

## Press Release

### 2013 FIRST HALF FINANCIAL RESULTS

- **CONTRIBUTION RISE FROM PLDT, MPIC, INDOFOOD**
- **TOTAL CONTRIBUTION IMPROVES TO US\$250.3 MLN**
  - **PHILEX RETURNS TO FULL-RATE PRODUCTION**
  - **RECURRING PROFIT DOWN 8% TO US\$185.1 MLN**
- **INTERIM DIVIDEND UNCHANGED AT HK8.0 CENTS/SHARE**
  - **FY DIVIDEND INCOME SEEN OVER US\$300.0 MLN**

*Hong Kong*, 28<sup>th</sup> August, 2013 – First Pacific Company Limited (“First Pacific” or the “Company”) (HKSE: 00142) today reported its unaudited financial results for the six months ended 30<sup>th</sup> June 2013 with the total contribution from operations rising 0.4% to US\$250.3 million as all operating companies signaled strengthening operations. It was the second-highest ever half-year contribution recorded by First Pacific.

First Pacific, a leading investment management and holding company focused on the economies of emerging Asia, is a major or controlling shareholder in the Philippines’ biggest telecommunications, infrastructure and mining companies, in Indonesia’s biggest vertically-integrated food company and in Singapore’s newest and most modern gas-fired power plant.

Recurring profit fell 8% to US\$185.1 million from US\$201.9 million as higher corporate overheads and interest expense outweighed the increase in contribution. The higher interest expense was due to new bond financing principally for investment in PacificLight Power Pte Ltd. (“PacificLight”) and a lengthening of debt maturities. Net profit fell 35% to US\$142.7 million from US\$220.8 million a year earlier due to a US\$24 million loss on changes in fair value of plantations and as non-recurring items swung to a loss and the year-earlier foreign exchange gains by operating units swung to a loss.

Turnover rose 4% to US\$3.1 billion from US\$3.0 billion, the third-highest ever half-year recorded by the Company, principally reflecting higher turnover at PT Indofood Sukses Makmur Tbk (“Indofood”) and at Metro Pacific Investments Corporation (“MPIC”). PacificLight is expected to begin contributing to First Pacific as it begins commercial electricity generation by early next year.

In consideration of the stable contribution performance from the Company’s operating units, First Pacific’s Board of Directors approved an interim cash dividend of 8 HK cents (1.03 U.S. cents) per share, unchanged from 8 HK cents (1.03 U.S. cents) per share a year earlier.

“The return to growth at Philippine Long Distance Telephone Company (“PLDT”) and continuing strong operations at Indofood and MPIC augur well for First Pacific Group’s fortunes going forward,” said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of the Company. “With the addition of PacificLight to our portfolio and the return to operations at Philex Mining Corporation’s (“Philex”) Padcal mine we are increasingly comfortable with the direction of the Group and optimistic about future earnings growth.”

Pangilinan also reiterated First Pacific’s commitment to shareholder returns with a continuing dividend policy of paying out not less than 25% of recurring profit and spending up to 10% of recurring profit on share repurchases, thereby committing up to 35% of recurring profit to shareholders (in 2012 the return to shareholders from buybacks and dividends totaled 44% of recurring profit).

“We are able to deliver such returns to our shareholders because of our enduring strong finances,” Pangilinan said. “For the third year in a row in 2013 we expect to receive more than US\$300 million in dividend income. This testifies to our steady success in investing in key markets of emerging Asia.”

First Pacific’s dividend and share repurchase commitments are two key components of a three-part Capital Management Program designed to maximize shareholder returns. The third plank is investment of available funds to continue delivering strong shareholder returns.

“We recently raised over US\$500 million in a rights offering to finance our investment war chest,” Pangilinan said. “We are keen to invest in undervalued assets in our four areas of strength – telecommunications, infrastructure, food production and natural resources.”

In March, First Pacific led a joint venture purchasing a 70% stake in Singapore’s newest gas-fired power plant operator, since renamed PacificLight Power Pte Ltd. The 800-megawatt combined cycle plant is expected to begin commercial electricity production by early 2014, immediately delivering returns to its investors.

The rights offering came soon after a strategic debt refinancing exercise that saw First Pacific push out its average debt maturity to 6.6 years via a 10-year US\$400 million bond offering and a medium-term refinancing of US\$250 million in bank borrowing. The refinancing enabled the Company to reduce its secured debt and lock in fixed interest rates on 86% of its borrowings during a period of relatively low interest rates. All this was accomplished without increasing overall debt.

