sales across the group and a 5.6% appreciation in the rupiah average exchange rate. Reported net income rose 12.0% to Rp1.6 trillion (US\$181.1 million) from Rp1.4 trillion (US\$153.2 million) as revenues rose 20.5% to Rp21.8 trillion (US\$2.5 billion) from Rp18.1 trillion (US\$2.0 billion).

Revenues rose faster than profits at Indofood as higher prices for inputs and increased competition pushed EBIT margin down to 15.9% from 16.4% a year earlier.

More details are available at [www.indofood.com](http://www.indofood.com).

**Philex Mining Corporation** ("Philex") reported a 483.3% greater contribution at US\$21.0 million, up from US\$3.6 million a year earlier, boosted by higher prices of gold and copper, greater volume of ore milled and higher ore grade.

Core income rose 188.2% to ₱2.8 billion (US\$65.3 million) from ₱1.0 billion (US\$21.5 million). Reported net income rose 226.9% to ₱3.2 billion (US\$73.3 million) in the first half of 2011 from ₱1.0 billion (US\$21.3 million) a year earlier. Revenues rose 67.7% to ₱8.2 billion (US\$188.8 million) from ₱4.9 billion (US\$107.0 million) a year earlier.

More details are available at [www.philexmining.com.ph](http://www.philexmining.com.ph)

## OUTLOOK

Looking at the second half of 2011, each of First Pacific's operating companies has expressed cautious optimism. PLDT has maintained its core income forecast of ₱40.5 billion despite continuing difficult competitive conditions. MPIC has given a guidance of ₱4.8 billion in

core income representing a 24% increase over last year, on strong growth at Maynilad and Meralco. Indofood continues to see profit growth even as increasing competition and higher input prices – particularly for wheat and sugar – compress gross margins. Philex is mining higher volumes of ore and achieving higher prices. Philex is likely to record its highest-ever full-year revenue and profit figures.

PLDT's proposed acquisition of Digitel is expected to stabilize the telecommunications market in the Philippines even as new technologies widen consumer choice. MPIC continues to seek new investments in infrastructure. Philex is evaluating potential mining acquisitions as development of the Silangan Project accelerates. Following its planned listing by introduction on the Philippine Stock Exchange expected by the end of the third quarter, Philex Petroleum Corporation will focus on oil and gas exploration. The IndoAgri business of Indofood seeks investment in plantations in the Equatorial Belt.

“We can look forward to another year of strong performance and contributions from our operating companies and record high dividend payments to our shareholders,” First Pacific Chief Executive Pangilinan said.

“While we must temper this outlook with caution given the likely global economic slowdown, in mature markets, we are confident of meeting the commitments we made in our Capital Management Program: to pay at least 25% of full-year recurring profit and utilize the balance of the US\$130 million we have committed to repurchase First Pacific shares,” he said.

#### **Further information and analysis**

Attached to this news release are:

- First Pacific's condensed consolidated income statement
- Condensed consolidated statement of financial position
- Summary of contributions by operating companies

More details about the first-half earnings of First Pacific and of its operating companies can be found on [www.firstpacific.com](http://www.firstpacific.com) under the Investor Relations tab. The 2011 Interim Report will be posted to the website and to shareholders before the end of September 2011.

#### **Corporate Profile**

First Pacific is a Hong Kong-based investment management and holding company with operations located in Asia. Its principal businesses are in telecommunications, infrastructure, consumer food products and natural resources. Listed in Hong Kong (Stock code: 00142), First Pacific's shares are also available in the United States through American Depositary Receipts (ADR code: FPAFY). For further information, see [www.firstpacific.com](http://www.firstpacific.com).

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**FIRST PACIFIC COMPANY LIMITED**  
**CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED**

For the six months ended 30 June	2011	2010
US\$ millions		
<b>Turnover</b>	<b>2,747.9</b>	2,161.5
Cost of sales	<b>(1,859.4)</b>	(1,384.8)
<b>Gross Profit</b>	<b>888.5</b>	776.7
(Loss)/gain on dilutions and disposals, net	<b>(0.1)</b>	1.5
Distribution costs	<b>(194.6)</b>	(174.6)
Administrative expenses	<b>(192.1)</b>	(175.7)
Other operating expenses, net	<b>(4.2)</b>	(7.5)
Net borrowing costs	<b>(95.7)</b>	(118.2)
Share of profits less losses of associated companies and joint ventures	<b>174.6</b>	141.2
<b>Profit Before Taxation</b>	<b>576.4</b>	443.4
Taxation	<b>(109.7)</b>	(86.8)
<b>Profit for the Period</b>	<b>466.7</b>	356.6
<b>Attributable to:</b>		
Owners of the parent	<b>219.3</b>	188.5
Non-controlling interests	<b>247.4</b>	168.1
	<b>466.7</b>	356.6
<b>Earnings Per Share Attributable to Owners of the Parent (U.S. cents)</b>		
Basic	<b>5.63</b>	4.88
Diluted	<b>5.43</b>	4.75

