



Press Release

FIRST HALF 2016 FINANCIAL RESULTS

*TURNOVER UP 3% TO \$3.44 BLN
CONTRIBUTION DOWN 8% AT \$226.2 MLN
RECURRING PROFIT DOWN 10% AT \$157.8 MLN
NET PROFIT DOWN 19% AT \$127.6 MLN
INTERIM DISTRIBUTION UNCHANGED AT 8.0 HK CENTS*

Hong Kong, 19th August, 2016 – First Pacific Company Limited (HKSE: 00142) (“First Pacific” or the “Company”) today reported its unaudited financial results for the six months ended 30th June 2016.

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 and in Indonesia’s biggest vertically-integrated food company as well as in one of Australia’s and New Zealand’s biggest food companies.

Under trading conditions marked by unfavorable currency movements and weakened commodity prices, key growth drivers for the Group delivered strong contributions while other units were held back by difficult market conditions. Overall contribution declined 8% to \$226.2 million from \$245.1 million.

The main factors behind the decline were difficult market conditions at PLDT Inc. (formerly known as Philippine Long Distance Telephone Company) (“PLDT”) and FPM Power Holdings Limited (“FPM Power”), the holding company for PacificLight Power Pte. Ltd. Stronger results from PT Indofood Sukses Makmur Tbk (“Indofood”), Metro Pacific Investments Corporation (“MPIC”) and Philex Mining Corporation (“Philex”) as well as a greater contribution from Goodman Fielder Pty. Ltd. (“Goodman Fielder”) mitigated these shortfalls.

At the same time, the Group has acted to firm up the market position of PLDT and MPIC while reducing net debt at First Pacific in a series of transactions at the end of May 2016.

“We are already beginning to leverage our new spectrum assets at PLDT to build momentum in market share,” said Manuel V. Pangilinan, Managing Director and Chief Executive Officer of First Pacific, referring to the purchase of telecommunications assets by PLDT in late May 2016. “At the same time we have increased MPIC’s exposure to power generation in the fast-growing Philippine economy and we’ve raised funds at First Pacific to reduce our overall debt and our interest bill.”

These transactions were announced on 27th and 30th May 2016. They included PLDT's acquisition of half of the telecommunications assets of San Miguel Corporation and its sale of 25% of Beacon Electric Asset Holdings Inc. ("Beacon Electric") to MPIC. MPIC in turn sold new shares to GT Capital Holdings, Inc. ("GT Capital") while a Philippine affiliate of First Pacific sold part of its MPIC stake to GT Capital to raise \$169 million for debt reduction. Beacon Electric in turn bought 56% of Global Business Power Corporation ("GBPC"), the biggest power producer in the Visayas.

"So, even before reporting what are frankly uneven results for First Pacific Group companies, we are proactively moving to improve performance going forward. It is with confidence rooted in this that our Board of Directors has approved an interim distribution of 8.0 HK cents, unchanged from last year," Pangilinan said.

Earnings per share in the first half of 2016 amounted to 23.3 HK cents (2.99 U.S. cents), down from 28.7 HK cents (3.68 U.S. cents) in the same period of 2015. On a fully diluted basis earnings per share was 23.3 HK cents (2.99 U.S. cents), down from 28.5 HK cents (3.66 U.S. cents).

Expenses at First Pacific in the first half of the year including head office costs, net interest expense and other expenses, fell 3% to \$68.4 million from \$70.3 million a year earlier. Recurring profit fell 10% to \$157.8 million from \$174.8 million a year earlier. First Pacific's share in PLDT's impairment provision for investment in Rocket Internet shares was the greatest factor in a 19% decline in net profit to \$127.6 million from \$157.4 million. Turnover at First Pacific was up 3% to US\$3.44 billion from US\$3.33 billion a year earlier.

At 30th June 2016, gross debt at the Head Office stood as \$1.8 billion and net debt at \$1.5 billion. Fixed-rate debt made up 82% of the total with floating-rate debt making up the remaining 18%. First Pacific's blended interest cost amounted to 5.3% and the average maturity of its debt was 3.6 years.

Further details of earnings by First Pacific's principal subsidiary and associated companies and a joint venture follow.

REVIEW OF OPERATIONS

PLDT reported a 6% decline in core income in the first half of the year to ₱17.7 billion from ₱18.9 billion in the first half of 2015 owing mainly to lower cellular service revenues due to intense competition, higher handset subsidies and provisions for receivables and inventories.

More details are available at www.pldt.com.

Indofood reported a 7% increase in core income to Rp2.2 trillion from Rp2.1 trillion a year earlier on strong sales growth at the Noodles and Dairy divisions, partly offset by lower sales by its Plantations division.

More details are available at www.indofood.com.

MPIC reported a 13% increase in core income in the first half of 2016 to ₱6.6 billion from ₱5.9 billion in the first half of 2015 as most of its businesses delivered strong growth in spite of regulatory challenges.

More details are available at www.mpic.com.ph.