PLDT, the biggest telecommunications company in the Philippines, saw a return to growth with its contribution rising 11% to US\$105.2 million from US\$95.0 million as new data-based revenue streams such as mobile internet browsing and corporate data begin replacing shrinking revenue streams from more traditional businesses like national and international long-distance calls. Earnings expressed in U.S. dollars were further boosted by a 3% strengthening of the peso in the period.

MPIC is the biggest infrastructure investment firm in the Philippines with stakes in the country’s biggest toll road operator, leading private hospital group and its largest electricity and water distributors. MPIC benefitted from double-digit contribution increases by all of its businesses, sending its own contribution to First Pacific up 11% in the first half of 2013 to US\$53.0 million from US\$47.7 million a year earlier.

Indofood's contribution rose 0.1% to US\$90.5 million from US\$90.4 million as strong local-currency earnings growth was held back in U.S. dollar terms by a 6% depreciation of the rupiah in the period. In rupiah terms, Indofood delivered its highest-ever half-year results, helped by the inclusion of earnings by China Minzhong Food Corporation Limited ("CMFC") in which it acquired a 29% stake in February 2013. Indofood is a total food solutions company with production operations ranging from raw materials through to food products and the distribution of these products to a market of 240 million people across Indonesia.

Philex, the biggest metal mining company in the Philippines, saw its contribution to First Pacific fall 80% to US\$3.2 million from US\$16.1 million owing to a fall in metal prices and in days of production to just 115 days from the more typical 181 in a year's first half as part of a seven-month production shutdown of Padcal mining operations following a destructive typhoon in late July 2012. The Padcal mine reopened on 8<sup>th</sup> March 2013 and has been in continuous full-capacity operation ever since, producing higher grades of gold and copper than a year earlier.

China Minzhong Food Corporation Limited ("CMFC"), an associate of Indofood listed on the Singapore Stock Exchange, issued a statement on 26<sup>th</sup> August 2013 referring to a research report that had triggered a steep fall in its share price. CMFC said it will issue a response to the report shortly. Indofood and First Pacific will make enquiries directly with CMFC as soon as practicable. In the short term Indofood is awaiting a response from CMFC and will inform the market of any further developments.

Non-recurring items in First Pacific's half-year earnings swung to a net loss of US\$3.4 million compared to a net gain of US\$15.2 million in the same period a year earlier, principally reflecting the Group's debt refinancing costs, partly offset by PLDT's gain on disposal of its business process outsourcing business.

First Pacific's debt profile improved significantly in the first half of 2013. At 30<sup>th</sup> June 2013, net debt at the Head Office stood at US\$1.6 billion while gross debt stood at US\$1.7 billion. Fixed-rate debt made up 86% of the total compared with 63% a year earlier. The blended interest cost amounted to 5.5% and the average maturity of its debt was 6.6 years against 5.6 years in June 2012. The proportion of debt secured against assets fell to 40% of the total from 77% a year earlier.

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

## **REVIEW OF OPERATIONS**

**Philippine Long Distance Telephone Company** reported a 5% rise in core net income in the first half of the year to ₱19.4 billion from ₱18.4 billion in 2012 on stronger service revenues and EBITDA, lower depreciation expense and lower tax provision.

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

**Metro Pacific Investments Corporation** reported a 14% increase in core net income to ₱3.9 billion from ₱3.5 billion a year earlier, resulting from contribution increases by Maynilad Water Services, Inc. (“Maynilad”) on higher tariffs and billed water volume, by Metro Pacific Tollways Corp. (“MPTC”) on higher traffic, lower tax provision and the addition of contribution from the Manila-Cavite Expressway (“CAVITEX”), by Manila Electric Company (“Meralco”) on higher electricity sales and tariff, and by the hospitals business due to higher occupancy rates and better cost management.

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

**PT Indofood Sukses Makmur Tbk** saw strong sales growth result in a 6% increase in core net income to Rp1.8 trillion from Rp1.7 trillion a year earlier. Consolidated net sales rose 9% to Rp26.9 trillion from Rp24.6 trillion a year earlier.

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

**Philex Mining Corporation** reported a 61% decline in its core net income to ₱818 million from ₱2.1 billion a year earlier. Earnings were hurt by a decline in the number of days of production at the Padcal mine to less than four months from six months a year earlier, slightly offset by improved grades of gold and copper produced at the mine.

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

## OUTLOOK

The prospect of continuing strong operations at PLDT, MPIC and Indofood combined with Philex’s return to growth bode well for First Pacific going forward. However, concern remains over the state of the Indonesian economy, particularly inflation and weakness in the rupiah, even as growth in the Eurozone and China remains shaky and U.S. fiscal policy continues to be uncertain. Against these factors, the defensive nature of First Pacific’s portfolio offers a high degree of earnings resilience with a potential for upside growth.