**FIRST PACIFIC COMPANY LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

US\$ millions	(Unaudited) At 30 June 2011	(Audited) At 31 December 2010
<b>Non-current Assets</b>		
Property, plant and equipment	1,547.8	1,419.3
Plantations	1,257.9	1,162.6
Associated companies and joint ventures	2,463.3	2,439.4
Goodwill	845.5	817.1
Other intangible assets	2,049.8	1,960.1
Accounts receivable, other receivables and prepayments	23.5	23.8
Available-for-sale assets	18.8	13.8
Deferred tax assets	100.6	82.8
Other non-current assets	225.3	212.0
	<b>8,532.5</b>	<b>8,130.9</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,973.7	1,538.8
Restricted cash and pledged deposits	50.8	53.4
Available-for-sale assets	79.3	62.8
Accounts receivable, other receivables and prepayments	598.7	492.7
Inventories	808.7	635.5
	<b>3,511.2</b>	<b>2,783.2</b>
<b>Current Liabilities</b>		
Accounts payable, other payables and accruals	981.2	707.5
Short-term borrowings	800.6	645.4
Provision for taxation	55.7	54.4
Current portion of deferred liabilities and provisions	92.7	97.5
Dividend payable	6.0	-
	<b>1,936.2</b>	<b>1,504.8</b>
<b>Net Current Assets</b>	<b>1,575.0</b>	<b>1,278.4</b>
<b>Total Assets Less Current Liabilities</b>	<b>10,107.5</b>	<b>9,409.3</b>
<b>Equity</b>		
Issued share capital	38.7	39.0
Retained earnings	976.1	858.7
Other components of equity	1,763.3	1,677.5
Equity attributable to owners of the parent	2,778.1	2,575.2
Non-controlling interests	3,679.6	3,036.9
<b>Total Equity</b>	<b>6,457.7</b>	<b>5,612.1</b>
<b>Non-current Liabilities</b>		
Long-term borrowings	2,578.4	2,793.8
Deferred liabilities and provisions	611.2	573.1
Deferred tax liabilities	460.2	430.3
	<b>3,649.8</b>	<b>3,797.2</b>
	<b>10,107.5</b>	<b>9,409.3</b>



**FIRST PACIFIC COMPANY LIMITED  
CONTRIBUTION SUMMARY**

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2011	2010	2011	2010
PLDT <sup>(ii)</sup>	-	-	<b>115.4</b>	113.3
MPIC	<b>243.7</b>	193.4	<b>35.4</b>	22.7
Indofood	<b>2,504.2</b>	1,968.1	<b>88.3</b>	79.7
Philex <sup>(ii)</sup>	-	-	<b>21.0</b>	3.6
<b>Contribution from Operations<sup>(iii)</sup></b>	<b>2,747.9</b>	<b>2,161.5</b>	<b>260.1</b>	<b>219.3</b>
Head Office items:				
– Corporate overhead			<b>(10.2)</b>	(8.5)
– Net interest expense			<b>(29.7)</b>	(15.5)
– Other expenses			<b>(0.8)</b>	(3.4)
<b>Recurring Profit<sup>(iv)</sup></b>			<b>219.4</b>	191.9
Foreign exchange and derivative gains <sup>(v)</sup>			<b>3.9</b>	5.6
Gain on changes in fair value of plantations			-	1.1
Non-recurring items <sup>(vi)</sup>			<b>(4.0)</b>	(10.1)
<b>Profit Attributable to Owners of the Parent</b>			<b>219.3</b>	<b>188.5</b>

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

(ii) Associated companies

(iii) Contribution from operations represents the recurring profit contributed to the Group by its operating companies.

(iv) Recurring profit represents 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.

(v) 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.

(vi) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. The non-recurring losses for 1H11 and 1H10 mainly represent the Group's share of Meralco's non-recurring losses, and provision and write-off of certain assets.