Goodman Fielder reported a 7% increase in profit contribution to First Pacific to A\$20.7 million for the first six months of 2016 versus A\$19.4 million, reflecting a longer period of profit contribution from Goodman Fielder partly offset by a lower profit contribution from the New Zealand Dairy division.

More details are available at www.goodmanfielder.com.

Philex reported a 49% rise in core income to ₱774 million from ₱520 million as a result of higher gold prices and lower production and operating costs.

More details are available at www.philexmining.com.ph.

FPM Power reported a 45% increase in its share of loss by First Pacific to \$10.9 million versus \$7.5 million a year earlier on continuing difficult market conditions.

OUTLOOK

The bottom line of First Pacific's performance in the first half of 2016 reflects the uneven performance delivered by operating companies. PLDT continues to suffer from the replacement of high-margin service revenues like cellular voice by lower-margin sources, like mobile data. FPM Power in Singapore remains stuck between a long-term fuel supply contract and intense competition. By contrast, MPIC continues to grow fast and is likely to deliver record high earnings in the full year, and Indofood's outlook is very positive. Goodman Fielder is repositioning itself for strong growth in the second half of the year and going forward. Philex has impressively reduced costs and is reaping gains from higher gold prices.

First Pacific Chief Executive Pangilinan concluded:

We are confident that the resources acquired by PLDT in the first half of the year will be key to transforming its operational and financial performance going forward while MPIC is already benefiting from its greater ownership of Meralco and its new exposure to power generation in the Visayas region of the Philippines. The transactions which delivered these results also sent cash up to First Pacific which will be used to reduce our borrowings during a period of constrained dividend income.

Our newest investment, Goodman Fielder, has made significant progress in restructuring its Australian baking operations to reduce costs while pursuing strong growth across its Asia-Pacific markets. Indofood saw sales growth in nearly all of its divisions and is performing strongly notwithstanding the uneven commodity prices. Philex is continuing to explore new avenues of expansion of its resource base even as its Management keeps a tight control over costs as the company benefits from higher gold prices. FPM Power remains a work in progress and we are hopeful of positive news from this direction in the months ahead. Given the strong commitment and talent of our management team and the continuing positive outlook for the economies of emerging Asia, our outlook for the full year is positive for First Pacific.

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 and profits by operating companies

More details about the earnings of First Pacific and of its operating companies can be found on www.firstpacific.com under the Investor Relations tab. The 2016 Interim Report will be posted to the website and to shareholders before the end of September 2016.

Corporate Profile

First Pacific is a Hong Kong-based investment management and holding company with operations located in Asia-Pacific. The Company's principal businesses are in telecommunications, consumer food products, infrastructure and natural resources. First Pacific is listed in Hong Kong (HKSE: 00142) and its shares are also available in the United States through American Depositary Receipts (ADR code: FPAFY). For further information, please visit www.firstpacific.com.

For further information, please contact:

John Ryan
Head of Investor Relations
Executive Vice President
Group Corporate Communications

Tel: +852 2842 4355
Mobile: +852 6336 1411

Sara Cheung
Vice President
Group Corporate Communications

Tel: +852 2842 4336

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CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

For the six months ended 30 June	2016	2015
		(Restated)
	US\$m	US\$m
Turnover	3,436.0	3,329.3
Cost of sales	(2,440.0)	(2,386.1)
Gross profit	996.0	943.2
Selling and distribution expenses	(274.2)	(277.3)
Administrative expenses	(264.6)	(250.3)
Other operating income/(expenses), net	40.8	(27.7)
Interest income	27.8	37.9
Finance costs	(186.4)	(178.6)
Share of profits less losses of associated companies and joint ventures	125.1	166.6
Profit before taxation	464.5	413.8
Taxation	(113.2)	(85.3)
Profit for the period from continuing operations	351.3	328.5
Profit for the period from a discontinued operation	13.7	28.9
Profit for the period	365.0	357.4
Attributable to:		
Owners of the parent		
- For profit from continuing operations	121.9	145.4
- For profit from a discontinued operation	5.7	12.0
- For profit for the period	127.6	157.4
Non-controlling interests		
- For profit from continuing operations	229.4	183.1
- For profit from a discontinued operation	8.0	16.9
- For profit for the period	237.4	200.0
	365.0	357.4
	US¢	US¢
Earnings per share attributable to owners of the parent		
Basic		
- For profit from continuing operations	2.86	3.40
- For profit from a discontinued operation	0.13	0.28
- For profit for the period	2.99	3.68
Diluted		
- For profit from continuing operations	2.86	3.38
- For profit from a discontinued operation	0.13	0.28
- For profit for the period	2.99	3.66