PLDT forecasts 2013 core profit of ₱38.3 billion, up from ₱36.9 billion a year earlier as it builds on demand growth for data services.

MPIC forecasts a rise in 2013 core profit to ₱7.0 billion or more, up from ₱6.5 billion in 2012 as it seeks to expand its portfolio by seeking new investments and participating in Government investment auctions under the Philippines’ public-private partnership program. MPIC’s toll roads business continues to seek new investments and build new access roads to increase traffic on its highways. Meralco is seeking to build power generation projects domestically and abroad. Maynilad is expanding its pipeline network to bring safe, clean water to the 1 million consumers within its concession area who have no access to piped water and it is seeking further concessions both in the Philippines and outside. The hospital business is maintaining growth organically and by investment as it reaches towards a medium-term goal of ₱15 billion in revenues and 3,000 hospital beds.

Indofood continues to grow steadily despite increasing competition and volatile input prices. It expects to deliver a ninth year in a row of record high core profit in 2013 thanks to steady growth in disposable incomes in its market of 240 million people. Indofood’s expansion of its production capacities proceeds steadily, particularly in dairy and palm oil products, as its Agribusiness and Consumer Branded Products divisions continue to seek new investment

opportunities following investments in CMFC as well as in a Brazilian sugar and ethanol producer, an Indonesian non-alcoholic drinks producer and an Indonesian forestry company.

Philex has commissioned a new spillway to ease pressure on its Padcal mine tailings pond damaged by typhoons last year and full-capacity production continues at the mine, helping to finance development of Philex's Silangan Project with the build-out of infrastructure aiming for production to begin in 2017. Philex also plans a rights offering to help finance the Silangan project and repay borrowings.

First Pacific Chief Executive Pangilinan concluded:

After a difficult 2012 for PLDT and Philex, we are seeing now a turnaround in the fortunes of these two companies even as Indofood and MPIC drive to new record high earnings in 2013.

The economies of emerging Asia, in particular Indonesia and the Philippines, continue to power ahead with high growth rates and much of our earnings are protected in a downturn, though we watch warily for the risk of contagion from the Eurozone's economic and financial difficulties, slower growth in China and uncertainty in the U.S.

Following our US\$500 million capital-raising and in light of continuing financial prudence by our operating companies, the First Pacific Group is in a strong position to satisfy our investment ambitions.

We are continuing to seek value-creating investments in the four areas we regard as particular strengths – telecommunications, infrastructure, consumer food products and natural resources – and are particularly keen in the areas of infrastructure and natural resources.

### **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 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.

### **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**

<b>For the six months ended 30 June</b>	<b>2013</b>	<b>2012</b>
US\$ millions		(Restated)
<b>Turnover</b>	<b>3,123.8</b>	2,989.5
Cost of sales	<b>(2,216.7)</b>	(2,046.6)
<b>Gross Profit</b>	<b>907.1</b>	942.9
Gain on dilutions, net	-	14.4
Distribution expenses	<b>(228.4)</b>	(208.4)
Administrative expenses	<b>(255.3)</b>	(229.0)
Other operating (expenses)/income, net	<b>(168.5)</b>	13.2
Interest income	<b>37.2</b>	39.9
Financial costs	<b>(158.3)</b>	(130.5)
Share of profits less losses of associated companies and joint ventures	<b>162.6</b>	152.1
<b>Profit Before Taxation</b>	<b>296.4</b>	594.6
Taxation	<b>(42.5)</b>	(111.8)
<b>Profit for the Period</b>	<b>253.9</b>	482.8
<b>Attributable to:</b>		
Owners of the parent	<b>142.7</b>	220.8
Non-controlling interests	<b>111.2</b>	262.0
	<b>253.9</b>	482.8
<b>Earnings Per Share Attributable to Owners of the Parent (U.S cents)</b>		
Basic	<b>3.64</b>	5.62
Diluted	<b>3.59</b>	5.53