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

	At 30 June 2016 (Unaudited) US\$m	At 31 December 2015 (Restated) US\$m	At 1 January 2015 (Restated) US\$m
Non-current assets			
Property, plant and equipment	4,016.0	3,791.1	3,504.6
Biological assets	27.5	26.2	24.6
Associated companies and joint ventures	4,994.2	4,360.5	3,568.4
Goodwill	1,079.5	1,023.8	1,057.6
Other intangible assets	3,289.5	3,151.2	2,511.8
Investment properties	9.8	9.7	-
Accounts receivable, other receivables and prepayments	14.8	8.8	11.8
Available-for-sale assets	135.3	44.1	193.8
Deferred tax assets	206.0	198.6	199.2
Pledged deposits and restricted cash	30.0	30.0	30.9
Other non-current assets	299.4	312.1	385.9
	14,102.0	12,956.1	11,488.6
Current assets			
Cash and cash equivalents and short-term deposits	1,687.3	1,612.3	2,265.9
Restricted cash	52.9	51.7	53.2
Available-for-sale assets	100.1	124.8	59.2
Accounts receivable, other receivables and prepayments	994.2	758.5	661.2
Inventories	703.9	631.0	717.2
Other current assets	9.4	2.0	5.7
	3,547.8	3,180.3	3,762.4
Assets classified as held for sale	963.0	1,062.6	982.4
	4,510.8	4,242.9	4,744.8
Current liabilities			
Accounts payable, other payables and accruals	1,324.4	1,241.0	1,192.4
Short-term borrowings	1,178.6	998.6	912.0
Provision for taxation	91.5	44.7	51.0
Current portion of deferred liabilities, provisions and payables	301.0	348.1	321.9
	2,895.5	2,632.4	2,477.3
Liabilities directly associated with the assets classified as held for sale	319.2	436.2	335.9
	3,214.7	3,068.6	2,813.2
Net current assets	1,296.1	1,174.3	1,931.6
Total assets less current liabilities	15,398.1	14,130.4	13,420.2
Equity			
Issued share capital	42.8	42.7	42.9
Shares held for share award scheme	(8.2)	(6.0)	(8.7)
Retained earnings	1,327.7	1,398.9	1,434.8
Other components of equity	1,974.7	1,634.6	1,878.2
Equity attributable to owners of the parent	3,337.0	3,070.2	3,347.2
Non-controlling interests	5,056.9	4,264.2	4,064.1
Total equity	8,393.9	7,334.4	7,411.3
Non-current liabilities			
Long-term borrowings	5,388.5	5,363.3	4,893.9
Deferred liabilities, provisions and payables	1,332.2	1,128.9	850.0
Deferred tax liabilities	283.5	303.8	265.0
	7,004.2	6,796.0	6,008.9
	15,398.1	14,130.4	13,420.2

CONTRIBUTION AND PROFIT SUMMARY

For the six months ended 30 June US\$ millions	Turnover		Contribution to Group profit ⁽ⁱ⁾	
	2016	2015	2016	2015 (Restated) ⁽ⁱⁱ⁾
PLDT ⁽ⁱⁱⁱ⁾	-	-	78.4	97.4
Indofood	2,540.9	2,508.6	76.6	75.0
MPIC	462.6	395.4	70.2	69.8
FPW ^(iv)	-	-	7.2	6.4
Philex ⁽ⁱⁱⁱ⁾	-	-	4.5	2.9
FPM Power	259.3	325.1	(10.9)	(7.5)
FP Natural Resources	173.2	100.2	0.2	1.1
Contribution from operations^(v)	3,436.0	3,329.3	226.2	245.1
Head Office items:				
– Corporate overhead			(15.7)	(16.0)
– Net interest expense			(48.4)	(47.0)
– Other expenses			(4.3)	(7.3)
Recurring profit^(vi)			157.8	174.8
Foreign exchange and derivative gains/(losses) ^(vii)			9.5	(17.4)
Gain on changes in fair value of biological assets			1.1	0.2
Non-recurring items ^(viii)			(40.8)	(0.2)
Profit attributable to owners of the parent			127.6	157.4

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

(ii) The Group has restated its 1H15 contribution from Indofood to US\$75.0 million from US\$78.4 million and changes in fair value of biological assets to a gain of US\$0.2 million from a loss of US\$1.0 million following its adoption of the amendments to Hong Kong Accounting Standards (HKAS) 16 and 41 “Agriculture: Bearer Plants” with effect from 1 January 2016. Accordingly, the Group’s 1H2015 recurring profit has been restated to US\$174.8 million from US\$178.2 million and its 1H2015 profit attributable to owners of the parent has been restated to US\$157.4 million from US\$159.6 million.

(iii) Associated companies

(iv) Joint venture

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

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

(vii) Foreign exchange and derivative gains/losses represent the gains/losses on foreign exchange translation differences on the Group’s unhedged foreign currency denominated net borrowings and payables and the changes in the fair values of derivatives.

(viii) Non-recurring items represent certain items, through occurrence or size, which are not considered as usual operating items. 1H16’s non-recurring losses of US\$40.8 million mainly represent PLDT’s impairment provision for its investment in Rocket Internet shares (US\$29.3 million), MPIC’s project expenses (US\$4.3 million) and PLP’s provision for onerous contracts (US\$3.7 million).