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

US\$ millions	At 30 June 2013 (Unaudited)	At 31 December 2012 (Restated)
<b>Non-current Assets</b>		
Property, plant and equipment	2,714.0	1,824.3
Plantations	1,177.6	1,301.5
Associated companies and joint ventures	3,426.1	3,299.1
Goodwill	1,155.2	808.2
Other intangible assets	2,467.3	2,305.8
Accounts receivable, other receivables and prepayments	30.8	190.6
Available-for-sale assets	174.3	41.9
Deferred tax assets	156.8	132.3
Pledged deposits	11.1	11.1
Other non-current assets	263.0	288.4
	<b>11,576.2</b>	<b>10,203.2</b>
<b>Current Assets</b>		
Cash and cash equivalents	1,808.2	2,175.0
Restricted cash	73.6	33.1
Available-for-sale assets	75.4	58.7
Accounts receivable, other receivables and prepayments	928.7	600.0
Inventories	778.3	816.7
	<b>3,664.2</b>	<b>3,683.5</b>
<b>Current Liabilities</b>		
Accounts payable, other payables and accruals	1,281.9	984.4
Short-term borrowings	1,137.1	926.5
Provision for taxation	47.8	39.0
Current portion of deferred liabilities, provisions and payables	145.8	119.7
	<b>2,612.6</b>	<b>2,069.6</b>
<b>Net Current Assets</b>	<b>1,051.6</b>	<b>1,613.9</b>
<b>Total Assets Less Current Liabilities</b>	<b>12,627.8</b>	<b>11,817.1</b>
<b>Equity</b>		
Issued share capital	38.4	38.3
Retained earnings	1,550.8	1,479.8
Other components of equity	1,649.9	1,721.9
Equity attributable to owners of the parent	3,239.1	3,240.0
Non-controlling interests	4,154.7	4,010.7
<b>Total Equity</b>	<b>7,393.8</b>	<b>7,250.7</b>
<b>Non-current Liabilities</b>		
Long-term borrowings	4,097.5	3,438.5
Deferred liabilities, provisions and payables	745.1	691.2
Deferred tax liabilities	391.4	436.7
	<b>5,234.0</b>	<b>4,566.4</b>
	<b>12,627.8</b>	<b>11,817.1</b>



**FIRST PACIFIC COMPANY LIMITED  
CONTRIBUTION SUMMARY**

For the six months ended 30 June	Turnover		Contribution to Group profit <sup>(i)</sup>	
	2013	2012	2013	2012
US\$ millions				(Restated) <sup>(ii)</sup>
PLDT <sup>(iii)</sup>	-	-	<b>105.2</b>	95.0
MPIC	<b>368.7</b>	318.8	<b>53.0</b>	47.7
Indofood	<b>2,755.1</b>	2,670.7	<b>90.5</b>	90.4
Philex <sup>(iii)</sup>	-	-	<b>3.2</b>	16.1
FPM Power	-	-	<b>(1.6)</b>	-
<b>Contribution from Operations<sup>(iv)</sup></b>	<b>3,123.8</b>	2,989.5	<b>250.3</b>	249.2
Head Office items:				
– Corporate overhead			<b>(18.2)</b>	(11.3)
– Net interest expense			<b>(42.5)</b>	(34.6)
– Other expenses			<b>(4.5)</b>	(1.4)
<b>Recurring Profit<sup>(v)</sup></b>			<b>185.1</b>	201.9
Foreign exchange and derivative (losses)/gains <sup>(vi)</sup>			<b>(15.4)</b>	3.6
(Loss)/gain on changes in fair value of plantations			<b>(23.6)</b>	0.1
Non-recurring items <sup>(vii)</sup>			<b>(3.4)</b>	15.2
<b>Profit Attributable to Owners of the Parent</b>			<b>142.7</b>	220.8

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

(ii) The Group has restated its 1H2012 contribution from PLDT to US\$95.0 million from US\$96.3 million and non-recurring gains to US\$15.2 million from US\$15.3 million principally reflecting its adoption of Hong Kong Accounting Standard 19 (2011) "Employee Benefits" with effect from 1 January 2013. Accordingly, the Group's 1H2012 recurring profit is restated to US\$201.9 million from US\$203.2 million and its 1H2012 profit attributable to owners of the parent is restated to US\$220.8 million from US\$222.2 million.

(iii) Associated companies

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

(v) Recurring profit represents the profit attributable to owners of the parent excluding the effects of foreign exchange and derivative losses/gains, loss/gain on changes in fair value of plantations and non-recurring items.

(vi) Foreign exchange and derivative losses/gains represent the losses/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.

(vii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H13's non-recurring losses of US\$3.4 million mainly represent the Group's debt refinancing costs (US\$18.0 million), partly offset by PLDT's gain on disposal of business process outsourcing business (US\$12.1 million). 1H12's non-recurring gains of US\$15.2 million mainly represent the Group's gain on dilution of a 0.2% interest in PLDT as a result of PLDT's issuance of new shares upon its tender offer for Digitel's shares in January 2012.